

**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: HB424** by Huberty (Relating to municipal annexation.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

This bill would amend the Local Government Code to add subchapters regulating the annexation authority and procedures of municipalities wholly located in one or more counties each with a population of over 500,000 or a municipality wholly located in a population of 500,000 or less that proposes to annex an area in a county with a population of 500,000 or more. Prohibits various limited purpose annexations. Regulates the provision of certain services in annexed areas.

The bill would repeal certain provisions related to annexation of certain specified areas. Repeals provisions authorizing, under certain circumstances, the annexation of non-contiguous or narrowly connected areas. 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.

The changes in law made by this bill do not apply to an annexation for which notice of certain statutorily required hearings was published before September 1, 2017. The former law is continued in effect in these cases.

The provisions of the bill would 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