

By: Larson

H.B. No. 299

A BILL TO BE ENTITLED

AN ACT

relating to municipal annexation.

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, 2017, 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 43.021, Local Government Code, is amended to read as follows:

Sec. 43.021. AUTHORITY OF HOME-RULE MUNICIPALITY TO ANNEX AREA AND TAKE OTHER ACTIONS REGARDING BOUNDARIES. A home-rule municipality may take the following actions according to rules as may be provided by the charter of the municipality and not inconsistent with the requirements [~~procedural rules~~] prescribed by this chapter:

(1) fix the boundaries of the municipality;

(2) extend the boundaries of the municipality and annex area [~~adjacent to the municipality~~]; and

(3) exchange area with other municipalities.

SECTION 3. Section 43.051, Local Government Code, is

1 transferred to Subchapter B, Chapter 43, Local Government Code,  
2 redesignated as Section 43.0211, Local Government Code, and amended  
3 to read as follows:

4       Sec. 43.0211 [~~43.051~~]. AUTHORITY TO ANNEX LIMITED TO  
5 EXTRATERRITORIAL JURISDICTION. A municipality may annex area only  
6 in the municipality's [~~its~~] extraterritorial jurisdiction unless  
7 the municipality owns the area.

8       SECTION 4. Subchapter B, Chapter 43, Local Government Code,  
9 is amended by adding Sections 43.0212 and 43.0213 to read as  
10 follows:

11       Sec. 43.0212. AUTHORITY TO ANNEX NONCONTIGUOUS AREAS. A  
12 municipality may annex an area that is noncontiguous to the  
13 boundaries of the municipality if the area is in the municipality's  
14 extraterritorial jurisdiction.

15       Sec. 43.0213. AUTHORITY OF MUNICIPALITY TO ANNEX AREA ON  
16 REQUEST OF OWNERS. (a) Notwithstanding Subchapter C or C-1, a  
17 municipality may annex an area if each owner of land in the area  
18 requests the annexation.

19       (b) If a municipality elects to annex an area under this  
20 section, the governing body of the municipality must first  
21 negotiate and enter into a written agreement for the provision of  
22 services in the area with the owners of land in the area. The  
23 municipality is not required to provide a service that is not  
24 included in the agreement.

25       (c) Before a municipality may annex an area under this  
26 section, the governing body of the municipality must conduct at  
27 least two public hearings. The hearings must be conducted not less

1 than 10 business days apart. During the first public hearing, the  
2 governing body must provide persons interested in the annexation  
3 the opportunity to be heard. During the final public hearing, the  
4 governing body may adopt an ordinance annexing the area.

5 SECTION 5. Section 43.0235(a), Local Government Code, is  
6 amended to read as follows:

7 (a) A general-law municipality may annex an area in which 50  
8 percent or more of the property in the area to be annexed is  
9 primarily used for a commercial or industrial purpose only if the  
10 municipality:

11 (1) is otherwise authorized by this chapter  
12 [~~subchapter~~] to annex the area and complies with the requirements  
13 prescribed under that authority; and

14 (2) obtains the written consent of the owners of a  
15 majority of the property in the area to be annexed.

16 SECTION 6. Section 43.026, Local Government Code, is  
17 amended to read as follows:

18 Sec. 43.026. AUTHORITY OF TYPE A GENERAL-LAW MUNICIPALITY  
19 TO ANNEX AREA IT OWNS. Notwithstanding Subchapter C or C-1, the  
20 [~~The~~] governing body of a Type A general-law municipality by  
21 ordinance may annex area that the municipality owns. The ordinance  
22 must describe the area by metes and bounds and must be entered in  
23 the minutes of the governing body.

24 SECTION 7. Section 43.027, Local Government Code, is  
25 amended to read as follows:

26 Sec. 43.027. AUTHORITY OF GENERAL-LAW MUNICIPALITY TO ANNEX  
27 NAVIGABLE STREAM. Notwithstanding Subchapter C or C-1, the [~~The~~]

1 governing body of a general-law municipality by ordinance may annex  
2 any navigable stream adjacent to the municipality and within the  
3 municipality's extraterritorial jurisdiction.

4 SECTION 8. Section 43.029, Local Government Code, is  
5 amended by amending Subsection (c) and adding Subsections (d), (e),  
6 (f), and (g) to read as follows:

7 (c) Notwithstanding Subchapter C or C-1, the [The] board of  
8 trustees of a public school occupying the area may petition the  
9 governing body of the municipality in writing to annex the area  
10 under the procedures provided by this section. [Sections  
11 43.028(c)-(f) apply to the petition and annexation under this  
12 section in the same manner in which they apply to the petition and  
13 annexation under that section.]

14 (d) The petition must describe the area by metes and bounds  
15 and must be acknowledged in the manner required for deeds by each  
16 person having an interest in the area.

17 (e) After the 5th day but on or before the 30th day after the  
18 date the petition is filed, the governing body shall hear the  
19 petition and the arguments for and against the annexation and shall  
20 grant or refuse the petition as the governing body considers  
21 appropriate.

22 (f) If the governing body grants the petition, the governing  
23 body by ordinance may annex the area. On the effective date of the  
24 ordinance, the area becomes a part of the municipality.

25 (g) If the petition is granted and the ordinance is adopted,  
26 a certified copy of the ordinance together with a copy or duplicate  
27 of the petition shall be filed in the office of the county clerk of

1 the county in which the municipality is located.

2 SECTION 9. Section 43.031, Local Government Code, is  
3 amended to read as follows:

4 Sec. 43.031. AUTHORITY OF ADJACENT MUNICIPALITIES TO CHANGE  
5 BOUNDARIES BY AGREEMENT. Notwithstanding Subchapter C or C-1,  
6 adjacent [~~Adjacent~~] municipalities may make mutually agreeable  
7 changes in their boundaries of areas that are less than 1,000 feet  
8 in width.

9 SECTION 10. The heading to Subchapter C, Chapter 43, Local  
10 Government Code, is amended to read as follows:

11 SUBCHAPTER C. ANNEXATION OF AREAS WITH A POPULATION OF LESS THAN  
12 200 [~~PROCEDURE FOR AREAS ANNEXED UNDER MUNICIPAL ANNEXATION PLAN~~]

13 SECTION 11. Subchapter C, Chapter 43, Local Government  
14 Code, is amended by adding Sections 43.0511 through 43.0517 to read  
15 as follows:

16 Sec. 43.0511. AUTHORITY TO ANNEX. A municipality may annex  
17 an area with a population of less than 200 only if the municipality  
18 obtains consent to annex the area through a petition signed by:

19 (1) more than 50 percent of the registered voters of  
20 the area; and

21 (2) if the registered voters of the area do not own  
22 more than 50 percent of the land in the area, more than 50 percent of  
23 the owners of land in the area.

24 Sec. 43.0512. RESOLUTION. The governing body of the  
25 municipality that proposes to annex an area under this subchapter  
26 must adopt a resolution that includes:

27 (1) a statement of the municipality's intent to annex

1 the area;

2 (2) a detailed description and map of the area to be  
3 annexed; and

4 (3) a description of the services to be provided by the  
5 municipality in the area after the annexation, including, as  
6 applicable:

7 (A) police protection;

8 (B) fire protection;

9 (C) emergency medical services;

10 (D) solid waste collection;

11 (E) operation and maintenance of water and  
12 wastewater facilities in the annexed area;

13 (F) operation and maintenance of roads and  
14 streets, including road and street lighting;

15 (G) operation and maintenance of parks,  
16 playgrounds, and swimming pools; and

17 (H) operation and maintenance of any other  
18 publicly owned facility, building, or service.

19 Sec. 43.0513. NOTICE OF PROPOSED ANNEXATION. Not later  
20 than the seventh day after the date the governing body of the  
21 municipality adopts the resolution under Section 43.0512, the  
22 municipality must mail to each resident in the area proposed to be  
23 annexed notification of the proposed annexation that includes:

24 (1) notice of the public hearing required by Section  
25 43.0514;

26 (2) an explanation of the 60-day petition period  
27 described by Section 43.0515; and

1           (3) a description of the services to be provided by the  
2 municipality in the area after the annexation.

3           Sec. 43.0514. PUBLIC HEARING. The governing body of a  
4 municipality must conduct at least one public hearing not earlier  
5 than the 21st day and not later than the 30th day after the date the  
6 governing body adopts the resolution under Section 43.0512.

7           Sec. 43.0515. PETITION. (a) The petition required by  
8 Section 43.0511 may be signed only by a registered voter of the area  
9 proposed to be annexed or an owner of land in the area. The petition  
10 must provide for the person signing to state whether the person is  
11 signing as a registered voter of the area, as an owner of land in the  
12 area, or as both.

13           (b) The municipality may collect signatures on the petition  
14 only during the period beginning on the 31st day after the date the  
15 governing body of the municipality adopts the resolution under  
16 Section 43.0512 and ending on the 90th day after the date the  
17 resolution is adopted.

18           (c) The petition must clearly state that a person signing  
19 the petition is consenting to the proposed annexation.

20           (d) The petition must include a map of and describe the area  
21 proposed to be annexed.

22           (e) The municipality must collect petition signatures in  
23 person, except that the municipality may provide for an owner of  
24 land in the area who is not a resident of the area to sign the  
25 petition electronically.

26           (f) Chapter 277, Election Code, applies to a petition under  
27 this section.

1       Sec. 43.0516. RESULTS OF PETITION. (a) When the petition  
2 period prescribed by Section 43.0515 ends, the petition shall be  
3 verified by the municipal secretary or other person responsible for  
4 verifying signatures. The municipality must notify the residents  
5 of the area proposed to be annexed of the results of the petition.

