

By: Bettencourt

S.B. No. 1658

A BILL TO BE ENTITLED

AN ACT

relating to limited-purpose annexation under strategic partnership agreements for certain districts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 43.061(a), Local Government Code, is amended to read as follows:

(a) Unless otherwise specifically provided by this chapter or another law, this subchapter applies only to an annexation under:

(1) Section 43.0115 (Enclave);

(2) Section 43.0116 (Industrial District);

(3) Section 43.012 (Area Owned by Type-A Municipality);

(4) Section 43.013 (Navigable Stream);

(5) ~~Section 43.0751(h) (Strategic Partnership);~~

~~(6)~~ Section 43.101 (Municipally Owned Reservoir);

(6) ~~(7)~~ Section 43.102 (Municipally Owned Airport);

and

(7) ~~(8)~~ Section 43.1055 (Road and Right-of-Way).

SECTION 2. Section 43.0751, Local Government Code, is amended by amending Subsections (c), (d), (e), (f), (h), (q), and (s) and adding Subsections (c-1), (c-2), (f-1), (f-2), (f-3), and (q-1) to read as follows:

(c) A strategic partnership agreement shall not be

1 effective until:

2 (1) if the agreement provides for limited-purpose
3 annexation, a majority of the voters voting in an election ordered
4 under Subsection (c-1) approve the proposed agreement; and

5 (2) the proposed agreement is adopted by the governing
6 bodies of the municipality and the district.

7 (c-1) If the strategic partnership agreement provides for
8 limited-purpose annexation, the governing body of the district
9 shall order an election to occur on the first uniform election date
10 that provides sufficient time to comply with other requirements of
11 law to submit to the qualified voters of the district the question
12 of approving the proposed strategic partnership agreement. If a
13 majority of the voters voting in the election approve the adoption,
14 the municipality and the district may adopt the agreement.

15 (c-2) An [The] agreement that takes effect under Subsection
16 (c) shall be recorded in the deed records of the county or counties
17 in which the land included within the district is located and binds
18 [shall bind] each owner and each future owner of land included
19 within the district's boundaries on the date the agreement becomes
20 effective.

21 (d) Before the governing body of a municipality or a
22 district adopts a strategic partnership agreement, it shall conduct
23 two public hearings at which members of the public who wish to
24 present testimony or evidence regarding the proposed agreement
25 shall be given the opportunity to do so. If the strategic
26 partnership agreement provides for limited-purpose annexation, the
27 governing body of the district must conduct the hearings required

1 under this subsection before the governing body orders an election
2 under Subsection (c-1). Notice of public hearings conducted by the
3 governing body of a municipality under this subsection shall be
4 published in a newspaper of general circulation in the municipality
5 and in the district. The notice must be in the format prescribed by
6 Section 43.123(b) and must be published at least once on or after
7 the 20th day before each date. Notice of public hearings conducted
8 by the governing body of a district under this subsection shall be
9 given in accordance with the district's notification procedures for
10 other matters of public importance. Any notice of a public hearing
11 conducted under this subsection must [~~shall~~] contain a statement of
12 the purpose of the hearing, the date, time, and place of the
13 hearing, and the location where copies of the proposed agreement
14 may be obtained prior to the hearing. The governing bodies of a
15 municipality and a district may conduct joint public hearings under
16 this subsection, provided that at least one public hearing is
17 conducted within the district.

18 (e) The governing body of a municipality may [~~not~~] annex a
19 district for limited purposes only under this section. The
20 governing body of a municipality may not annex a district for
21 limited purposes [~~or under the provisions of Subchapter F~~] until it
22 has adopted a strategic partnership agreement with the district.
23 The governing body of a municipality may not adopt a strategic
24 partnership agreement before the agreement has been approved by a
25 majority of the voters of the affected district voting in an
26 election under Subsection (c-1) and adopted by the governing body
27 of the affected district.

1 (f) A strategic partnership agreement may provide for the
2 following:

3 (1) limited-purpose annexation of the district on
4 terms acceptable to the municipality and the district provided that
5 the district continues [~~shall continue~~] in existence during the
6 period of limited-purpose annexation;

7 (2) limited-purpose annexation of a district located
8 in a county with a population of more than 3.3 million:

9 (A) only if the municipality does not require
10 services, permits, or inspections or impose fees for services,
11 permits, or inspections within the district; and

12 (B) provided that this subsection does not
13 prevent the municipality from providing services within the
14 district if:

15 (i) the provision of services is specified
16 and agreed to in the agreement;

17 (ii) the provision of services is not
18 solely the result of a regulatory plan adopted by the municipality
19 in connection with the limited-purpose annexation of the district;
20 and

21 (iii) the district has obtained the
22 authorization of the governmental entity currently providing the
23 service;

24 (3) payments by the municipality to the district for
25 services provided by the district;

26 (4) annexation of any commercial property in a
27 district for full purposes by the municipality, notwithstanding any

1 other provision of this code or the Water Code, except for the
2 obligation of the municipality to provide, directly or through
3 agreement with other units of government, full provision of
4 municipal services to annexed territory, in lieu of any annexation
5 of residential property or payment of any fee on residential
6 property in lieu of annexation of residential property in the
7 district authorized by this subsection;

