

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 25, 2007

TO: Honorable Anna Mowery, Chair, House Committee on Land & Resource Management

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

IN RE: HB535 by Leibowitz (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, Substituted**

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. The bill would establish applicable criteria and procedures. A resolution or ordinance adopted for these purposes could only be challenged by a quo warranto proceeding initiated by the attorney general.

It is anticipated that 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.

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

Source Agencies:

LBB Staff: JOB, WK, DB