

AN ACT

relating to procedures for incorporation or establishment of another form of local government for certain areas subject to a regional participation agreement.

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

SECTION 1. Subchapter D, Chapter 43, Local Government Code, is amended by adding Section 43.0755 to read as follows:

Sec. 43.0755. PROCEDURES FOR INCORPORATION OR ESTABLISHMENT OF ANOTHER FORM OF LOCAL GOVERNMENT FOR CERTAIN AREAS SUBJECT TO REGIONAL PARTICIPATION AGREEMENT. (a) In this section, "district," "eligible municipality," and "regional participation agreement" have the meanings assigned by Section 43.0754.

(b) This section applies only to a district and an eligible municipality that have entered into a regional participation agreement under Section 43.0754 that authorizes any of the actions described by Section 43.0754(c)(6), (7), or (8).

(c) Notwithstanding any other law, including laws prescribing population or territorial requirements for incorporation under Section 5.901, 6.001, 7.001, or 8.001, the governing body of a district may order an election as provided by this subsection to be held on a uniform election date prescribed by Section 41.001, Election Code. An election under this subsection may, consistent with the regional participation agreement, be ordered for the purpose of:

1 (1) submitting to the qualified voters of the district
2 the question of whether the territory of the district should be
3 incorporated as a municipality;

4 (2) submitting to the qualified voters of a designated
5 area of the district the question of whether that designated area
6 should be incorporated as a municipality;

7 (3) submitting to the qualified voters of the district
8 the question of whether the territory of the district should adopt a
9 specific alternate form of local government other than a
10 municipality; or

11 (4) submitting to the qualified voters of a designated
12 area of the district the question of whether that designated area
13 should adopt a specific alternate form of local government other
14 than a municipality.

15 (d) Notwithstanding any other law:

16 (1) the authority of the governing body of a district
17 to order an election under Subsection (c) is separate and
18 independent and is the exclusive means of ordering any such
19 election;

20 (2) all or any part of the territory of a district may
21 be incorporated as a Type A, Type B, or Type C municipality, as
22 determined by the governing body of the district ordering the
23 incorporation election under Subsection (c)(1) or (2); and

24 (3) the requirements of Sections 7.002 and 8.002 do
25 not apply to an election ordered under Subsection (c)(1) or (2).

26 (e) In an election ordered under Subsection (c)(2) or (4),
27 the governing body of the district may order elections in multiple

1 designated areas on the same date or order elections in designated
2 areas periodically on a uniform election date.

3 (f) In any election ordered under Subsection (c), the
4 governing body of the district shall also submit for confirmation
5 to the voters voting in the election the proposed initial property
6 tax rate determined for the municipality or alternate form of
7 government, as applicable, which may not exceed the maximum rate
8 authorized by law. The ballot in an election held under Subsection
9 (c) shall be printed to permit voting for or against the
10 proposition: "Authorizing the (specify the incorporation of or the
11 adoption of an alternate form of local government for) (insert name
12 of local government) and the adoption of an initial property tax
13 rate of not more than (specify the maximum rate determined)."

14 (g) In any election ordered under Subsection (c), the
15 governing body of the district may also submit to the voters voting
16 in the election any other measure the governing body considers
17 necessary and convenient to effectuate the transition to a
18 municipal or alternate form of local government, including a
19 measure on the question of whether, on incorporation as a
20 municipality or establishment of an alternate form of local
21 government, any rights, powers, privileges, duties, purposes,
22 functions, or responsibilities of the district or the district's
23 authority to issue bonds and impose a tax is transferred to the
24 municipality or alternate form of local government.

25 (h) If a majority of the voters voting in an election under
26 Subsection (c)(2) or (4) approve the proposition submitted on the
27 form of local government, the county judge of the county in which

1 the municipality or alternate form of local government is located
2 shall order an election for the governing body of the municipality
3 or alternate form of local government to be held on a date that
4 complies with the provisions of the Election Code, except that
5 Section 41.001(a), Election Code, does not apply. A municipality
6 or alternate form of local government resulting from an election
7 described by this subsection is incorporated or established on the
8 date a majority of the members of the governing body qualify and
9 take office.

10 (i) If a majority of the voters voting in an election under
11 Subsection (c)(1) or (3) approve the proposition submitted on the
12 form of local government, the district is dissolved and the
13 governing body of the district will serve as the temporary
14 governing body of the municipality or alternate form of local
15 government until a permanent governing body is elected as provided
16 by Subsection (j).

17 (j) The temporary governing body under Subsection (i) shall
18 order an election to elect the permanent governing body of the
19 municipality or alternate form of local government to occur on a
20 date that complies with the provisions of the Election Code, except
21 that Section 41.001(a), Election Code, does not apply.

22 (k) An election ordered under Subsection (h) or (j) to elect
23 members of the governing body of a municipality must be held under
24 the applicable provisions of Chapter 22, 23, or 24, to the extent
25 consistent with this section. An election for members of the
26 governing body of an alternate form of government must be held under
27 the law applicable to that form of government, to the extent

1 consistent with this section.

2 (1) If a majority of the voters voting in an election under
3 Subsection (c)(1) or (3) approve the proposition submitted on the
4 form of local government for the territory of the district, the
5 assets, liabilities, and obligations of the district are
6 transferred to the form of government approved at the election.

7 (m) If a majority of the voters voting in an election under
8 Subsection (c)(2) or (4) approve the proposition submitted on the
9 form of local government in a designated area of the district and
10 if, on the date of the election approving the form of local
11 government, the district owes any debts, by bond or otherwise, the
12 designated area is not released from its pro rata share of the
13 indebtedness.

14 (n) For purposes of determining the initial tax rate of a
15 municipality or an alternate form of local government, the tax rate
16 of the district when the territory incorporated or established as
17 an alternate form of government was part of the district is not
18 considered for purposes of the calculations required by Section
19 26.04(c), Tax Code.

20 SECTION 2. This Act takes effect immediately if it receives
21 a vote of two-thirds of all the members elected to each house, as
22 provided by Section 39, Article III, Texas Constitution. If this
23 Act does not receive the vote necessary for immediate effect, this
24 Act takes effect September 1, 2017.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1015 passed the Senate on April 25, 2017, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1015 passed the House on May 24, 2017, by the following vote: Yeas 146, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor