

## **BILL ANALYSIS**

Senate Research Center

H.B. 3053  
By: Dean et al. (Paxton)  
Local Government  
5/7/2023  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

H.B. 3053 closes a loophole to help protect the property rights of residents in areas that were forcibly annexed after legislation was filed to end the process, but before the law changed.

The 85th Legislature, 1st Called Session, 2017, passed S.B. 6. That legislation ended the ability of a municipality located in a county with a population of 500,000 or more to involuntarily annex an area within its extraterritorial jurisdiction against the desires of the area's residents.

Many landowners have expressed concerns that, between the time the reforms were proposed in the legislature and when the reforms went into effect, certain municipalities quickly annexed areas to avoid the reforms.

This bill seeks to address these concerns by requiring certain municipalities that annexed an area for full purposes by an ordinance adopted between specified dates to hold an election in the area on the question of disannexing the area from the municipality.

H.B. 3053 has multiple provisions that were included to make the transition for those areas that vote to disannex easier for all parties, including affected municipalities. Compromise provisions include:

- requiring the municipality to retain ownership of any infrastructure, including a water treatment and storage facility, transferred to the municipality from a special district as part of the annexation of an area that is disannexed under the bill's provisions;
- establishing that a disannexation under the bill's provisions does not authorize the impairment of a municipal debt obligation and that, to the extent applicable, the area is not released from its pro rata share of that indebtedness;
- applying the legislation to an area annexed for full purposes by a municipality with a population of 500,000 or more by an ordinance adopted by the municipality's governing body between those dates;
- exempting a municipality whose extraterritorial jurisdiction is adjacent to or includes all or part of a federal military installation in active use as of May 1, 2023; and
- requiring an election to be held on the first uniform election date after the bill's effective date that allows sufficient time for compliance with any requirements of law.

House Record Vote: 95 yeas – 46 nays

Support: Texas Public Policy Foundation

H.B. 3053 amends current law relating to the municipal disannexation of certain areas annexed during a certain period of time.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

## **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter G, Chapter 43, Local Government Code, by adding Section 43.1463, as follows:

Sec. 43.1463. DISANNEXATION OF AREAS ANNEXED DURING TRANSITION FROM NONCONSENT TO CONSENT ANNEXATION MODEL. (a) Provides that this section applies only to an area:

(1) for which an annexation was:

(A) initiated by a municipality with a population of 500,000 or more; and

(B) finalized for full purposes between March 3, 2015, and December 1, 2017; and

(2) that had a population of greater than zero on the date the area was annexed.

(b) Provides that this section does not apply to a municipality:

(1) whose extraterritorial jurisdiction is adjacent to or includes all or part of a federal military installation in active use as of May 1, 2023; or

(2) in which all or part of a federal military installation in active use as of May 1, 2023, is located.

(c) Requires a municipality to hold an election in an area described by Subsection (a) on the question of disannexing the area from the municipality. Provides that the municipality:

(1) is prohibited from using public money on promotional campaigns or advocacy related to the election; and

(2) is required to ensure that the ballot proposition for the election:

(A) describes the area to be disannexed;

(B) identifies the area by the commonly used name of the area, if applicable;

(C) identifies the entities that will provide law enforcement, fire, and emergency services after disannexation;

(D) describes the effect of disannexation on ad valorem taxes and fees in the area; and

(E) describes the effect of disannexation on special districts located in the area.

(d) Requires a municipality to disannex an area described by Subsection (a), including residential and commercial property in the area, if the voters approve the disannexation in the election held under Subsection (c).

(e) Requires a municipality to retain ownership of any infrastructure, including a water treatment and storage facility, transferred to the municipality from a special district as part of the annexation of an area disannexed under this section.

(f) Provides that after an area is disannexed under this section:

(1) a special district located in and serving the area is authorized to be dissolved only if the members of the governing body of the district elect to dissolve the district after the disannexation; and

(2) an emergency services district located in or adjacent to the area is required to provide services to the area.

(g) Provides that a disannexation under this section does not authorize the impairment of a municipal debt obligation and, to the extent applicable, the area is not released from its pro rata share of that indebtedness. Requires the municipality to continue to impose a property tax each year on the property in the area at the same rate that is imposed on other property in the municipality until the taxes collected from the area equal its pro rata share of the indebtedness. Authorizes those taxes to be charged only with the cost of imposing and collecting the taxes, and requires that the taxes be applied exclusively to the payment of the pro rata share of the indebtedness. Provides that this subsection does not prevent the inhabitants of the area from paying in full at any time their pro rata share of the indebtedness.

(h) Provides that Section 43.148 (Refund of Taxes and Fees) does not apply to an area disannexed under this section.

SECTION 2. Requires a municipality required to hold an election under Section 43.1463(c), Local Government Code, as added by this Act, to hold the election on the first uniform election date after the effective date of this Act that allows sufficient time to comply with any requirements of law.

SECTION 3. Effective date: upon passage or September 1, 2023.