

BILL ANALYSIS

C.S.H.B. 2197

By: Eissler

Land & Resource Management
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In many of the large metropolitan areas of the state, the principal municipality must provide regional public improvement projects and economic development programs to benefit areas within and outside the boundaries of the municipality, the region and the state as a whole. Insufficient legislative authority currently exists to permit large, developed unincorporated areas in the extraterritorial jurisdiction of these principal municipalities to financially participate in these regional programs and projects. The use of municipal annexation to secure financial participation of the unincorporated areas in these regional programs and projects is often not desirable or beneficial to either the municipality or the unincorporated area.

The purpose of C.S.H.B. 2197 is to provide permissive authority for certain municipalities and certain large, planned communities in unincorporated areas to mutually agree on the selection and funding of mutually beneficial regional programs and projects, and in consideration of such financial participation by the unincorporated area, provision may be made in a regional participation agreement for the deferral of annexation of the unincorporated area or the release of the unincorporated area from the extraterritorial jurisdiction (ETJ) of the municipality.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a State officer, department, agency, or institution.

ANALYSIS

Committee Substitute for House Bill 2197 adds Section 43.0754, to Subchapter D, Chapter 43, Local Government Code that is entitled REGIONAL PARTICIPATION AGREEMENTS. This section permits a special district existing over the area of a planned community of more than 50,000 population and 20 square miles and with certain other self-governance characteristics to enter into a regional participation agreement with the principal municipality having ETJ over substantially all of the district and with one or more smaller municipalities having ETJ over insubstantial portions of the remainder of the district. The parties may jointly select, fund, and administer regional programs or projects which the parties determine are mutually beneficial. Other persons who may be benefited by such regional programs or projects are permitted to join in a regional participation agreement, so long as the agreement is initiated by a district and an eligible municipality. The agreement may include provisions detailing the planning, selection, funding, allocation of costs, and administration of identified eligible regional projects or programs, and may include provisions for the deferral of municipal annexation, consent to incorporation, or the release of all or a designated portion of a district from a participating municipality's ETJ in consideration of the district's participation in the agreement. Eligible regional programs and projects include mobility or transportation projects, healthcare facilities or infrastructure, parks or recreational facilities, public assembly facilities, environmental preservation or enhancement, the supply, conservation, reuse, or treatment of water or wastewater, solid waste disposal, public safety and security, drainage and storm water management, and homeland security programs. When duly authorized, executed and recorded, the agreement is binding upon both parties and is incontestable for the duration of the agreement. This section does not require a municipal election to be held to enter into a regional participation agreement and provides that income received into a regional participation fund from a district or other party is not considered municipal revenue for purposes of computing revenue or property tax limits. This section is cumulative and in addition to all other current laws on the subject.

Committee Substitute for House Bill 2197 contains the findings of the legislature concerning the need for and purposes of this legislation and declares that implementation of the provisions of

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the bill will be of benefit to large municipalities within the State, the regions within which they are located, and to the State as a whole and will serve to accomplish the several public purposes enumerated in the bill.

This bill contains a severability clause.

This bill provides that a regional participation agreement entered into in anticipation of this legislation is not invalid because it was entered into prior to the effective date of this legislation.

This bill provides for an effectiveness date.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 2197 differs from the original in that it clarifies and makes more precise the definitions of terms used in the bill, including the definitions of "district" and "eligible municipality"; expands the scope of a regional participation agreement to allow an eligible municipality to consent to the incorporation of all or part of the territory of a district in its ETJ, to allow the parties to specify the duration and term of the agreement, and to allow the parties to create and administer an administrative agency for purposes of management of a regional participation fund, program, or project; adds solid waste disposal and management as an eligible regional project; clarifies that bonds issued by a district to fund a regional participation agreement need not be reviewed or approved by the Texas Commission on Environmental Quality; provides that a properly authorized, executed and recorded agreement is incontestable; clarifies that no municipal election is required to enter into an agreement and that revenues received from a district under an agreement are not considered municipal revenues for purposes of calculating revenue or property tax caps or limits; clarifies that the bill is cumulative and additional legislative authority.