

1-1 By: Campbell, et al. S.B. No. 715  
 1-2 (In the Senate - Filed February 2, 2017; February 21, 2017,  
 1-3 read first time and referred to Committee on Intergovernmental  
 1-4 Relations; April 11, 2017, reported adversely, with favorable  
 1-5 Committee Substitute by the following vote: Yeas 5, Nays 2;  
 1-6 April 11, 2017, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12		X		
1-13	X			
1-14		X		
1-15	X			

1-16 COMMITTEE SUBSTITUTE FOR S.B. No. 715 By: Campbell

1-17 A BILL TO BE ENTITLED  
 1-18 AN ACT

1-19 relating to municipal annexation.  
 1-20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:  
 1-21 SECTION 1. Subchapter A, Chapter 43, Local Government Code,  
 1-22 is amended by adding Section 43.003 to read as follows:  
 1-23 Sec. 43.003. LIMITED PURPOSE ANNEXATION GENERALLY  
 1-24 PROHIBITED; EXCEPTION. (a) Except as provided by Section 43.0751,  
 1-25 beginning September 1, 2017, a municipality may not annex an area  
 1-26 for the limited purposes of applying its planning, zoning, health,  
 1-27 and safety ordinances in the area.  
 1-28 (b) This section supersedes any municipal charter provision  
 1-29 that conflicts with this section.  
 1-30 SECTION 2. Section 43.021, Local Government Code, is  
 1-31 amended to read as follows:  
 1-32 Sec. 43.021. AUTHORITY OF HOME-RULE MUNICIPALITY TO ANNEX  
 1-33 AREA AND TAKE OTHER ACTIONS REGARDING BOUNDARIES. A home-rule  
 1-34 municipality may take the following actions according to rules as  
 1-35 may be provided by the charter of the municipality and not  
 1-36 inconsistent with the requirements [~~procedural rules~~] prescribed  
 1-37 by this chapter:  
 1-38 (1) fix the boundaries of the municipality;  
 1-39 (2) extend the boundaries of the municipality and  
 1-40 annex area adjacent to the municipality; and  
 1-41 (3) exchange area with other municipalities.  
 1-42 SECTION 3. Section 43.051, Local Government Code, is  
 1-43 transferred to Subchapter B, Chapter 43, Local Government Code,  
 1-44 redesignated as Section 43.0211, Local Government Code, and amended  
 1-45 to read as follows:  
 1-46 Sec. 43.0211 [43.051]. AUTHORITY TO ANNEX LIMITED TO  
 1-47 EXTRATERRITORIAL JURISDICTION. A municipality may annex area only  
 1-48 in the municipality's [its] extraterritorial jurisdiction unless  
 1-49 the municipality owns the area.  
 1-50 SECTION 4. Section 43.054, Local Government Code, is  
 1-51 transferred to Subchapter B, Chapter 43, Local Government Code,  
 1-52 redesignated as Section 43.02115, Local Government Code, and  
 1-53 amended to read as follows:  
 1-54 Sec. 43.02115 [43.054]. WIDTH REQUIREMENTS. (a) A  
 1-55 municipality [with a population of less than 1.6 million] may not  
 1-56 annex a publicly or privately owned area, including a strip of area  
 1-57 following the course of a road, highway, river, stream, or creek,  
 1-58 unless the width of the area at the area's [its] narrowest point is  
 1-59 at least 1,000 feet.  
 1-60 (b) The prohibition established by Subsection (a) does not

2-1 apply if:

2-2 (1) the boundaries of the municipality are contiguous  
2-3 to the area on at least two sides;

2-4 (2) the annexation is initiated on the request  
2-5 ~~[written petition]~~ of the owners or on the written petition of a  
2-6 majority of the registered ~~[qualified]~~ voters of the area; or

2-7 (3) the area abuts or is contiguous to another  
2-8 jurisdictional boundary.

2-9 ~~[(c) Notwithstanding Subsection (a), a municipality with a~~  
2-10 ~~population of 21,000 or more located in a county with a population~~  
2-11 ~~of 100,000 or more may annex a publicly owned strip or similar area~~  
2-12 ~~following the course of a road or highway for the purpose of~~  
2-13 ~~annexing territory contiguous to the strip or area if the territory~~  
2-14 ~~contiguous to the strip or area was formerly used or was to be used~~  
2-15 ~~in connection with or by a superconducting super collider~~  
2-16 ~~high-energy research facility.]~~

2-17 SECTION 5. Subchapter B, Chapter 43, Local Government Code,  
2-18 is amended by adding Section 43.0212 to read as follows:

2-19 Sec. 43.0212. AUTHORITY OF MUNICIPALITY TO ANNEX AREA ON  
2-20 REQUEST OF OWNERS. (a) Notwithstanding Subchapter C or C-1, a  
2-21 municipality may annex an area if each owner of land in the area  
2-22 requests the annexation.

