

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 3, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB299 by Larson (Relating to municipal annexation.), **As Introduced**

No significant fiscal implication to the State is anticipated.

This bill would repeal various sections of the Local Government Code related to annexations. Provisions repealed include various general authorizations for Home Rule and General Law municipalities to annex surrounding territories and various authorizations for location-specific annexations. Repeals various provisions relating to development of plans following annexation. Repeals certain provisions related to annexation of non-contiguous or areas of limited physical connection to an annexing jurisdiction. Repeals certain provisions relating to authorization of limited-purpose annexation. Repeals certain provisions related to disannexation. Repeals requirement for jurisdictions to seek Federal preclearance prior to annexation. Repeals a provision of the Water Code relating to collection of regulatory assessments from retail customers. Repeals provisions of the Special District Local Laws Code that relate to municipal annexation of various special district entities.

The bill would amend the Local Government Code to prohibit limited purpose annexation. It authorizes the annexation of noncontiguous areas that are in the extraterritorial jurisdiction of the municipality. It authorizes the annexation of an area when each owner of the land requests the annexation following certain conditions. It amends the procedures under which certain small municipalities may annex unoccupied areas on petition of a school board. It authorizes annexation of areas under a population of 200 under certain specified conditions. It authorizes annexation of areas over 200 under certain specified conditions. It requires certain notices concerning strategic partnership agreements.

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

This bill would take effect September 1, 2017.

Local Government Impact

According to the Texas Municipal League, the fiscal implication of this bill cannot be determined but would be significant to municipalities. The framework for annexation following passage of this bill would substantially reduce the ability of municipalities to annex areas surrounding their boundaries. Also according to the Texas Municipal League, Texas would become the only state that does not provide either annexation authority or state financial assistance to municipalities to address additional costs imposed on these municipalities by population growth in areas

surrounding their boundaries.

Source Agencies:

LBB Staff: UP, SZ, GG, GP, BM