6       (b) If the municipality does not obtain the number of  
7 signatures on the petition required to annex the area, the  
8 municipality may not annex the area and may not adopt another  
9 resolution under Section 43.0512 to annex the area until the first  
10 anniversary of the date the petition period ended.

11       (c) If the municipality obtains the number of signatures on  
12 the petition required to annex the area, the municipality may annex  
13 the area after:

14               (1) providing notice under Subsection (a);

15               (2) holding a public hearing at which members of the  
16 public are given an opportunity to be heard; and

17               (3) holding a final hearing not earlier than the 10th  
18 day after the date of the public hearing under Subdivision (2) at  
19 which the ordinance annexing the area may be adopted.

20       Sec. 43.0517. VOTER APPROVAL BY MUNICIPAL RESIDENTS ON  
21 PETITION. If a petition protesting the annexation of an area under  
22 this subchapter is signed by a number of registered voters of the  
23 municipality proposing the annexation equal to at least 50 percent  
24 of the number of voters who voted in the most recent municipal  
25 election and is received by the secretary of the municipality  
26 before the date the petition period prescribed by Section 43.0515  
27 ends, the municipality may not complete the annexation of the area



1 without approval of a majority of the voters of the municipality  
2 voting at an election called and held for that purpose.

3 SECTION 12. The heading to Subchapter C-1, Chapter 43,  
4 Local Government Code, is amended to read as follows:

5 SUBCHAPTER C-1. ANNEXATION OF AREAS WITH A POPULATION OF AT LEAST  
6 200 [~~PROCEDURE FOR AREAS EXEMPTED FROM MUNICIPAL ANNEXATION PLAN~~]

7 SECTION 13. Subchapter C-1, Chapter 43, Local Government  
8 Code, is amended by adding Sections 43.0611 through 43.0618 to read  
9 as follows:

10 Sec. 43.0611. AUTHORITY TO ANNEX. A municipality may annex  
11 an area with a population of 200 or more only if the following  
12 conditions are met, as applicable:

13 (1) the municipality holds an election in the area  
14 proposed to be annexed at which the qualified voters of the area may  
15 vote on the question of the annexation, and a majority of the votes  
16 received at the election approve the annexation; and

17 (2) if the registered voters of the area do not own  
18 more than 50 percent of the land in the area, the municipality  
19 obtains consent to annex the area through a petition signed by more  
20 than 50 percent of the owners of land in the area.

21 Sec. 43.0612. RESOLUTION. The governing body of the  
22 municipality that proposes to annex an area under this subchapter  
23 must adopt a resolution that includes:

24 (1) a statement of the municipality's intent to annex  
25 the area;

26 (2) a detailed description and map of the area to be  
27 annexed; and

1           (3) a description of the services to be provided by the  
2 municipality in the area after the annexation, including, as  
3 applicable:

4                   (A) police protection;

5                   (B) fire protection;

6                   (C) emergency medical services;

7                   (D) solid waste collection;

8                   (E) operation and maintenance of water and  
9 wastewater facilities in the annexed area;

10                   (F) operation and maintenance of roads and  
11 streets, including road and street lighting;

12                   (G) operation and maintenance of parks,  
13 playgrounds, and swimming pools; and

14                   (H) operation and maintenance of any other  
15 publicly owned facility, building, or service.

16           Sec. 43.0613. NOTICE OF PROPOSED ANNEXATION. Not later  
17 than the seventh day after the date the governing body of the  
18 municipality adopts the resolution under Section 43.0612, the  
19 municipality must mail to each property owner in the area proposed  
20 to be annexed notification of the proposed annexation that  
21 includes:

22                   (1) notice of the public hearing required by Section  
23 43.0614;

24                   (2) notice that an election on the question of  
25 annexing the area will be held; and

26                   (3) a description of the services to be provided by the  
27 municipality in the area after the annexation.

1       Sec. 43.0614. PUBLIC HEARINGS. (a) The governing body of a  
2 municipality must conduct at least one public hearing not earlier  
3 than the 21st day and not later than the 30th day after the date the  
4 governing body adopts the resolution under Section 43.0612.

5       (b) The governing body must conduct an additional public  
6 hearing not earlier than the 31st day and not later than the 90th  
7 day after the date the governing body adopts a resolution under  
8 Section 43.0612.

9       Sec. 43.0615. PROPERTY OWNER CONSENT REQUIRED FOR CERTAIN  
10 AREAS. (a) If the registered voters in the area proposed to be  
11 annexed do not own more than 50 percent of the land in the area, the  
12 municipality must obtain consent to the annexation through a  
13 petition signed by more than 50 percent of the owners of land in the  
14 area in addition to the election required by this subchapter.

15       (b) The municipality must obtain the consent required by  
16 this section through the petition process prescribed by Section  
17 43.0515, and the petition must be verified in the manner provided by  
18 Section 43.0516(a).

19       Sec. 43.0616. ELECTION. (a) A municipality shall order an  
20 election on the question of annexing an area to be held on the first  
21 uniform election date that falls on or after:

22             (1) the 90th day after the date the governing body of  
23 the municipality adopts the resolution under Section 43.0612; or

24             (2) if the consent of the owners of land in the area is  
25 required under Section 43.0615, the 78th day after the date the  
26 petition period to obtain that consent ends.

