

- SUBJECT:** Modifying rules for service plans for areas annexed by municipalities
- COMMITTEE:** Land and Resource Management — committee substitute recommended
- VOTE:** 9 ayes — Mowery, Orr, Zerwas, Callegari, R. Cook, Y. Davis, Geren, Pickett, Ritter
- 0 nays
- WITNESSES:** For — (*Registered, but did not testify:* Daniel Gonzalez, Texas Association of REALTORS)
- Against — (*Registered, but did not testify:* Monty Wynn, Texas Municipal League)
- BACKGROUND:** Local Government Code ch. 43, subch. B governs a municipality's general authority to annex land into its jurisdiction. Under sec. 43.056, a municipality that provides the following services — police and fire protection, emergency medical services, waste collection, water and wastewater, road and streets, lighting, parks and recreation — must provide them in the area proposed for annexation on the effective date of the annexation.
- Otherwise, sec. 43.056 requires a municipality proposing the annexation to complete a service plan that provides for the extension of full municipal services to the area to be annexed by any of the methods by which it extends the services to any other areas. The service plan must include a program under which the municipality will provide full municipal services in the annexed area within two-and-one-half years after the effective date of the annexation, unless certain services cannot reasonably be provided within that period and the municipality proposes a schedule for providing them. If the municipality proposes a schedule to extend the period for providing certain services, the schedule must provide for the provision of full municipal services within four-and-one-half years after the effective date of the annexation.
- A service plan also must include a program under which the municipality will initiate the acquisition or construction of capital improvements necessary for providing municipal services to serve the area. Construction

must substantially be completed within the period provided in the service plan.

DIGEST:

CSHB 610 would amend sec. 43.056 to strike provisions allowing a municipality to provide an extended schedule for offering services to an area within four-and-one-half years after the effective date of the annexation.

The service plan would have to be completed within 10 months of determining the inventory of existing services and facilities provided in the area to be annexed. The municipality would have to list all the required services to be provided in the plan, and the municipality would have to provide them no later than two-and-one-half years after the effective date of the annexation.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

**SUPPORTERS
SAY:**

CSHB 610 would require municipalities to act sooner to provide basic services to annexed areas. Landowners often support municipal annexations on the assumption that they will result in the provision of valuable services. Taxes are levied on annexed property owners to fund the provision of basic municipal services, and municipalities adopt service plans to establish timelines for the provision of these services. Nevertheless, it can take years for some of these municipalities to offer basic services, during which time annexed property owners end up paying taxes for amenities they are not able to use.

The bill would require municipalities to include, as part of any service plan, a list of all required services to be provided. This would eliminate any confusion about which services property owners could expect and when they could expect to receive them. Clarifying what services a municipality would provide to annexed areas would help increase accountability for the timely provision of those services.

The bill would not change current requirements for a municipality to provide an annexed area services that it offers in its existing jurisdiction. It would not impose undue burdens on a municipality to supply a service it was incapable of providing. Municipalities would be compelled to more closely analyze their capacity to provide services at the time of adopting a

service plan and only list those services that were feasible given existing resources.

By eliminating the extended timeline option for municipalities engaged in annexation, the bill would ensure a good faith effort to provide these services as soon as possible. It effectively would force municipalities to make annexation decisions sparingly and only if they were capable of providing services in a timely manner. In this way, CSHB 610 would help reduce the number of annexations that resulted in property owners unfairly paying taxes for services they did not receive.

**OPPONENTS
SAY:**

CSHB 610 would place a major burden on municipalities to supply services that often are very time and resource intensive. Capital intensive services require complex financing and permitting processes that can take many years to fully implement. Setting a two-and-one-half year deadline for the provision of these services would place municipalities in the difficult position of trying to meet inflexible statutory requirements while ensuring that basic services were available.

The bill would require municipalities to implement, in the restricted timeframe, any services listed in the attachment to the service plan. Currently, municipalities must include in a service plan a program for providing any services it currently provides for other areas in its corporate boundaries, which could include capital intensive services that would be prohibitively difficult to provide in the restricted timeframe.

The burdens the bill would place on municipalities would outweigh the benefits it conferred to property owners. Current law includes adequate protections to ensure that the residents of an annexed area receive full municipal services in a timely manner and provides for disannexation and other remedies if a city fails to comply. If municipalities are to be required to expressly list the services that must be provided to annexed areas, these municipalities at least should retain the flexibility to extend the time for providing services when necessary.

NOTES:

The bill as introduced would have retained the four-and-one-half-year extension for the provision of services under municipal service plans. The substitute also added language clarifying that service plans and attached service lists would have to be completed no later than 10 months from the preparation of an inventory of existing services.