

By: Burton

S.B. No. 616

A BILL TO BE ENTITLED

AN ACT

relating to eliminating authority of municipalities to annex for limited purposes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter A, Chapter 43, Local Government Code, is amended by adding Section 43.003 to read as follows:

Sec. 43.003. LIMITED PURPOSE ANNEXATION PROHIBITED. (a) Beginning September 1, 2015, a municipality may not annex an area for the limited purposes of applying its planning, zoning, health, and safety ordinances in the area.

(b) This section supersedes any municipal charter provision that conflicts with this section.

SECTION 2. Section 43.052(k), Local Government Code, is amended to read as follows:

(k) Notwithstanding the restrictions imposed by Subsections (e) and (g), under an agreement described by Section 43.0563 a municipality may annex an area [~~for full or limited purposes~~] at any time on petition of the owner of the area for the annexation if the area:

(1) is in the municipality's annexation plan; or

(2) was previously in the municipality's annexation plan but removed under Subsection (e).

SECTION 3. Section 43.0751(a)(2), Local Government Code, is amended to read as follows:

1 (2) "Limited district" means a district that, pursuant
2 to a strategic partnership agreement, continues to exist after
3 ~~[full-purpose]~~ annexation by a municipality in accordance with the
4 terms of a strategic partnership agreement.

5 SECTION 4. Section 43.0751, Local Government Code, is
6 amended by amending Subsections (d), (e), (f), (g), (h), (j), (k),
7 (m), and (n) and adding Subsection (e-1) to read as follows:

8 (d) Before the governing body of a municipality or a
9 district adopts a strategic partnership agreement, it shall conduct
10 two public hearings at which members of the public who wish to
11 present testimony or evidence regarding the proposed agreement
12 shall be given the opportunity to do so. Notice of public hearings
13 conducted by the governing body of a municipality under this
14 subsection shall be published in a newspaper of general circulation
15 in the municipality and in the district~~[. The notice must be in the~~
16 ~~format prescribed by Section 43.123(b)]~~ and must be published at
17 least once on or after the 20th day before the [each] date of each
18 hearing. The notice may not be smaller than one-quarter page of a
19 standard-size or tabloid-size newspaper, and the headline on the
20 notice must be in 18-point or larger type. Notice of public
21 hearings conducted by the governing body of a district under this
22 subsection shall be given in accordance with the district's
23 notification procedures for other matters of public importance.
24 Any notice of a public hearing conducted under this subsection
25 shall contain a statement of the purpose of the hearing, the date,
26 time, and place of the hearing, and the location where copies of the
27 proposed agreement may be obtained prior to the hearing. The

1 governing bodies of a municipality and a district may conduct joint
2 public hearings under this subsection, provided that at least one
3 public hearing is conducted within the district.

4 ~~(e) [The governing body of a municipality may not annex a~~
5 ~~district for limited purposes under this section or under the~~
6 ~~provisions of Subchapter F until it has adopted a strategic~~
7 ~~partnership agreement with the district.]~~ The governing body of a
8 municipality may not adopt a strategic partnership agreement before
9 the agreement has been adopted by the governing body of the affected
10 district.

11 (e-1) Beginning September 1, 2015, a strategic partnership
12 agreement may not provide for limited purpose annexation.

13 (f) A strategic partnership agreement may provide for the
14 following:

15 ~~(1) [limited-purpose annexation of the district on~~
16 ~~terms acceptable to the municipality and the district provided that~~
17 ~~the district shall continue in existence during the period of~~
18 ~~limited-purpose annexation,~~

19 ~~[(2) limited-purpose annexation of a district located~~
20 ~~in a county with a population of more than 3.3 million:~~

21 ~~[(A) only if the municipality does not require~~
22 ~~services, permits, or inspections or impose fees for services,~~
23 ~~permits, or inspections within the district, and~~