27       (b) An election under this section shall be held in the same

1 manner as general elections of the municipality. The municipality  
2 shall pay for the costs of holding the election.

3 (c) A municipality that holds an election under this section  
4 may not hold another election on the question of annexation before  
5 the corresponding uniform election date of the following year.

6 Sec. 43.0617. RESULTS OF ELECTION AND PETITION. (a)  
7 Following an election held under this subchapter, the municipality  
8 must notify the residents of the area proposed to be annexed of the  
9 results of the election and, if applicable, of the petition  
10 required by Section 43.0615.

11 (b) If at the election held under this subchapter a majority  
12 of qualified voters do not approve the proposed annexation, or if  
13 the municipality is required to petition owners of land in the area  
14 under Section 43.0615 and does not obtain the required number of  
15 signatures, the municipality may not annex the area and may not  
16 adopt another resolution under Section 43.0612 to annex the area  
17 until the first anniversary of the date of the adoption of the  
18 resolution.

19 (c) If at the election held under this subchapter a majority  
20 of qualified voters approve the proposed annexation, and if the  
21 municipality, as applicable, obtains the required number of  
22 petition signatures under Section 43.0615, the municipality may  
23 annex the area after:

24 (1) providing notice under Subsection (a);  
25 (2) holding a public hearing at which members of the  
26 public are given an opportunity to be heard; and

27 (3) holding a final hearing not earlier than the 10th

1 day after the date of the public hearing under Subdivision (2) at  
2 which the ordinance annexing the area may be adopted.

3 Sec. 43.0618. VOTER APPROVAL BY MUNICIPAL RESIDENTS ON  
4 PETITION. If a petition protesting the annexation of an area under  
5 this subchapter is signed by a number of registered voters of the  
6 municipality proposing the annexation equal to at least 50 percent  
7 of the number of voters who voted in the most recent municipal  
8 election and is received by the secretary of the municipality  
9 before the date the election required by this subchapter is held,  
10 the municipality may not complete the annexation of the area  
11 without approval of a majority of the voters of the municipality  
12 voting at a separate election called and held for that purpose.

13 SECTION 14. Section 43.071(e), Local Government Code, is  
14 amended to read as follows:

15 (e) Subsections (b) and (c) [~~(b)-(d)~~] do not apply to the  
16 annexation of:

- 17 (1) an area within a water or sewer district if:  
18 (A) the governing body of the district consents  
19 to the annexation;  
20 (B) the owners in fee simple of the area to be  
21 annexed consent to the annexation; and  
22 (C) the annexed area does not exceed 525 feet in  
23 width at its widest point;

24 (2) a water or sewer district that has a noncontiguous  
25 part that is not within the extraterritorial jurisdiction of the  
26 municipality; or

27 (3) a part of a special utility district created or

1 operating under Chapter 65, Water Code.

2 SECTION 15. Sections 43.0715(b) and (c), Local Government  
3 Code, are amended to read as follows:

4 (b) If a municipality with a population of less than 1.5  
5 million annexes a special district for full or limited purposes and  
6 the annexation precludes or impairs the ability of the district to  
7 issue bonds, the municipality shall, prior to the effective date of  
8 the annexation, pay in cash to the landowner or developer of the  
9 district a sum equal to all actual costs and expenses incurred by  
10 the landowner or developer in connection with the district that the  
11 district has, in writing, agreed to pay and that would otherwise  
12 have been eligible for reimbursement from bond proceeds under the  
13 rules and requirements of the Texas ~~[Natural Resource Conservation]~~  
14 Commission on Environmental Quality as such rules and requirements  
15 exist on the date of annexation. ~~[For an annexation that is subject~~  
16 ~~to preclearance by a federal authority, a payment will be~~  
17 ~~considered timely if the municipality: (i) escrows the~~  
18 ~~reimbursable amounts determined in accordance with Subsection (c)~~  
19 ~~prior to the effective date of the annexation; and (ii)~~  
20 ~~subsequently causes the escrowed funds and accrued interest to be~~  
21 ~~disbursed to the developer within five business days after the~~  
22 ~~municipality receives notice of the preclearance.]~~

23 (c) At the time notice of the municipality's intent to annex  
24 the land within the district is first published ~~[in accordance with~~  
25 ~~Section 43.052]~~, the municipality shall proceed to initiate and  
26 complete a report for each developer conducted in accordance with  
27 the format approved by the Texas ~~[Natural Resource Conservation]~~

