

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 20, 2005

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

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

IN RE: SB1104 by Madla (Relating to the transfer of extraterritorial jurisdiction between certain home-rule and general-law municipalities and annexation of certain territory by the general-law municipalities.), **Committee Report 1st House, As Amended**

No significant fiscal implication to the State is anticipated.

The bill would authorize certain Type A general-law municipalities to annex into their extraterritorial jurisdiction (ETJ) an area that is in the ETJ of a home-rule municipality with a population of more than 1.1 million that has annexed territory for a limited purpose, without the larger municipality's consent if the territory meets certain criteria. The Type A general-law municipality would be required to publish notice of the resolution or ordinance adopted for making the annexation. A resolution or ordinance adopted for these purposes could only be challenged by a quo warranto proceeding initiated by the attorney general.

The bill would take effect immediately if it receives the required two-thirds vote in each house; otherwise, it would take effect September 1, 2005.

If the Office of Attorney General were to initiate a quo warranto proceeding, associated costs could be absorbed using existing resources.

Local Government Impact

The Type A municipality would incur costs associated with the administrative steps involved in adopting an ordinance or resolution and publishing notice of the ordinance or resolution. It is anticipated that costs for services the municipality would provide to the annexed area would be offset by tax revenue generated in the acquired area. The larger municipality would lose tax revenue generated by the area, but would also no longer be required to provide services associated with the limited purpose annexation.

Source Agencies: 302 Office of the Attorney General

LBB Staff: JOB, DLBa