

## **BILL ANALYSIS**

C.S.H.B. 2726  
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Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The section of the Local Government Code entitled "Regional Participation Agreements" permits certain special districts existing over the area of a planned community of more than 50,000 population and 20 square miles to enter into a regional participation agreement with a larger municipality having extraterritorial jurisdiction over substantially all of the district or with one or more smaller municipalities having extraterritorial jurisdiction over insubstantial portions of the remainder of the district. However, this does not permit such a special district to similarly contract with an adjacent smaller municipality with no extraterritorial jurisdiction over the special district to accomplish the same purposes and to allow the parties to jointly select, fund, and administer regional programs or projects which the parties may determine to be mutually beneficial.

C.S.H.B. 2726 authorizes a municipality whose boundaries are contiguous with an eligible district to enter into a regional participation agreement with that district.

### **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**

C.S.H.B. 2726 amends the Local Government Code to permit a regional participation agreement to provide or allow for the release of the territory, rather than all or part of the territory of a district, from the extraterritorial jurisdiction (ETJ) of an eligible municipality that is a party to the agreement at a specified time or upon the occurrence of specified events. The bill does not require a regional participation agreement to describe the land contained within the boundaries of a party to the agreement, instead of within the boundaries of a district that is a party to the agreement. The bill requires any territory to be released from the ETJ of an eligible municipality that is a party under an agreement to be described in sufficient detail to convey title to land and that the description be made a part of the agreement. The bill provides that a regional participation agreement binds not only each party, but also its legal successor, including a municipality or other form of local government, to the agreement for the term specified in the agreement. The bill provides that a regional participation agreement may not require a party to make payments from any funds that are restricted, encumbered, or pledged for the payment of its contractual obligations or indebtedness, instead of not making that requirement of a district.

C.S.H.B. 2726 expands the definition of "eligible municipality" to include a municipality that has corporate boundaries contiguous to the boundaries of a district that has entered into a regional participation agreement with another eligible municipality. The bill clarifies the meaning, for the purposes of its provisions relating to adjudication of claims arising under written contract with local government entities, of "local governmental entity" and "contract subject to this subchapter."

**EFFECTIVE DATE**

September 1, 2009.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 2726 differs from the original by expanding the definition of "eligible municipality" to include a municipality with corporate boundaries contiguous to the boundaries of a district that has entered into a regional participation agreement with another eligible municipality. The substitute includes a provision not in the original requiring any territory to be released from the extraterritorial jurisdiction of an eligible municipality that is a party under an agreement to be described in sufficient detail to convey title to land and that the description be made part of the agreement. The substitute removes from the original a provision that waives governmental immunity from suit of a party to a regional participation agreement for the limited purpose of a cause of action brought by a party based on or arising out of a regional participation agreement. The substitute adds a provision not in the original specifying that a district or eligible municipality is a "local government entity" and that a regional participation agreement is a written contract stating the essential terms of the agreement for providing goods or services to the local government entity that is properly executed on behalf of the local government entity, without regard to whether the agreement is for providing goods or services.