24 ~~[(B) provided that this subsection does not~~
25 ~~prevent the municipality from providing services within the~~
26 ~~district if:~~

27 ~~[(i) the provision of services is specified~~

1 ~~and agreed to in the agreement;~~

2 ~~[(ii) the provision of services is not~~
3 ~~solely the result of a regulatory plan adopted by the municipality~~
4 ~~in connection with the limited-purpose annexation of the district;~~
5 ~~and~~

6 ~~[(iii) the district has obtained the~~
7 ~~authorization of the governmental entity currently providing the~~
8 ~~service;~~

9 ~~[(3)]~~ payments by the municipality to the district for
10 services provided by the district;

11 (2) ~~[(4)]~~ annexation of any commercial property in a
12 district ~~[for full purposes]~~ by the municipality, notwithstanding
13 any other provision of this code or the Water Code, except for the
14 obligation of the municipality to provide, directly or through
15 agreement with other units of government, full provision of
16 municipal services to annexed territory, in lieu of any annexation
17 of residential property or payment of any fee on residential
18 property in lieu of annexation of residential property in the
19 district authorized by this subsection;

20 (3) ~~an [(5) a full-purpose]~~ annexation provision on
21 terms acceptable to the municipality and the district;

22 (4) ~~[(6)]~~ conversion of the district to a limited
23 district including some or all of the land included within the
24 boundaries of the district, which conversion shall be effective on
25 the ~~[full-purpose]~~ annexation conversion date established under
26 Subdivision (3) ~~[(5)]~~;

27 (5) ~~[(7)]~~ agreements existing between districts and

1 governmental bodies and private providers of municipal services in
2 existence on the date a municipality evidences its intention by
3 adopting a resolution to negotiate for a strategic partnership
4 agreement with the district shall be continued and provision made
5 for modifications to such existing agreements; and

6 (6) [~~(8)~~] such other lawful terms that the parties
7 consider appropriate.

8 (g) A strategic partnership agreement that provides for the
9 creation of a limited district under Subsection (f)(4) [~~(f)(6)~~]
10 shall include provisions setting forth the following:

11 (1) the boundaries of the limited district;

12 (2) the functions of the limited district and the term
13 during which the limited district shall exist after [~~full-purpose~~]
14 annexation, which term may be renewed successively by the governing
15 body of the municipality, provided that no such original or renewed
16 term shall exceed 10 years;

17 (3) the name by which the limited district shall be
18 known; and

19 (4) the procedure by which the limited district may be
20 dissolved prior to the expiration of any term established under
21 Subdivision (2).

22 (h) On the [~~full-purpose~~] annexation conversion date set
23 forth in the strategic partnership agreement pursuant to Subsection
24 (f)(3) [~~(f)(5)(A)~~], the land included within the boundaries of the
25 district shall be deemed to be within the [~~full-purpose~~] boundary
26 limits of the municipality without the need for further action by
27 the governing body of the municipality. The [~~full-purpose~~]

1 annexation conversion date established by a strategic partnership
2 agreement may be altered only by mutual agreement of the district
3 and the municipality. However, nothing herein shall prevent the
4 municipality from terminating the agreement and instituting
5 proceedings to annex the district, on request by the governing body
6 of the district, on any date prior to the [~~full-purpose~~] annexation
7 conversion date established by the strategic partnership
8 agreement. Land annexed [~~for limited or full purposes~~] under this
9 section shall not be included in calculations prescribed by Section
10 43.055(a).

11 (j) Except as limited by this section or the terms of a
12 strategic partnership agreement, a district that has been annexed
13 for limited purposes by a municipality before September 1, 2015,
14 and a limited district shall have and may exercise all functions,
15 powers, and authority otherwise vested in a district.

16 (k) A municipality that has annexed all or part of a
17 district for limited purposes under this section before September
18 1, 2015, may impose a sales and use tax within the boundaries of the
19 part of the district that is annexed for limited purposes. Except
20 to the extent it is inconsistent with this section, Chapter 321, Tax
21 Code, governs the imposition, computation, administration,
22 governance, and abolition of the sales and use tax.

