

House Bill 492
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

No equivalent provision.

SENATE VERSION

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

SUBCHAPTER H. CHANGE IN BOUNDARIES OF DISTRICT WITH PLANNED COMMUNITY

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

- (1) located wholly or partly in a county with a population of 2.8 million or more; and
- (2) subject to restrictive covenants containing ad valorem or annual variable budget-based assessments on real property for use in part to finance services of the same general type provided by the district.

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

- (b) The agreement must be in writing and describe:
 - (1) the affected territory by metes and bounds, including the changes in the boundaries to be made;
 - (2) the amount of any compensation to be paid to the

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district under Section 775.205;
(3) the effective date for the changes in boundaries; and
(4) any other applicable terms.
Sec. 775.203. NOTICE OF HEARING. (a) The board secretary shall give notice of the hearing.
(b) The notice must contain the time and place for the hearing and a description of the territory proposed to be excluded.
(c) The secretary shall:
(1) post copies of the notice for at least 15 days before the date of the hearing in three public places in the district, one of which must be in the territory proposed to be excluded; and
(2) not later than the 16th day before the date on which the hearing is held, publish the notice once in a newspaper of general circulation in each county in which the excluded territory is located.
Sec. 775.204. ADOPTION OF AGREEMENT AND APPROVAL OF EXCLUSION. After the hearing, if the board finds that the exclusion of the territory would be feasible and would benefit the district, the board shall by a resolution entered in its minutes:
(1) adopt the agreement; and
(2) approve the exclusion.
Sec. 775.205. EFFECT OF ADOPTION OF AGREEMENT AND APPROVAL OF EXCLUSION.
(a) After adoption and approval under Section 775.204, the district's tax on the property in the excluded territory continues until all agreed compensation has been paid in full.

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

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

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

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

(1) expenses for district operations and maintenance;

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and

(2) expenses for district services.

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

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

SECTION 1. Section 776.052(a), Health and Safety Code, is amended to read as follows:

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

- (1) the municipality agrees to provide emergency protection to the territory as prescribed by Section 776.014; or
- (2) the territory is designated an industrial district under Section 42.044, Local Government Code.

SECTION 2. The change in law made by this Act applies only to a removal of territory that occurs on or after the effective date of this Act. A removal of territory

SECTION 2. Same as House version.

SECTION 3. The change in law made by this Act applies only to a removal of territory that occurs, **or a change in boundaries agreed to,** on or after the effective

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that occurs before the effective date of this Act is governed by the law in effect on the date the territory is removed, and that law is continued in effect for that purpose.

SECTION 3. This Act takes effect September 1, 2007.

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

SECTION 4. Same as House version.

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