

1 AN ACT

2 relating to the removal, transfer, or exclusion of territory in
3 emergency services districts.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Chapter 775, Health and Safety Code, is amended
6 by adding Subchapter H to read as follows:

7 SUBCHAPTER H. CHANGE IN BOUNDARIES OF DISTRICT WITH PLANNED
8 COMMUNITY

9 Sec. 775.201. DEFINITION. In this subchapter, "planned
10 community" means a planned community of 25,000 or more acres of land
11 originally established under the Urban Growth and New Community
12 Development Act of 1970 (42 U.S.C. Section 4501 et seq.) that is:

13 (1) located wholly or partly in a county with a
14 population of 2.8 million or more; and

15 (2) subject to restrictive covenants containing ad
16 valorem or annual variable budget-based assessments on real
17 property for use in part to finance services of the same general
18 type provided by the district.

19 Sec. 775.202. AGREEMENT ON BOUNDARIES WITH PROPERTY OWNERS
20 IN PLANNED COMMUNITY. (a) After a hearing, a district located
21 wholly in a county with a population of 2.8 million or more may
22 exclude territory by making changes in the district's boundaries in
23 accordance with an agreement among the district and the owners of
24 two-thirds or more in acreage and two-thirds or more in taxable

1 value, according to the most recent certified county property tax
2 rolls, of a defined area of territory of a planned community.

3 (b) The agreement must be in writing and describe:

4 (1) the affected territory by metes and bounds,
5 including the changes in the boundaries to be made;

6 (2) the amount of any compensation to be paid to the
7 district under Section 775.205;

8 (3) the effective date for the changes in boundaries;
9 and

10 (4) any other applicable terms.

11 Sec. 775.203. NOTICE OF HEARING. (a) The board secretary
12 shall give notice of the hearing.

13 (b) The notice must contain the time and place for the
14 hearing and a description of the territory proposed to be excluded.

15 (c) The secretary shall:

16 (1) post copies of the notice for at least 15 days
17 before the date of the hearing in three public places in the
18 district, one of which must be in the territory proposed to be
19 excluded; and

20 (2) not later than the 16th day before the date on
21 which the hearing is held, publish the notice once in a newspaper of
22 general circulation in each county in which the excluded territory
23 is located.

24 Sec. 775.204. ADOPTION OF AGREEMENT AND APPROVAL OF
25 EXCLUSION. After the hearing, if the board finds that the exclusion
26 of the territory would be feasible and would benefit the district,
27 the board shall by a resolution entered in its minutes:

1 (1) adopt the agreement; and

2 (2) approve the exclusion.

3 Sec. 775.205. EFFECT OF ADOPTION OF AGREEMENT AND APPROVAL
4 OF EXCLUSION. (a) After adoption and approval under Section
5 775.204, the district's tax on the property in the excluded
6 territory continues until all agreed compensation has been paid in
7 full.

8 (b) The district shall apply the compensation received
9 under this section toward the payment of the obligations described
10 by Subsection (c).

11 (c) The agreement must provide for the excluded territory to
12 compensate the district in an amount equal to the excluded
13 territory's pro rata share of the outstanding and unpaid bonds,
14 warrants, or other direct and indirect obligations, including loans
15 and lease-purchase agreements and written funding assistance
16 agreements of the district and any not-for-profit fire departments
17 and ambulance agencies or associations, for the financing and
18 payment for firefighting, emergency medical service and emergency
19 rescue equipment, fire and ambulance stations, or similar long-term
20 capital assets to serve the district.

21 (d) The excluded territory's pro rata share is the unpaid
22 principal balances of the outstanding loans and other obligations
23 enumerated by Subsection (c) multiplied by a fraction, the
24 numerator of which is the taxable value of the property in the
25 excluded territory and the denominator of which is the taxable
26 value of the entire district, including the excluded territory. The
27 taxable value calculated under this subsection for property in the

1 excluded territory, including as part of the entire district, does
2 not include any special appraisal or exemptions for the property.

3 (e) The agreement to compensate the district does not
4 include the following expenses incurred by the district after the
5 boundaries change:

6 (1) expenses for district operations and maintenance;
7 and

8 (2) expenses for district services.

9 (f) The agreement to compensate the district is required
10 regardless of whether the loans and other obligations are subject
11 to non-appropriation by the district or termination by either party
12 before payment in full of the unpaid principal balance.

13 Sec. 775.206. NO EFFECT ON OUTSTANDING OBLIGATIONS. A
14 change in boundaries under this subchapter does not diminish or
15 impair the rights of the holders of any outstanding and unpaid
16 bonds, warrants, or other district obligations.

17 SECTION 2. Section 776.052(a), Health and Safety Code, is
18 amended to read as follows:

19 (a) If territory in a municipality's limits [~~ex~~
20 ~~extraterritorial jurisdiction~~] is included in a district, the
21 municipality's governing body may remove that territory from the
22 district if:

23 (1) the municipality agrees to provide emergency
24 protection to the territory as prescribed by Section 776.014; or

25 (2) the territory is designated an industrial district
26 under Section 42.044, Local Government Code.

27 SECTION 3. The change in law made by this Act applies only

1 to a removal of territory that occurs, or a change in boundaries
2 agreed to, on or after the effective date of this Act. A removal of
3 territory that occurs, or a change in boundaries agreed to, before
4 the effective date of this Act is governed by the law in effect on
5 the date the territory is removed, and that law is continued in
6 effect for that purpose.

7 SECTION 4. This Act takes effect September 1, 2007.

President of the Senate

Speaker of the House

I certify that H.B. No. 492 was passed by the House on April 13, 2007, by the following vote: Yeas 143, Nays 0, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 492 on May 24, 2007, by the following vote: Yeas 143, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 492 was passed by the Senate, with amendments, on May 22, 2007, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor