

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**May 16, 2019**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: SB1468** by Campbell (Relating to annexation by certain municipalities of a special district under a strategic partnership agreement.), **As Passed 2nd House**

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

The bill would amend the Local Government Code to regulate certain full purpose annexations of municipal utility districts by certain municipalities that operate a municipally owned water utility and are party to a strategic partnership agreement.

**Local Government Impact**

According to the Northeast Texas Municipal Water District, the district does not anticipate any financial impact on water districts as a result of the bill. Current law already imposes financial costs to complete annexation transactions. The bill would likely make that process somewhat more robust, complex, and challenging but does not significantly change the fiscal impact of annexations.

According to the Texas Municipal League (TML), the bill would have an indeterminate but significant fiscal implication to units of local government. TML estimates that the framework for annexation following passage of the bill would reduce the ability of municipalities to annex areas surrounding their boundaries.

**Source Agencies:**

**LBB Staff:** WP, AF, SD, GP, SZ