8 (5) a full-purpose annexation provision on terms
9 acceptable to the municipality and the district, subject to
10 Subsections (f-1), (f-2), and (f-3);

11 (6) conversion of the district to a limited district
12 including some or all of the land included within the boundaries of
13 the district, which conversion shall be effective on the
14 full-purpose annexation [~~conversion~~] date [~~established under~~
15 ~~Subdivision (5)~~];

16 (7) the continuation of agreements existing between
17 districts and governmental bodies and private providers of
18 municipal services in existence on the date a municipality
19 evidences its intention by adopting a resolution to negotiate for a
20 strategic partnership agreement with the district [~~shall be~~
21 ~~continued~~] and the modification of [~~provision made for~~
22 ~~modifications to~~] such existing agreements; and

23 (8) such other lawful terms that the parties consider
24 appropriate.

25 (f-1) A strategic partnership agreement that provides for
26 limited-purpose annexation must be for a term not to exceed six
27 years. The governing body of the district shall order an election

1 to occur on the last uniform election date before the expiration
2 date of the agreement to submit to the qualified voters of the
3 district the question of extending the agreement for an additional
4 term of not more than six years. If a majority of the voters voting
5 in the election approve the extension, the agreement is extended.
6 If less than a majority of the voters voting in the election approve
7 the extension, the municipality shall take any action necessary to
8 confirm the annexation of the district for full purposes under the
9 terms of the agreement or disannex the area annexed for limited
10 purposes.

11 (f-2) If a strategic partnership agreement is extended for
12 an additional term as provided by Subsection (f-1), the governing
13 body of the district shall order an election to occur on the last
14 uniform election date before that term expires to submit to the
15 qualified voters of the district the question of extending the
16 agreement for an additional term of not more than six years. If a
17 majority of the voters voting in the election under this subsection
18 approve the extension, the agreement is extended. If less than a
19 majority of the voters voting in the election approve the
20 extension, the municipality shall take any action necessary to
21 confirm the annexation of the district for full purposes under the
22 terms of the agreement or disannex the area annexed for limited
23 purposes. If a strategic partnership agreement is extended under
24 this subsection, the agreement may not be extended again and, at the
25 expiration of that extended term, the municipality shall take any
26 action necessary to confirm the annexation of the district for full
27 purposes or disannex the area annexed for limited purposes.

1 (f-3) This subsection applies only to a strategic
2 partnership agreement entered into before September 1, 2021, by a
3 municipality and a district that provides for limited-purpose
4 annexation. The governing body of the district shall order an
5 election to occur on the first uniform election date that allows
6 sufficient time to comply with other requirements of law to submit
7 to the qualified voters of the district the question of ratifying
8 the continuation of the agreement. If a majority of the voters
9 voting in the election ratify the agreement, the agreement is
10 continued for the term of the agreement. If less than a majority of
11 the voters voting in the election ratify the agreement, the
12 municipality shall take any action necessary to annex the district
13 for full purposes or disannex the area annexed for limited
14 purposes.

15 ~~(h) [On the full-purpose annexation conversion date set~~
16 ~~forth in the strategic partnership agreement pursuant to Subsection~~
17 ~~(f)(5), the land included within the boundaries of the district~~
18 ~~shall be deemed to be within the full-purpose boundary limits of the~~
19 ~~municipality without the need for further action by the governing~~
20 ~~body of the municipality. The full-purpose annexation conversion~~
21 ~~date established by a strategic partnership agreement may be~~
22 ~~altered only by mutual agreement of the district and the~~
23 ~~municipality. However, nothing herein shall prevent the~~
24 ~~municipality from terminating the agreement and instituting~~
25 ~~proceedings to annex the district, on request by the governing body~~
26 ~~of the district, on any date prior to the full-purpose annexation~~
27 ~~conversion date established by the strategic partnership agreement~~

1 ~~under the procedures prescribed by Subchapter C-1.]~~ Land annexed
2 for limited or full purposes under this section shall not be
3 included in calculations prescribed by Section 43.055(a).

4 (q) The qualified voters of a district annexed for limited
5 purposes under a strategic partnership agreement are entitled to
6 vote in municipal elections as provided by Section 43.130(a) in the
7 same manner as qualified voters of any other area annexed for
8 limited purposes, and that subsection applies to a limited-purpose
9 annexation under a strategic partnership agreement. Residents of a
10 district annexed for limited purposes under a strategic partnership
11 agreement are not eligible to be a candidate for or to be elected to
12 a municipal office as provided by Section 43.130(b).

13 (q-1) Except as provided by Subsection (q) [~~for Sections~~
14 ~~43.130(a) and (b)~~], Subchapter F does not apply to a
15 limited-purpose annexation under a strategic partnership
16 agreement.

17 (s) Notwithstanding any other law other than Section
18 43.083, the procedures prescribed by Subchapters C-3, C-4, and C-5
19 do not apply to the annexation of an area under this section. A
20 [~~Except as provided by Subsection (h), a~~] municipality shall follow
21 the procedures established under the strategic partnership
22 agreement for full-purpose annexation of an area under this
23 section.

24 SECTION 3. Section 43.0751(n-1), Local Government Code, is
25 repealed.

26 SECTION 4. This Act takes effect September 1, 2021.