

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**March 10, 2005**

**TO:** Honorable Robert Puente, Chair, House Committee on Natural Resources

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB1517** by Baxter (Relating to the annexation by a municipality of a water district in its extraterritorial jurisdiction.), **As Introduced**

<b>No fiscal implication to the State is anticipated.</b>
---

The bill would amend the Local Government Code to prohibit a municipality from annexing a part of a defined area in a water control and improvement district that has adopted a tax plan under the Water Code, or a part of a municipal utility district that has adopted a plan relating to services for certain defined areas or designated properties under the Water Code unless the municipality annexes all of the defined area that is within the municipality's extraterritorial jurisdiction and the municipality assumes the pro rata share of the bonded indebtedness of the annexed area.

**Local Government Impact**

It is assumed that a municipality would not annex an area affected by the proposed change in statute unless the positive fiscal implications would outweigh costs associated with annexing the entire required area and the costs associated with assuming the pro rata share of the bonded indebtedness. The fiscal impact to a district that is annexed would be neutral as a result of the municipality assuming the pro rata share of the bonded indebtedness.

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:**

**LBB Staff:** JOB, WK, DLBa