

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 29, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1204 by Baxter (Relating to the authority of municipalities and counties to regulate subdivisions and certain development in a municipality's extraterritorial jurisdiction.), As **Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend the Local Government Code to require counties and municipalities that were required to enter into an agreement regarding regulating subdivisions and certain development in a municipality's extraterritorial jurisdiction (ETJ), but have not done so by January 1, 2004, to enter into arbitration to reach an agreement. The bill defines the procedures that must be followed in seeking arbitration and what must be included in the agreement. Further, the county and municipality would be required to certify that the agreement meets the criteria established in the bill. The county and the municipality would be equally liable for the costs of arbitration.

Until an agreement is reached, the county would have exclusive authority to regulate plats and subdivisions in the ETJ in accordance with Chapter 232, Local Government Code, and other applicable statutes. If a regulation adopted during arbitration conflicts with a metropolitan planning organization proposal or plan for future roads, the planning organization would prevail.

The bill would take effect immediately if it were to receive two-thirds vote in each house; otherwise, it would take effect September 1, 2003 and would apply only to a development agreement or subdivision plat that is filed on or after the effective date.

Under current statute, a municipality and a county may not both regulate subdivisions in the ETJ in certain circumstances, and the municipality, rather than the county, has exclusive authority to regulate subdivisions in the ETJ. Current statute also requires a municipality and a county to enter into a written agreement to determine which entity has authority to regulate plats and related permits in the ETJ, and sets out what should be contained in the agreement. Some exceptions apply to counties that contain the ETJ of a municipality with a population of 1.9 million or more, within a county located within 50 miles of an international border, or within an economically distressed county.

The provisions of the bill that would require arbitration if an agreement has not already been reached would result in the county and municipality sharing the cost of arbitration. The fiscal impact of the agreement reached would vary, depending on the provisions included, but it is anticipated that an attempt to have a mutually beneficial agreement would keep the fiscal impact insignificant. It is also anticipated that the shared cost of arbitration would be insignificant.

If a municipality is currently regulating plats and related permits in the ETJ and, during arbitration or as a result of arbitration, the county assumes those responsibilities, associated costs and revenue would shift from the municipality to the county.

Local Government Impact

The fiscal impact to units of local government would vary depending on the agreement reached between the county and the municipality.

Source Agencies:

LBB Staff: JK, DLBa