

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATURE 1st CALLED SESSION - 2017

August 1, 2017

TO: Honorable Abel Herrero, Chair, House Committee on Land & Resource Management

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB63 by Schofield (Relating to the extraterritorial jurisdiction of and municipal annexation by certain municipalities.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend the Local Government Code to restrict the authority of municipalities with a population of 1.8 million or more to regulate their extraterritorial jurisdiction (ETJ) . The bill restricts the imposition of tax on ETJs by these municipalities. The bill also limits the authority of these municipalities to enter into Special Purpose Districts (SPDs).

The provisions of the bill would have no direct implication to the operations of state government.

The bill would take effect December 1, 2017.

Local Government Impact

According to the City of Houston, the bill would have a negative fiscal impact by reducing the size of the city's ETJ; the resulting loss of the City's regulatory authority in the ETJ that would generate additional developmental, traffic and utility costs for the city and the region. Also according to the City, the bill's requirement that all areas remaining in the ETJ be released on December 1, 2022 would generate additional long term costs to the city and the bill's prohibition on the renewal of SPDs could result in the future losses for both the City and the districts.

Source Agencies:

LBB Staff: UP, SZ, SD, GP