1 Commission on Environmental Quality for audits. In the event the  
2 municipality is unable to complete the report prior to the  
3 effective date of the annexation as a result of the developer's  
4 failure to provide information to the municipality which cannot be  
5 obtained from other sources, the municipality shall obtain from the  
6 district the estimated costs of each project previously undertaken  
7 by a developer which are eligible for reimbursement. The amount of  
8 such costs, as estimated by the district, shall be escrowed by the  
9 municipality for the benefit of the persons entitled to receive  
10 payment in an insured interest-bearing account with a financial  
11 institution authorized to do business in the state. To compensate  
12 the developer for the municipality's use of the infrastructure  
13 facilities pending the determination of the reimbursement amount  
14 [~~or federal pre-clearance~~], all interest accrued on the escrowed  
15 funds shall be paid to the developer whether or not the annexation  
16 is valid. Upon placement of the funds in the escrow account, the  
17 annexation may become effective. In the event a municipality  
18 timely escrows all estimated reimbursable amounts as required by  
19 this subsection and all such amounts, determined to be owed,  
20 including interest, are subsequently disbursed to the developer  
21 within five days of final determination in immediately available  
22 funds as required by this section, no penalties or interest shall  
23 accrue during the pendency of the escrow. Either the municipality  
24 or developer may, by written notice to the other party, require  
25 disputes regarding the amount owed under this section to be subject  
26 to nonbinding arbitration in accordance with the rules of the  
27 American Arbitration Association.

1 SECTION 16. Sections 43.072(b) and (d), Local Government  
2 Code, are amended to read as follows:

3 (b) A home-rule municipality having a common boundary with a  
4 district subject to this section may annex the area of the district  
5 if:

6 (1) the annexation complies with the requirements of  
7 Subchapter C or C-1, as applicable [~~is approved by a majority of the~~  
8 ~~qualified voters who vote on the question at an election held under~~  
9 ~~this section~~];

10 (2) the annexation is completed before the date that  
11 is one year after the date the petition period prescribed by Section  
12 43.0515 ends or the date of the election under Section 43.0616, as  
13 applicable; and

14 (3) all the area of the district is annexed.

15 (d) Annexation of area under this section is exempt from the  
16 provisions of this chapter that prohibit:

17 (1) a municipality from annexing area outside its  
18 extraterritorial jurisdiction; or

19 (2) [~~annexation of area narrower than the minimum~~  
20 ~~width prescribed by Section 43.054, or~~

21 [~~(3)~~] reduction of the extraterritorial jurisdiction  
22 of a municipality without the written consent of the municipality's  
23 governing body.

24 SECTION 17. Section 43.0751, Local Government Code, is  
25 amended by amending Subsections (b), (d), (e), (f), (g), (h), (j),  
26 (k), (m), and (n) and adding Subsection (e-1) to read as follows:

27 (b) The governing bodies of a municipality and a district



1 may negotiate and enter into a written strategic partnership  
2 agreement for the district by mutual consent. The governing body of  
3 a municipality, on written request from a district located in the  
4 municipality's extraterritorial jurisdiction [~~included in the~~  
5 ~~municipality's annexation plan under Section 43.052~~], may [~~shall~~]  
6 negotiate and enter into a written strategic partnership agreement  
7 with the district. [~~A district included in a municipality's~~  
8 ~~annexation plan under Section 43.052.~~

9           [~~(1) may not submit its written request before the~~  
10 ~~date of the second hearing required under Section 43.0561; and~~

11           [~~(2) must submit its written request before the 61st~~  
12 ~~day after the date of the second hearing required under Section~~  
13 ~~43.0561.~~]

14           (d) Before the governing body of a municipality or a  
15 district adopts a strategic partnership agreement, it shall conduct  
16 two public hearings at which members of the public who wish to  
17 present testimony or evidence regarding the proposed agreement  
18 shall be given the opportunity to do so. Notice of public hearings  
19 conducted by the governing body of a municipality under this  
20 subsection shall be published in a newspaper of general circulation  
21 in the municipality and in the district[~~. The notice must be in the~~  
22 ~~format prescribed by Section 43.123(b)~~] and must be published at  
23 least once on or after the 20th day before the [~~each~~] date of each  
24 hearing. The notice may not be smaller than one-quarter page of a  
25 standard-size or tabloid-size newspaper, and the headline on the  
26 notice must be in 18-point or larger type. Notice of public  
27 hearings conducted by the governing body of a district under this

1 subsection shall be given in accordance with the district's  
2 notification procedures for other matters of public importance.  
3 Any notice of a public hearing conducted under this subsection  
4 shall contain a statement of the purpose of the hearing, the date,  
5 time, and place of the hearing, and the location where copies of the  
6 proposed agreement may be obtained prior to the hearing. The  
7 governing bodies of a municipality and a district may conduct joint  
8 public hearings under this subsection, provided that at least one  
9 public hearing is conducted within the district.

10 (e) ~~[The governing body of a municipality may not annex a~~  
11 ~~district for limited purposes under this section or under the~~  
12 ~~provisions of Subchapter F until it has adopted a strategic~~  
13 ~~partnership agreement with the district.]~~ The governing body of a  
14 municipality may not adopt a strategic partnership agreement before  
15 the agreement has been adopted by the governing body of the affected  
16 district.

