

BILL ANALYSIS

C.S.H.B. 3053
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Land & Resource Management
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In 2017, the 85th Legislature passed S.B. 6 during the 1st Called Session. This legislation enacted reforms to end 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 these reforms were proposed in the legislature and when the reforms went into effect, certain municipalities quickly annexed areas to avoid the reforms. C.S.H.B. 3053 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.

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. 3053 amends the Local Government Code to require a municipality with a population of 500,000 or more that annexed an area for full purposes by an ordinance adopted by the municipality's governing body between March 3, 2015, and December 1, 2017, to hold an election in the area on the question of disannexing the area from the municipality. The municipality must hold the election on the first uniform election date after the bill's effective date that allows sufficient time to comply with any requirements of law. The bill exempts from its provisions 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.

C.S.H.B. 3053 prohibits an applicable municipality from using public money on promotional campaigns or advocacy related to the election and requires the municipality to ensure that the ballot proposition for the election does the following:

- describes the area to be disannexed;
- identifies the area by the commonly used name of the area, if applicable;
- identifies the entities that will provide law enforcement, fire, and emergency services after disannexation;
- describes the effect of disannexation on property taxes and fees in the area; and
- describes the effect of disannexation on special districts located in the area.

The bill requires the municipality to disannex the area, including residential and commercial property in the area, if the voters approve the disannexation in the election.

C.S.H.B. 3053 requires 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. The bill establishes that a special district located in and serving the disannexed area may be dissolved only if the members of the district's governing body elect to dissolve the district after the disannexation. The bill requires an emergency services district located in or adjacent to the disannexed area to provide services to the area.

C.S.H.B. 3053 establishes 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. The bill 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. Those taxes may be charged only with the cost of imposing and collecting the taxes, and the taxes must be applied exclusively to the payment of the pro rata share of the indebtedness. These provisions of the bill expressly do not prevent the area's inhabitants 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, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 3053 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Whereas the introduced applied to an area for which annexation was finalized between March 3, 2015, and December 1, 2017, the substitute applies instead 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 and exempts 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.

Whereas the introduced required the disannexation election to be held on November 7, 2023, the substitute instead requires the 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.