

By: Callegari

H.B. No. 2978

A BILL TO BE ENTITLED

AN ACT

relating to strategic partnership agreements between municipalities and certain conservation and reclamation districts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 43.0751(a), Local Government Code, is amended to read as follows:

(a) In this section:

(1) "District" means a water control and improvement district or a municipal utility district created or operating under Chapter 51 or 54, Water Code.

(2) "Limited district" means a district that, pursuant to a strategic partnership agreement, continues to exist after full-purpose annexation by a municipality in accordance with the terms of a strategic partnership agreement.

(3) "Strategic partnership agreement" means a written agreement between a municipality and a district described in this section [~~that provides terms and conditions under which services will be provided and funded by the parties to the agreement and under which the district will continue to exist for an extended period of time if the land within the district is annexed for limited or full purposes by the municipality~~].

SECTION 2. Section 43.0751(d), Local Government Code, is amended to read as follows:

(d) Before the governing body of a municipality or a

1 district adopts a strategic partnership agreement, it shall conduct  
2 two public hearings at which members of the public who wish to  
3 present testimony or evidence regarding the proposed agreement  
4 shall be given the opportunity to do so. Notice of public hearings  
5 conducted by the governing body of a municipality under this  
6 subsection shall be published in a newspaper of general circulation  
7 in the municipality and in the district. The notice must be in the  
8 format prescribed by Section 43.123(b) and must be published at  
9 least once on or after the 20th day before each date. Notice of  
10 public hearings conducted by the governing body of a district under  
11 this subsection shall be given in accordance with the district's  
12 notification procedures for other matters of public importance.  
13 Any notice of a public hearing conducted under this subsection  
14 shall contain a statement of the purpose of the hearing, the date,  
15 time, and place of the hearing, and the location where copies of the  
16 proposed agreement may be obtained prior to the hearing. The  
17 governing bodies of a municipality and a district may conduct joint  
18 public hearings under this subsection, provided that at least one  
19 public hearing is conducted within the district. [~~A municipality  
20 may combine the public hearings and notices required by this  
21 subsection with the public hearings and notices required by Section  
22 43.124.~~]

23 SECTION 3. Section 43.0751(f), Local Government Code, is  
24 amended to read as follows:

25 (f) A strategic partnership agreement may provide for the  
26 following:

27 (1) limited-purpose annexation of the district [~~under~~

1 ~~the provisions of Subchapter F]~~ on terms acceptable to the  
2 municipality and the district provided that the district shall  
3 continue in existence during the period of limited-purpose  
4 annexation and provided further that the municipality shall not be  
5 entitled or authorized to enforce its ordinances or codes within  
6 the district and that the provisions of Subchapter F shall not apply  
7 to a limited purpose annexation under a strategic partnership  
8 agreement;

9           (2) ~~[such amendments to the timing requirements of~~  
10 ~~Sections 43.123(d)(2) and 43.127(b) as may be necessary or~~  
11 ~~convenient to effectuate the purposes of the agreement;~~

12           ~~[(3)]~~ payments by the municipality to the district for  
13 services provided by the district;

14           ~~[(4)]~~ (3) annexation of any commercial property in a  
15 district for full purposes by the municipality, notwithstanding any  
16 other provision of this code or the Water Code, except for the  
17 obligation of the municipality to provide, directly or through  
18 agreement with other units of government, full provision of  
19 municipal services to annexed territory, in lieu of any annexation  
20 of residential property or payment of any fee on residential  
21 property in lieu of annexation of residential property in the  
22 district authorized by this subsection;

23           ~~[(5)]~~ (4) a full-purpose annexation provision on  
24 terms that are acceptable to the municipality and the district  
25 ~~[specifies one of the following:~~

26                   ~~[(A) the date on which the land included within~~  
27 ~~the district's boundaries shall be converted from the~~

1 ~~municipality's limited-purpose jurisdiction to its full-purpose~~  
2 ~~jurisdiction, provided that such date shall not be later than 10~~  
3 ~~years after the effective date of the strategic partnership~~  
4 ~~agreement, or~~

5 ~~[(B)(i) terms for payment of an annual fee to the~~  
6 ~~municipality by the district in lieu of full-purpose annexation,~~  
7 ~~the form in which each such payment must be tendered, a method of~~  
8 ~~calculating the fee, and the date by which each such payment must be~~  
9 ~~made; failure by a district to timely make an annual payment in lieu~~  
10 ~~of full-purpose annexation in the amount and form required by a~~  
11 ~~strategic partnership agreement shall be the only ground for~~  
12 ~~termination of the agreement with respect to annexation at the~~  
13 ~~option of the municipality,~~

14 ~~[(ii) to determine a reasonable fee to be~~  
15 ~~derived from residential property in a district, the municipality~~  
16 ~~or the district may request a cost-of-service study by an~~  
17 ~~independent third party agreeable to both parties if~~  
18 ~~cost-of-service data prepared by the municipality is not~~  
19 ~~acceptable. Both parties shall be equally responsible for the cost~~  
20 ~~of the study, which shall include an evaluation of the estimated~~  
21 ~~annual cost of providing municipal services to the residential~~  
22 ~~portion of the district over the next 10 years and the estimated~~  
23 ~~annual amount of ad valorem taxes from residential property the~~  
24 ~~municipality would receive on full-purpose annexation of the~~  
25 ~~district over the next 10 years. The fee shall not exceed the~~  
26 ~~estimated annual amount of residential ad valorem taxes that would~~  
27 ~~be derived by full-purpose annexation of the district, less the~~

1 ~~estimated annual amount required to provide municipal services to~~  
2 ~~the residential property in the district if annexed for full~~  
3 ~~purposes. A fee determined through this methodology is subject to~~  
4 ~~renegotiation every 10 years at the request of either party to the~~  
5 ~~agreement following the same procedure used to set the fee in the~~  
6 ~~original agreement. This methodology does not apply to fees from~~  
7 ~~commercial property.~~

8           ~~[(6)]~~ (5) conversion of the district to a limited  
9 district including some or all of the land included within the  
10 boundaries of the district, which conversion shall be effective on  
11 the full-purpose annexation conversion date established under  
12 Subdivision (4) ~~[(5)(A)]~~;

13           ~~[(7)]~~ (6) agreements existing between districts and  
14 governmental bodies and private providers of municipal services in  
15 existence on the date a municipality evidences its intention by  
16 adopting a resolution to negotiate for a strategic partnership  
17 agreement with the district shall be continued and provision made  
18 for modifications to such existing agreements; and

19           ~~[(8)]~~ (7) such other lawful terms that the parties  
20 consider appropriate.

21           SECTION 4. Section 43.0751(i), Local Government Code, is  
22 amended to read as follows:

23           (i) A ~~[district that is negotiating for or that has adopted~~  
24 ~~a]~~ strategic partnership agreement may provide that the district  
25 shall not incur additional debt, liabilities, or obligations, to  
26 construct additional utility facilities, or sell or otherwise  
27 transfer property without prior approval of the municipality~~]~~

1 ~~which approval shall not be unreasonably withheld or delayed. An~~  
2 ~~action taken in violation of this subsection is void].~~

3 SECTION 7. EFFECTIVE DATE. This Act takes effect  
4 immediately if it receives a vote of two-thirds of all the members  
5 elected to each house, as provided by Section 39, Article III, Texas  
6 Constitution. If this Act does not receive the vote necessary for  
7 immediate effect, this Act takes effect September 1, 2003.