17 (e-1) Beginning September 1, 2017, a strategic partnership  
18 agreement may not provide for limited purpose annexation.

19 (f) A strategic partnership agreement may provide for the  
20 following:

21 (1) ~~[limited-purpose annexation of the district on~~  
22 ~~terms acceptable to the municipality and the district provided that~~  
23 ~~the district shall continue in existence during the period of~~  
24 ~~limited-purpose annexation;~~

25 ~~[(2) limited-purpose annexation of a district located~~  
26 ~~in a county with a population of more than 3.3 million;~~

27 ~~[(A) only if the municipality does not require~~

1 ~~services, permits, or inspections or impose fees for services,~~  
2 ~~permits, or inspections within the district; and~~

3 ~~[(B) provided that this subsection does not~~  
4 ~~prevent the municipality from providing services within the~~  
5 ~~district if:~~

6 ~~[(i) the provision of services is specified~~  
7 ~~and agreed to in the agreement;~~

8 ~~[(ii) the provision of services is not~~  
9 ~~solely the result of a regulatory plan adopted by the municipality~~  
10 ~~in connection with the limited-purpose annexation of the district;~~  
11 ~~and~~

12 ~~[(iii) the district has obtained the~~  
13 ~~authorization of the governmental entity currently providing the~~  
14 ~~service;~~

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

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

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

1           (4) [~~(6)~~] conversion of the district to a limited  
2 district including some or all of the land included within the  
3 boundaries of the district, which conversion shall be effective on  
4 the [~~full-purpose~~] annexation conversion date established under  
5 Subdivision (3) [~~(5)~~];

6           (5) [~~(7)~~] agreements existing between districts and  
7 governmental bodies and private providers of municipal services in  
8 existence on the date a municipality evidences its intention by  
9 adopting a resolution to negotiate for a strategic partnership  
10 agreement with the district shall be continued and provision made  
11 for modifications to such existing agreements; and

12           (6) [~~(8)~~] such other lawful terms that the parties  
13 consider appropriate.

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

17                   (1) the boundaries of the limited district;

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

23                   (3) the name by which the limited district shall be  
24 known; and

25                   (4) the procedure by which the limited district may be  
26 dissolved prior to the expiration of any term established under  
27 Subdivision (2).

1 (h) On the [~~full-purpose~~] annexation conversion date set  
2 forth in the strategic partnership agreement pursuant to Subsection  
3 (f)(3) [~~(f)(5)(A)~~], the land included within the boundaries of the  
4 district shall be deemed to be within the [~~full-purpose~~] boundary  
5 limits of the municipality without the need for further action by  
6 the governing body of the municipality. The [~~full-purpose~~]  
7 annexation conversion date established by a strategic partnership  
8 agreement may be altered only by mutual agreement of the district  
9 and the municipality. However, nothing herein shall prevent the  
10 municipality from terminating the agreement and instituting  
11 proceedings to annex the district, on request by the governing body  
12 of the district, on any date prior to the [~~full-purpose~~] annexation  
13 conversion date established by the strategic partnership  
14 agreement. [~~Land annexed for limited or full purposes under this  
15 section shall not be included in calculations prescribed by Section  
16 43.055(a).~~]

17 (j) Except as limited by this section or the terms of a  
18 strategic partnership agreement, a district that has been annexed  
19 for limited purposes by a municipality before September 1, 2017,  
20 and a limited district shall have and may exercise all functions,  
21 powers, and authority otherwise vested in a district.

22 (k) A municipality that has annexed all or part of a  
23 district for limited purposes under this section before September  
24 1, 2017, may impose a sales and use tax within the boundaries of the  
25 part of the district that is annexed for limited purposes. Except  
26 to the extent it is inconsistent with this section, Chapter 321, Tax  
27 Code, governs the imposition, computation, administration,

1 governance, and abolition of the sales and use tax.

2 (m) A municipality that has annexed [~~may annex~~] a district  
3 for limited purposes to implement a strategic partnership agreement  
4 under this section before September 1, 2017, shall not annex for  
5 full purposes any territory within a district created pursuant to a  
6 consent agreement with that municipality executed before August 27,  
7 1979. The prohibition on annexation established by this subsection  
8 shall expire on September 1, 1997, or on the date on or before which  
9 the municipality and any district may have separately agreed that  
10 annexation would not take place whichever is later.

11 (n) This subsection applies only to a municipality any  
12 portion of which is located in a county that has a population of not  
13 less than 285,000 and not more than 300,000 and that borders the  
14 Gulf of Mexico and is adjacent to a county with a population of more  
15 than 3.3 million. A municipality may impose within the boundaries  
16 of a district a municipal sales and use tax authorized by Chapter  
17 321, Tax Code, or a municipal hotel occupancy tax authorized by  
18 Chapter 351, Tax Code, that is imposed in the municipality if:

19 (1) the municipality has annexed the district for  
20 limited purposes under this section before September 1, 2017; or

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

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

26 Sec. 43.07512. LIMITED PURPOSE ANNEXATION OF ANY SPECIAL  
27 DISTRICT PROHIBITED UNDER STRATEGIC PARTNERSHIP AGREEMENT. (a) In

1 this section, "special district" means a political subdivision of  
2 this state with a limited geographic area created by local law or  
3 under general law for a special purpose.

