

By: Bettencourt

S.B. No. 1662

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

(b) The governing bodies of a municipality and a district may negotiate and, subject to Subsection (c)(1), enter into a written strategic partnership agreement for the district by mutual consent. The governing body of a municipality, on written request from a district included in the municipality's annexation plan under Section 43.052, shall negotiate and, subject to Subsection (c)(1), enter into a written strategic partnership agreement with the district. A district included in a municipality's annexation plan under Section 43.052:

(1) may not submit its written request before the date of the second hearing required under Section 43.0561; and

(2) must submit its written request before the 61st day after the date of the second hearing required under Section 43.0561.

(c) A strategic partnership agreement shall not be effective until:

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

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

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

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

19           (d) Before the governing body of a municipality or a  
20 district adopts a strategic partnership agreement, it shall conduct  
21 two public hearings at which members of the public who wish to  
22 present testimony or evidence regarding the proposed agreement  
23 shall be given the opportunity to do so. If the strategic  
24 partnership agreement provides for limited-purpose annexation, the  
25 governing body of the district must conduct the hearings required  
26 under this subsection before the governing body orders an election  
27 under Subsection (c-1). Notice of public hearings conducted by the

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

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

26 (f) A strategic partnership agreement may provide for the  
27 following:

1           (1) limited-purpose annexation of the district on  
2 terms acceptable to the municipality and the district provided that  
3 the district shall continue in existence during the period of  
4 limited-purpose annexation;

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

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

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

13           (i) the provision of services is specified  
14 and agreed to in the agreement;

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

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

22           (3) payments by the municipality to the district for  
23 services provided by the district;

24           (4) annexation of any commercial property in a  
25 district for full purposes by the municipality, notwithstanding any  
26 other provision of this code or the Water Code, except for the  
27 obligation of the municipality to provide, directly or through

1 agreement with other units of government, full provision of  
2 municipal services to annexed territory, in lieu of any annexation  
3 of residential property or payment of any fee on residential  
4 property in lieu of annexation of residential property in the  
5 district authorized by this subsection;

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

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

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

20 (8) such other lawful terms that the parties consider  
21 appropriate.

22 (f-1) A strategic partnership agreement that provides for  
23 limited-purpose annexation must be for a term not to exceed six  
24 years. The governing body of the district shall order an election  
25 to occur on the last uniform election date before the expiration  
26 date of the agreement to submit to the qualified voters of the  
27 district the question of extending the agreement for an additional

term of not more than six years. If a majority of the voters voting in the election approve the extension, the agreement is extended. If less than a majority of the voters voting in the election approve the extension, the municipality shall take any action necessary to confirm the annexation of the district for full purposes under the terms of the agreement or disannex the area annexed for limited purposes.

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

(f-3) This subsection applies only to a strategic partnership agreement entered into before September 1, 2017, by a municipality and a district that provides for limited-purpose

1 annexation. The governing body of the district shall order an  
2 election to occur on the first uniform election date that allows  
3 sufficient time to comply with other requirements of law to submit  
4 to the qualified voters of the district the question of ratifying  
5 the continuation of the agreement. If a majority of the voters  
6 voting in the election ratify the agreement, the agreement is  
7 continued for the term of the agreement. If less than a majority of  
8 the voters voting in the election ratify the agreement, the  
9 municipality shall take any action necessary to annex the district  
10 for full purposes or disannex the area annexed for limited  
11 purposes.

12       (h) ~~[On the full-purpose annexation conversion date set~~  
13 ~~forth in the strategic partnership agreement pursuant to Subsection~~  
14 ~~(f)(5)(A), the land included within the boundaries of the district~~  
15 ~~shall be deemed to be within the full-purpose boundary limits of the~~  
16 ~~municipality without the need for further action by the governing~~  
17 ~~body of the municipality. The full-purpose annexation conversion~~  
18 ~~date established by a strategic partnership agreement may be~~  
19 ~~altered only by mutual agreement of the district and the~~  
20 ~~municipality. However, nothing herein shall prevent the~~  
21 ~~municipality from terminating the agreement and instituting~~  
22 ~~proceedings to annex the district, on request by the governing body~~  
23 ~~of the district, on any date prior to the full-purpose annexation~~  
24 ~~conversion date established by the strategic partnership~~  
25 ~~agreement.]~~ Land annexed for limited or full purposes under this  
26 section shall not be included in calculations prescribed by Section  
27 [43.055\(a\)](#).

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

10           ~~(q-1)~~ Except as provided by Subsection (q) [~~for Sections~~  
11 ~~43.130(a) and (b)~~], Subchapter F does not apply to a  
12 limited-purpose annexation under a strategic partnership  
13 agreement.

14           SECTION 2. Section 43.0751(n-1), Local Government Code, is  
15 repealed.

16           SECTION 3. This Act takes effect September 1, 2017.