

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 15, 2003

TO: Honorable Anna Mowery, Chair, House Committee on Land & Resource Management

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB609 by King (Relating to requiring certain municipalities to obtain landowner consent before annexing property.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would require home-rule municipalities with a population of 250,000 or more to obtain consent in writing from at least 51 percent of the owners of a lot or tract in order to annex the lot or tract. The bill would take effect immediately if it receives a vote of two-thirds in each house; otherwise, it would take effect September 1, 2003 and would apply only to annexation of an area for which a municipality gives notice on or after the effective date.

There are eight home-rule municipalities with a population of 250,000 or more: Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston, and San Antonio.

Local Government Impact

Current statute does not require a municipality to obtain the permission of landowners to be able to annex an area. Obtaining written consent would require administrative costs that would vary depending on how many landowners must be contacted. If the voters agree to the annexation, no fiscal impact would occur beyond that normally associated with annexing property. If the voters do not approve the annexation, the affected municipalities would lose potential tax revenue and could possibly have difficulty financing maintenance of infrastructure that is used by those persons living in the area that voted against annexation.

The fiscal impact would vary if annexation was rejected, depending on the size and tax value of the property and the level of usage by non-annexed citizens of the infrastructure within the municipality. The City of Dallas stated that there is very little area remaining which could be annexed by Dallas. The City of Corpus Christi cited as an example of net revenue the approximate \$200,000 gain the city realized as a result of its most recent annexation in 2001 (\$1.9 million new revenue annually, minus \$1.7 million in services provided in the annexed area).

Source Agencies:

LBB Staff: JK, CL, DLBa