4 (b) Notwithstanding any other general or local law, a  
5 strategic partnership agreement entered into on or after September  
6 1, 2017, may not provide for the limited purpose annexation of all  
7 or part of a special district.

8 SECTION 19. Section 43.07515(a), Local Government Code, is  
9 amended to read as follows:

10 (a) A municipality may not regulate under Section 43.0751  
11 [~~or 43.0752~~] the sale, use, storage, or transportation of fireworks  
12 outside of the municipality's boundaries.

13 SECTION 20. Section 43.101(d), Local Government Code, is  
14 amended to read as follows:

15 (d) The municipality may annex the area even if part of the  
16 area is outside the municipality's extraterritorial jurisdiction  
17 [~~or is narrower than the minimum width prescribed by Section~~  
18 ~~43.054. Section 43.055, which relates to the amount of area a~~  
19 ~~municipality may annex in a calendar year, does not apply to the~~  
20 ~~annexation~~].

21 SECTION 21. Section 43.102(d), Local Government Code, is  
22 amended to read as follows:

23 (d) The municipality may annex the area even if the area is  
24 outside the municipality's extraterritorial jurisdiction or [7] is  
25 in another municipality's extraterritorial jurisdiction[~~7~~ ~~or is~~  
26 ~~narrower than the minimum width prescribed by Section 43.054.~~  
27 ~~Section 43.055, which relates to the amount of area a municipality~~

1 ~~may annex in a calendar year, does not apply to the annexation].~~

2 SECTION 22. Section 43.1025(c), Local Government Code, is  
3 amended to read as follows:

4 (c) Annexation of the ~~[The]~~ area described by Subsection (b)  
5 ~~[may be annexed without the consent of the owners or residents of~~  
6 ~~the area, but the annexation]~~ may not occur unless each  
7 municipality in whose extraterritorial jurisdiction the area may be  
8 located:

9 (1) consents to the annexation; and

10 (2) reduces its extraterritorial jurisdiction over  
11 the area as provided by Section 42.023.

12 SECTION 23. Subchapter F, Chapter 43, Local Government  
13 Code, is amended by adding Section 43.1211 to read as follows:

14 Sec. 43.1211. APPLICABILITY. This subchapter applies to an  
15 area that was annexed for a limited purpose as authorized before  
16 September 1, 2017.

17 SECTION 24. Section 43.127(a), Local Government Code, is  
18 amended to read as follows:

19 (a) On ~~[Except as provided by Section 43.123(e), on]~~ or  
20 before the date prescribed by the regulatory plan prepared for the  
21 limited purpose area ~~[under Section 43.123(d)(2)]~~, the  
22 municipality must annex the area for full purposes. ~~[This~~  
23 ~~requirement may be waived and the date for full-purpose annexation~~  
24 ~~postponed by written agreement between the municipality and a~~  
25 ~~majority of the affected landowners. A written agreement to waive~~  
26 ~~the municipality's obligation to annex the area for full purposes~~  
27 ~~binds all future owners of land annexed for limited purposes~~



1 ~~pursuant to that waiver.]~~

2 SECTION 25. Sections 43.141(a) and (b), Local Government  
3 Code, are amended to read as follows:

4 (a) A majority of the qualified voters of an annexed area  
5 may petition the governing body of the municipality to disannex the  
6 area if the municipality fails or refuses to provide services or to  
7 cause services to be provided to the area as described by the  
8 written agreement under Section 43.0213 or the resolution under  
9 Section 43.0512 or 43.0612, as applicable [~~within the period~~  
10 ~~specified by Section 43.056 or by the service plan prepared for the~~  
11 ~~area under that section)].~~

12 (b) If the governing body fails or refuses to disannex the  
13 area within 60 days after the date of the receipt of the petition,  
14 any one or more of the signers of the petition may bring a cause of  
15 action in a district court of the county in which the area is  
16 principally located to request that the area be disannexed. On the  
17 filing of an answer by the governing body, and on application of  
18 either party, the case shall be advanced and heard without further  
19 delay in accordance with the Texas Rules of Civil Procedure. The  
20 district court shall enter an order disannexing the area if the  
21 court finds that a valid petition was filed with the municipality  
22 and that the municipality failed to perform [~~its obligations in~~  
23 ~~accordance with the service plan or failed to perform]~~ in good  
24 faith.

25 SECTION 26. Section 43.201(2), Local Government Code, is  
26 amended to read as follows:

27 (2) "Limited-purpose annexation" means annexation

1 authorized under former Section 43.121, as that section existed on  
2 January 1, 2017.

