

BILL ANALYSIS

H.B. 28
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Land & Resource Management
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Local Government Code requires municipalities to prepare a plan identifying properties that may be annexed three years before the effective date of annexation. The municipality must give written notice to the owner of each property affected by the annexation plan. Provisions of the Property Code relating to a seller's disclosure require the seller of real property to provide written notice to a purchaser that the property may be annexed by a municipality.

Still, new property owners may be surprised to find that their lots or homes are included in a municipal annexation plan. These individuals frequently contact their county commissioners to ask what can be done regarding the proposed annexation, and they seek the commissioners' assistance in delaying or stopping the annexation process.

H.B. 28 requires the seller to provide a copy of any letter received from a municipality notifying the owner that the property is included in an annexation plan. The seller must also indicate on a form that the seller received notification of annexation, that the property is not in an annexation plan, or that the seller does not know if a notice has been received. The bill allows a purchaser to terminate the contract under certain conditions if the purchaser does not receive the notice before the contract date binding the buyer to purchase the property. The option to back out does not apply if the seller did not receive written notice from a municipality that a property was included in an annexation plan.

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

H.B. 28 amends the Property Code to require a seller of real property, in addition to providing the buyer written notice regarding the property's potential inclusion in a municipality's extraterritorial jurisdiction or annexation by the municipality, to give the buyer written notice indicating whether the seller has received notice from the municipality that the property is included in its annexation plan and may be subject to annexation. The bill requires the seller to include in the notice to the buyer a copy of any written notice received by the seller from the municipality related to its annexation plan and outlines the required contents of the notice from the seller to the buyer. The bill requires the seller to deliver the written notice to the buyer before the executory contract date that binds the buyer to purchase the property. The bill authorizes the written notice to be given separately, as part of the contract during negotiations, or as part of any other notice the seller delivers to the purchaser.

H.B. 28 provides an exception to the notice requirements for certain transfers of property enumerated in the statute. The bill allows that if an executory contract is entered into without the seller providing the required notice, the buyer may terminate the contract for any reason within a specified time period except in a case where the seller has not received written notice from the municipality that the property is included in its annexation plan.

EFFECTIVE DATE

September 1, 2009.