

**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:** **HB2416** by Schofield (Relating to the extraterritorial jurisdiction of and municipal annexation by certain municipalities.), **As Introduced**

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

The bill would amend the Local Government Code relating to the annexation authority by municipalities with a population of 1.8 million or more. The bill specifies circumstances, beginning September 1, 2022, where extraterritorial jurisdiction is released from the municipality. The bill would also specify conditions in which a municipality may not impose a tax in the extraterritorial jurisdiction. The municipality may not acquire extraterritorial jurisdiction over any area and is prohibited from annexing any area. The municipality must provide police and fire protection to all annexed areas or disannex any area in which the municipality is not providing police and fire protection.

The bill would take effect September 1, 2017.

**Local Government Impact**

According to the City of Houston, the bill would have a significant fiscal impact to local government. The bill would affect the future ability of the city to annex land and fiscal implications to the city would be dependent on properties and their worth at the time of annexation. Also according to the City of Houston, the bill would limit the city on entering into future contracts or agreements concerning land in the extraterritorial jurisdiction and the associated future cost implications cannot be determined.

**Source Agencies:**

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