

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**May 7, 2003**

**TO:** Honorable Frank Madla, Chair, Senate Committee on Intergovernmental Relations

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB1197** by Krusee (Relating to authorization for a development agreement between a municipality and an owner of land in the municipality's extraterritorial jurisdiction.), **As Engrossed**

**No fiscal implication to the State is anticipated.**

Except in a municipality with a population of 1.9 million or more (Houston), the bill would authorize a municipality to enter into a written development agreement with a landowner in the municipality's extraterritorial jurisdiction (ETJ) that would guarantee that the municipality would continue the ETJ status and not annex the area for at least 15 years. The agreement would extend the municipality's planning, land use, and development regulations authority and enforcement authority to the area covered in the agreement. The municipality would provide for infrastructure for the land and would have authority over environmental regulations. A municipality may not enter into an agreement, however, if the agreement would be inconsistent with the model rules adopted under Section 16.343, Water Code.

The written agreement would have to be recorded in the real property records of each county in which part of the land listed in the agreement is located. The contract could be renewed for successive periods not to exceed 15 years and not to exceed a total of 45 years. The agreement would be binding on successors and assigns, but not to any end-buyer of a fully developed and improved lot within the development, except for land use and development regulations that may apply to a specific lot.

The agreement would also provide for terms of annexation should the parties agree to annex during the period of the agreement.

The provisions of the bill would not apply to, limit, or otherwise affect any ordinance, order, rule, plan, or standard adopted by the state, a state agency, county, municipality, or other political subdivision of the state under the federal Coastal Zone Management Act of 1972 and its subsequent amendments, or Subtitle E, Title 2, Natural Resources Code.

The bill would take effect immediately if it receives two-thirds vote in each house; otherwise, it would take effect September 1, 2003.

**Local Government Impact**

The fiscal impact to a municipality entering into a development agreement would vary depending on the cost of providing services, the size of the area the agreement covers, existing infrastructure, and any other provisions of the agreement.

**Source Agencies:**

**LBB Staff:** JK, DLBa