

SUBJECT: Limiting Austin from annexing Northwest Travis County MUD No. 1

COMMITTEE: Land and Resource Management — favorable, without amendment

VOTE: 8 ayes — Saunders, Mowery, Combs, Hamric, Hilderbran, Howard, Krusee, B. Turner

0 nays

1 absent — Alexander

SENATE VOTE: On final passage, May 8 — 30-0

WITNESSES: (*On House companion bill, HB 2489*):

For — Hal Lanham and Diane Spencer, Northwest Travis County MUD No. 1; Jeff Lawlor, Northwest Coalition of Neighbors and the Mountain Neighborhood

Against — None

DIGEST: SB 1376 would provide that a described city (Austin) could annex an area in a described municipal utility district (MUD) (Northwest Travis County MUD No. 1) for full purposes only if the district was providing retail service to 75 percent or more of the equivalent wastewater connection rights that the district has reserved in the city's wastewater system for the district's retail customers.

The bill would apply only to a home rule city with a population of more than 400,000 that has a charter provision allowing for limited-purpose annexation and has disannexed territory that was annexed for a limited purpose, and a MUD composed of three or more non-contiguous tracts of land and that was created prior to August 27, 1979. The city of Austin and the Northwest Travis County MUD No.1 fit these descriptions.

The bill would apply only to an annexation for which the first hearing was published on or after January 1, 1995, and has not been completed before the effective date of this bill.

The bill would take immediate effect if approved by two-thirds of the membership of each house.

**SUPPORTERS
SAY:**

SB 1376 would not prohibit annexation by the city of Austin of the Northwest Travis County MUD No. 1, merely delay it several years so the district can plan for future development. Eventually, the district will provide retail service to 75 percent or more of the wastewater connection rights that the district has reserved in the city's wastewater system, and Austin will be able to annex the district.

If the City of Austin annexed any portion of the Northwest Travis County MUD No. 1 at the current time, the district, which has already paid for its own infrastructure, would not gain any benefits at all from the annexation. In fact, the only result of annexation by the City of Austin would be an increase in tax rates for district residents.

There is no reason for Austin to annex the district at this time since the cost of providing additional services to the area would be very great for the city, since the district contains little or no commercial property. Revenues from commercial property are usually what makes it financially worthwhile for a city to annex an area.

Some residents fear that Austin could use annexation to hamper development in the area, and strongly disagree with the city of Austin's policies and politics.

**OPPONENTS
SAY:**

The Legislature is considering quite a few bills that would limit Austin's powers of annexation. When a city is unable to annex, the economically advantaged move outside the city to the suburbs, and the city's tax base shrinks. This leaves behind the poor and indigent who may need extensive city services. Increased taxes then cause even more flight of taxable wealth.

An isolated city surrounded by independent local jurisdictions results in racial and economic segregation; a coordinated regional economy generates economic power in a way that isolated communities cannot.

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SB 1376 would apply only to Austin and is the kind of "special law" the Texas Constitution specifically prohibits in Art. 3, sec. 56. Singling out one city for special limitations is questionable public policy, unfair and unjustified.

NOTES:

The House companion bill, HB 2489 by Yost was withdrawn from the House Local and Consent Calendar on May 12.