3 SECTION 27. Section 43.203(a), Local Government Code, is  
4 amended to read as follows:

5 (a) This section applies only to the ~~[The]~~ governing body of  
6 a district that by resolution petitioned ~~[may petition]~~ a  
7 municipality to alter the annexation status of land in the district  
8 from full-purpose annexation to limited-purpose annexation and  
9 before September 1, 2017:

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

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

14 SECTION 28. Section 43.905(a), Local Government Code, is  
15 amended to read as follows:

16 (a) A municipality that proposes to annex an area shall  
17 provide written notice of the proposed annexation to each public  
18 school district located in the area proposed for annexation within  
19 the period prescribed for providing ~~[publishing]~~ the notice of the  
20 first hearing under Section 43.0213, 43.0513, [43.0561] or 43.0613  
21 [43.063], as applicable.

22 SECTION 29. Section 775.0754(d), Health and Safety Code, is  
23 amended to read as follows:

24 (d) A municipality that enters into an agreement under this  
25 section is not required to provide emergency services in that  
26 annexed territory. To the extent of a conflict between this  
27 subsection and ~~[Section 43.056, Local Government Code, or]~~ any

1 other law, this subsection controls.

2 SECTION 30. Section 3833.209(e), Special District Local  
3 Laws Code, is amended to read as follows:

4 (e) The terms and conditions of the negotiated service plan  
5 bind the city for the period provided by Section 43.056(1), Local  
6 Government Code, as that section existed on January 1, 2017, and the  
7 developer, the developer's heirs, successors, and assigns, and any  
8 person taking title to all or a portion of the property annexed  
9 under the annexation petition for that period.

10 SECTION 31. Section 8489.109, Special District Local Laws  
11 Code, is amended to read as follows:

12 Sec. 8489.109. MUNICIPAL ANNEXATION ADJACENT TO DISTRICT.  
13 For the purposes of any [~~Section 43.021(2), Local Government Code,~~  
14 ~~or other~~] law, including a municipal charter or ordinance relating  
15 to annexation, an area adjacent to the district or any new district  
16 created by the division of the district is considered adjacent to a  
17 municipality in whose corporate limits or extraterritorial  
18 jurisdiction any of the land in the area described by Section 2 of  
19 the Act enacting this chapter is located.

20 SECTION 32. Section 9038.110, Special District Local Laws  
21 Code, is amended to read as follows:

22 Sec. 9038.110. MUNICIPAL ANNEXATION ADJACENT TO DISTRICT.  
23 For the purposes of any [~~Section 43.021(2), Local Government Code,~~  
24 ~~or other~~] law, including a municipal charter or ordinance relating  
25 to annexation, an area adjacent to the district or any new district  
26 created by the division of the district is considered adjacent to a  
27 municipality in whose corporate limits or extraterritorial

1 jurisdiction any of the land in the area described by Section 2 of  
2 the Act creating this chapter is located.

3 SECTION 33. Section 9039.110, Special District Local Laws  
4 Code, is amended to read as follows:

5 Sec. 9039.110. MUNICIPAL ANNEXATION ADJACENT TO DISTRICT.  
6 For the purposes of any [~~Section 43.021(2), Local Government Code,~~  
7 ~~or other~~] law, including a municipal charter or ordinance relating  
8 to annexation, an area adjacent to the district or any new district  
9 created by the division of the district is considered adjacent to a  
10 municipality in whose corporate limits or extraterritorial  
11 jurisdiction any of the land in the area described by Section 2 of  
12 the Act creating this chapter is located.

13 SECTION 34. (a) Sections 42.0411, 43.022, 43.023, 43.024,  
14 43.025, 43.028, 43.030, 43.032, 43.033, 43.034, 43.035(c), 43.036,  
15 43.052, 43.053, 43.054, 43.0545, 43.0546, 43.055, 43.056, 43.0561,  
16 43.0562, 43.0563, 43.0564, 43.0565, 43.0567, 43.057, 43.061,  
17 43.062, 43.063, 43.064, 43.065, 43.071(d), (f), and (g), 43.072(c),  
18 (e), (g), (h), (i), (j), (k), (l), and (m), 43.0751(o) and (r),  
19 43.0752, 43.101(c), 43.102(c), 43.1025(e) and (g), 43.103, 43.105,  
20 43.121, 43.122, 43.123, 43.124, 43.125, 43.126, 43.129, 43.132,  
21 43.147, and 43.906, Local Government Code, are repealed.

22 (b) Subchapter Y, Chapter 43, Local Government Code, is  
23 repealed.

24 (c) Sections 8374.252(a), 8375.252(a), 8376.252(a),  
25 8377.252(a), 8378.252(a), 8382.252(a), 8383.252(a), 8384.252(a),  
26 8385.252(a), and 8477.302(a), Special District Local Laws Code, are  
27 repealed.

1 (d) Section 5.701(n)(6), Water Code, is repealed.

2 SECTION 35. The changes in law made by this Act apply only  
3 to the annexation of an area that is not final on the effective date  
4 of this Act.

5 SECTION 36. This Act takes effect September 1, 2017.