

SUBJECT: Allowing municipal release of ETJ and disannexation of certain areas

COMMITTEE: Land and Resource Management — committee substitute recommended

VOTE: 6 ayes — Deshotel, Leman, Burrows, Craddick, Spiller, Thierry
2 nays — Romero, Rosenthal
1 absent — Biedermann

WITNESSES: For — Molly Cagle; Doug English; (*Registered, but did not testify:* Eric Opiela, South Texans’ Property Rights Association; J.D. Hale and Scott Norman, Texas Association of Builders; Julia Parenteau, Texas Realtors; and 10 individuals)

Against — Jonathan Kringen and Rob Vires, City of Austin; (*Registered, but did not testify:* Jamaal Smith, City of Houston, Office of the Mayor Sylvester Turner; Christine Wright, City of San Antonio; Julie Wheeler, Travis County Commissioners Court)

On — (*Registered, but did not testify:* Mary Elliott, City of Fort Worth; Monty Wynn, Texas Municipal League)

BACKGROUND: It has been suggested that certain areas in the extraterritorial jurisdiction (ETJ) of a municipality and certain areas in subdivisions located in a municipality should have the ability to petition for release from the municipality's ETJ or disannexation based on the municipality's failure to provide adequate services.

DIGEST: CSHB 2776 would allow the majority of registered voters in an area in a municipality's extraterritorial jurisdiction (ETJ) that was subject to a legal determination that the municipality had failed to provide or agree to provide adequate services to the area to petition the municipality for release from its ETJ. If such a petition was filed, the majority of voters in an adjacent area that was part of a real estate subdivision containing all or part of the first area and under the jurisdiction of a single property owners'

association that governed the entire subdivision also could petition to be released from the municipality's ETJ.

The bill also would allow the majority of registered voters in an area constituting part of a real estate subdivision to petition a municipality for disannexation if the area was:

- located in and contiguous to the boundary of the municipality;
- under the jurisdiction of a property owners' association that governed the entire subdivision; and
- subject to a legal determination that the municipality had failed to provide or agree to provide adequate services, or adjacent to another area in the subdivision that was subject to such a determination.

A petition for release from ETJ or disannexation under the bill's provisions would have to be filed with the secretary or clerk of the municipality, who would have to determine whether the petition was valid no later than 10 days after receiving it. If the petition was determined valid, the governing body of the municipality would have to immediately enter in the minutes or records of the municipality an order releasing the area from its ETJ or disannexing the area, as applicable.

Disannexation under the bill would not authorize the impairment of a municipal debt obligation and, to the degree applicable, a disannexed area would not be released from its pro rata share of that indebtedness. The governing body would continue to levy a property tax each year on the property in the area at the same rate that was levied on other property until the taxes collected from the area equaled its share of the indebtedness. Those taxes could be charged only with the cost of levying and collecting the taxes, and would have to be applied exclusively to the payment of the pro rata share of the indebtedness. Inhabitants of the area would not be prevented from paying in full at any time their pro rata share of the indebtedness.

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, 2021.