

1-1 By: Orr (Senate Sponsor - Averitt) H.B. No. 492
1-2 (In the Senate - Received from the House April 16, 2007;
1-3 April 17, 2007, read first time and referred to Committee on
1-4 Intergovernmental Relations; May 11, 2007, reported adversely,
1-5 with favorable Committee Substitute by the following vote: Yeas 4,
1-6 Nays 0; May 11, 2007, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 492 By: Patrick

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the removal, transfer, or exclusion of territory in
1-11 emergency services districts.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Chapter 775, Health and Safety Code, is amended
1-14 by adding Subchapter H to read as follows:

1-15 SUBCHAPTER H. CHANGE IN BOUNDARIES OF DISTRICT WITH PLANNED
1-16 COMMUNITY

1-17 Sec. 775.201. DEFINITION. In this subchapter, "planned
1-18 community" means a planned community of 25,000 or more acres of land
1-19 originally established under the Urban Growth and New Community
1-20 Development Act of 1970 (42 U.S.C. Section 4501 et seq.) that is:

1-21 (1) located wholly or partly in a county with a
1-22 population of 2.8 million or more; and

1-23 (2) subject to restrictive covenants containing ad
1-24 valorem or annual variable budget-based assessments on real
1-25 property for use in part to finance services of the same general
1-26 type provided by the district.

1-27 Sec. 775.202. AGREEMENT ON BOUNDARIES WITH PROPERTY OWNERS
1-28 IN PLANNED COMMUNITY. (a) After a hearing, a district located
1-29 wholly in a county with a population of 2.8 million or more may
1-30 exclude territory by making changes in the district's boundaries in
1-31 accordance with an agreement among the district and the owners of
1-32 two-thirds or more in acreage and two-thirds or more in taxable
1-33 value, according to the most recent certified county property tax
1-34 rolls, of a defined area of territory of a planned community.

1-35 (b) The agreement must be in writing and describe:

1-36 (1) the affected territory by metes and bounds,
1-37 including the changes in the boundaries to be made;

1-38 (2) the amount of any compensation to be paid to the
1-39 district under Section 775.205;

1-40 (3) the effective date for the changes in boundaries;
1-41 and

1-42 (4) any other applicable terms.

1-43 Sec. 775.203. NOTICE OF HEARING. (a) The board secretary
1-44 shall give notice of the hearing.

1-45 (b) The notice must contain the time and place for the
1-46 hearing and a description of the territory proposed to be excluded.

1-47 (c) The secretary shall:

1-48 (1) post copies of the notice for at least 15 days
1-49 before the date of the hearing in three public places in the
1-50 district, one of which must be in the territory proposed to be
1-51 excluded; and

1-52 (2) not later than the 16th day before the date on
1-53 which the hearing is held, publish the notice once in a newspaper of
1-54 general circulation in each county in which the excluded territory
1-55 is located.

1-56 Sec. 775.204. ADOPTION OF AGREEMENT AND APPROVAL OF
1-57 EXCLUSION. After the hearing, if the board finds that the exclusion
1-58 of the territory would be feasible and would benefit the district,
1-59 the board shall by a resolution entered in its minutes:

1-60 (1) adopt the agreement; and

1-61 (2) approve the exclusion.

1-62 Sec. 775.205. EFFECT OF ADOPTION OF AGREEMENT AND APPROVAL
1-63 OF EXCLUSION. (a) After adoption and approval under Section

2-1 775.204, the district's tax on the property in the excluded
2-2 territory continues until all agreed compensation has been paid in
2-3 full.

2-4 (b) The district shall apply the compensation received
2-5 under this section toward the payment of the obligations described
2-6 by Subsection (c).

2-7 (c) The agreement must provide for the excluded territory to
2-8 compensate the district in an amount equal to the excluded
2-9 territory's pro rata share of the outstanding and unpaid bonds,
2-10 warrants, or other direct and indirect obligations, including loans
2-11 and lease-purchase agreements and written funding assistance
2-12 agreements of the district and any not-for-profit fire departments
2-13 and ambulance agencies or associations, for the financing and
2-14 payment for firefighting, emergency medical service and emergency
2-15 rescue equipment, fire and ambulance stations, or similar long-term
2-16 capital assets to serve the district.

2-17 (d) The excluded territory's pro rata share is the unpaid
2-18 principal balances of the outstanding loans and other obligations
2-19 enumerated by Subsection (c) multiplied by a fraction, the
2-20 numerator of which is the taxable value of the property in the
2-21 excluded territory and the denominator of which is the taxable
2-22 value of the entire district, including the excluded territory. The
2-23 taxable value calculated under this subsection for property in the
2-24 excluded territory, including as part of the entire district, does
2-25 not include any special appraisal or exemptions for the property.

2-26 (e) The agreement to compensate the district does not
2-27 include the following expenses incurred by the district after the
2-28 boundaries change:

2-29 (1) expenses for district operations and maintenance;

2-30 and

2-31 (2) expenses for district services.

2-32 (f) The agreement to compensate the district is required
2-33 regardless of whether the loans and other obligations are subject
2-34 to non-appropriation by the district or termination by either party
2-35 before payment in full of the unpaid principal balance.

2-36 Sec. 775.206. NO EFFECT ON OUTSTANDING OBLIGATIONS. A
2-37 change in boundaries under this subchapter does not diminish or
2-38 impair the rights of the holders of any outstanding and unpaid
2-39 bonds, warrants, or other district obligations.

2-40 SECTION 2. Section 776.052(a), Health and Safety Code, is
2-41 amended to read as follows:

2-42 (a) If territory in a municipality's limits [~~or~~
2-43 ~~extraterritorial jurisdiction~~] is included in a district, the
2-44 municipality's governing body may remove that territory from the
2-45 district if:

2-46 (1) the municipality agrees to provide emergency
2-47 protection to the territory as prescribed by Section 776.014; or

2-48 (2) the territory is designated an industrial district
2-49 under Section 42.044, Local Government Code.

2-50 SECTION 3. The change in law made by this Act applies only
2-51 to a removal of territory that occurs, or a change in boundaries
2-52 agreed to, on or after the effective date of this Act. A removal of
2-53 territory that occurs, or a change in boundaries agreed to, before
2-54 the effective date of this Act is governed by the law in effect on
2-55 the date the territory is removed, and that law is continued in
2-56 effect for that purpose.

2-57 SECTION 4. This Act takes effect September 1, 2007.

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