23 (m) A municipality that has annexed [~~may annex~~] a district
24 for limited purposes to implement a strategic partnership agreement
25 under this section before September 1, 2015, shall not annex for
26 full purposes any territory within a district created pursuant to a
27 consent agreement with that municipality executed before August 27,

1 1979. The prohibition on annexation established by this subsection
2 shall expire on September 1, 1997, or on the date on or before which
3 the municipality and any district may have separately agreed that
4 annexation would not take place whichever is later.

5 (n) This subsection applies only to a municipality any
6 portion of which is located in a county that has a population of not
7 less than 285,000 and not more than 300,000 and that borders the
8 Gulf of Mexico and is adjacent to a county with a population of more
9 than 3.3 million. A municipality may impose within the boundaries
10 of a district a municipal sales and use tax authorized by Chapter
11 321, Tax Code, or a municipal hotel occupancy tax authorized by
12 Chapter 351, Tax Code, that is imposed in the municipality if:

13 (1) the municipality has annexed the district for
14 limited purposes under this section before September 1, 2015; or

15 (2) following two public hearings on the matter, the
16 municipality and the district enter a written agreement providing
17 for the imposition of the tax or taxes.

18 SECTION 5. Subchapter D, Chapter 43, Local Government Code,
19 is amended by adding Section 43.07512 to read as follows:

20 Sec. 43.07512. LIMITED PURPOSE ANNEXATION OF ANY SPECIAL
21 DISTRICT PROHIBITED UNDER STRATEGIC PARTNERSHIP AGREEMENT. (a) In
22 this section, "special district" means a political subdivision of
23 this state with a limited geographic area created by local law or
24 under general law for a special purpose.

25 (b) Notwithstanding any other general or local law, a
26 strategic partnership agreement entered into on or after September
27 1, 2015, may not provide for the limited purpose annexation of all

1 or part of a special district.

2 SECTION 6. Subchapter F, Chapter 43, Local Government Code,
3 is amended by adding Section 43.1211 to read as follows:

4 Sec. 43.1211. APPLICABILITY. This subchapter applies to an
5 area that was annexed for a limited purpose as authorized before
6 September 1, 2015.

7 SECTION 7. Section 43.127(a), Local Government Code, is
8 amended to read as follows:

9 (a) On [~~Except as provided by Section 43.123(e), on~~] or
10 before the date prescribed by the regulatory plan prepared for the
11 limited purpose area [~~under Section 43.123(d)(2)~~], the
12 municipality must annex the area for full purposes. [~~This~~
13 ~~requirement may be waived and the date for full-purpose annexation~~
14 ~~postponed by written agreement between the municipality and a~~
15 ~~majority of the affected landowners. A written agreement to waive~~
16 ~~the municipality's obligation to annex the area for full purposes~~
17 ~~binds all future owners of land annexed for limited purposes~~
18 ~~pursuant to that waiver.~~]

19 SECTION 8. Section 43.203(a), Local Government Code, is
20 amended to read as follows:

21 (a) This section applies only to the [~~The~~] governing body of
22 a district that by resolution petitioned [~~may petition~~] a
23 municipality to alter the annexation status of land in the district
24 from full-purpose annexation to limited-purpose annexation and
25 before September 1, 2015:

26 (1) entered into an agreement to alter the status of
27 annexation as provided by this section; or

1 (2) had its status automatically altered by operation
2 of Subsection (c).

3 SECTION 9. Sections [43.0751\(r\)](#), [43.121](#), [43.122](#), [43.123](#),
4 [43.124](#), [43.125](#), [43.126](#), and [43.129](#), Local Government Code, are
5 repealed.

6 SECTION 10. This Act takes effect September 1, 2015.