

## **BILL ANALYSIS**

C.S.H.B. 3454  
By: Toth  
Land & Resource Management  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

It has been suggested that certain areas in the extraterritorial jurisdiction of a municipality and certain areas in a real estate subdivision should have the ability to petition the municipality for release from the municipality's extraterritorial jurisdiction for failure to provide or agree to provide adequate services. C.S.H.B. 3454 seeks to address this issue by providing for such a petition procedure.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3454 amends the Local Government Code to authorize a majority of the registered voters in an area, or in a portion of the area, that is in the extraterritorial jurisdiction of a municipality and that is subject to a legal determination that the municipality failed to provide or agree to provide adequate services to the area to petition the municipality to release the area from the municipality's extraterritorial jurisdiction. The bill, if such a petition has been filed, authorizes a majority of the registered voters in an adjacent area that is located in the same real estate subdivision and that meets certain qualifications to petition the municipality to release the area from the municipality's extraterritorial jurisdiction.

C.S.H.B. 3454 requires a petition under the bill's provisions to be filed with the secretary or clerk of the municipality, who must timely determine whether a petition is valid. The bill requires the governing body of the municipality, if the petition is determined valid, to immediately enter in the minutes or records of the municipality an order releasing the area from the municipality's extraterritorial jurisdiction. The bill authorizes such an area, after the area is released from a municipality's extraterritorial jurisdiction, to remain as an unincorporated area of the county, to incorporate in accordance with state law, or to be annexed by an adjacent municipality without being located in the municipality's extraterritorial jurisdiction.

C.S.H.B. 3454 authorizes a majority of the registered voters of a real estate subdivision to petition the applicable municipality to disannex an area that constitutes a portion of a real estate subdivision that is:

- located in and contiguous to the boundary of the municipality;
- under the jurisdiction of a property owners' association that governs the entire

subdivision; and

- either subject to a legal determination that the municipality failed to provide or agree to provide adequate services to the area or adjacent to another area in the subdivision that is subject to such a determination.

C.S.H.B. 3454 requires the petition to be filed with the secretary or clerk of the municipality. The bill requires the secretary or clerk who receives the petition to determine whether the petition is valid not later than the 10th day after the date the petition is received.

C.S.H.B. 3454 requires the governing body of the municipality, if the petition is determined valid, to immediately enter in the minutes or records of the municipality an order discontinuing the area as part of the municipality and establishes that the area ceases to be a part of the municipality on that date.

C.S.H.B. 3454 establishes that a disannexation under the bill's provisions does not authorize the impairment of a municipal debt obligation and, to the extent applicable, does not release the area from its pro rata share of that indebtedness.

C.S.H.B. 3454 requires the governing body to continue to levy a property tax each year on the property in the area at the same rate that is levied on other property in the municipality until the taxes collected from the area equal its pro rata share of the indebtedness. The bill authorizes those taxes to be charged only with the cost of levying and collecting the taxes and requires the taxes to be applied exclusively to the payment of that share. These disannexation provisions do not prevent the inhabitants of the area from paying in full at any time their pro rata share of the indebtedness.

#### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2019.

#### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3454 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes an authorization for an area in the extraterritorial jurisdiction of a municipality that has failed to provide or agree to provide adequate services to the area or adjacent to that area, after the area is released from such jurisdiction, to remain unincorporated, to incorporate, or to be annexed.

The substitute includes an authorization for and procedures related to disannexation by petition in certain areas of a real estate subdivision. The substitute includes provisions relating to the debt obligations of such a disannexed area.