2-23 (b) If a municipality elects to annex an area under this  
2-24 section, the governing body of the municipality must first  
2-25 negotiate and enter into a written agreement for the provision of  
2-26 services in the area with the owners of land in the area. The  
2-27 municipality is not required to provide a service that is not  
2-28 included in the agreement.

2-29 (c) Before a municipality may annex an area under this  
2-30 section, the governing body of the municipality must conduct at  
2-31 least two public hearings. The hearings must be conducted not less  
2-32 than 10 business days apart. During the first public hearing, the  
2-33 governing body must provide persons interested in the annexation  
2-34 the opportunity to be heard. During the final public hearing, the  
2-35 governing body may adopt an ordinance annexing the area.

2-36 SECTION 6. Section 43.0235(a), Local Government Code, is  
2-37 amended to read as follows:

2-38 (a) A general-law municipality may annex an area in which 50  
2-39 percent or more of the property in the area to be annexed is  
2-40 primarily used for a commercial or industrial purpose only if the  
2-41 municipality:

2-42 (1) is otherwise authorized by this chapter  
2-43 ~~[subchapter]~~ to annex the area and complies with the requirements  
2-44 prescribed under that authority; and

2-45 (2) obtains the written consent of the owners of a  
2-46 majority of the property in the area to be annexed.

2-47 SECTION 7. Section 43.026, Local Government Code, is  
2-48 amended to read as follows:

2-49 Sec. 43.026. AUTHORITY OF TYPE A GENERAL-LAW MUNICIPALITY  
2-50 TO ANNEX AREA IT OWNS. Notwithstanding Subchapter C or C-1, the  
2-51 ~~[The]~~ governing body of a Type A general-law municipality by  
2-52 ordinance may annex area that the municipality owns. The ordinance  
2-53 must describe the area by metes and bounds and must be entered in  
2-54 the minutes of the governing body.

2-55 SECTION 8. Section 43.027, Local Government Code, is  
2-56 amended to read as follows:

2-57 Sec. 43.027. AUTHORITY OF GENERAL-LAW MUNICIPALITY TO ANNEX  
2-58 NAVIGABLE STREAM. Notwithstanding Subchapter C or C-1, the ~~[The]~~  
2-59 governing body of a general-law municipality by ordinance may annex  
2-60 any navigable stream adjacent to the municipality and within the  
2-61 municipality's extraterritorial jurisdiction.

2-62 SECTION 9. Section 43.029, Local Government Code, is  
2-63 amended by amending Subsection (c) and adding Subsections (d), (e),  
2-64 (f), and (g) to read as follows:

2-65 (c) Notwithstanding Subchapter C or C-1, the ~~[The]~~ board of  
2-66 trustees of a public school occupying the area may petition the  
2-67 governing body of the municipality in writing to annex the area  
2-68 under the procedures provided by this section. ~~[Sections~~  
2-69 ~~43.028(c)-(f) apply to the petition and annexation under this~~

3-1 ~~section in the same manner in which they apply to the petition and~~  
3-2 ~~annexation under that section.]~~

3-3 (d) The petition must describe the area by metes and bounds  
3-4 and must be acknowledged in the manner required for deeds by each  
3-5 person having an interest in the area.

3-6 (e) After the 5th day but on or before the 30th day after the  
3-7 date the petition is filed, the governing body shall hear the  
3-8 petition and the arguments for and against the annexation and shall  
3-9 grant or refuse the petition as the governing body considers  
3-10 appropriate.

3-11 (f) If the governing body grants the petition, the governing  
3-12 body by ordinance may annex the area. On the effective date of the  
3-13 ordinance, the area becomes a part of the municipality.

3-14 (g) If the petition is granted and the ordinance is adopted,  
3-15 a certified copy of the ordinance together with a copy or duplicate  
3-16 of the petition shall be filed in the office of the county clerk of  
3-17 the county in which the municipality is located.

3-18 SECTION 10. Section 43.031, Local Government Code, is  
3-19 amended to read as follows:

3-20 Sec. 43.031. AUTHORITY OF ADJACENT MUNICIPALITIES TO CHANGE  
3-21 BOUNDARIES BY AGREEMENT. Notwithstanding Subchapter C or C-1,  
3-22 adjacent [~~Adjacent~~] municipalities may make mutually agreeable  
3-23 changes in their boundaries of areas that are less than 1,000 feet  
3-24 in width.

3-25 SECTION 11. The heading to Subchapter C, Chapter 43, Local  
3-26 Government Code, is amended to read as follows:

3-27 SUBCHAPTER C. ANNEXATION OF AREAS WITH A POPULATION OF LESS THAN  
3-28 200 [~~PROCEDURE FOR AREAS ANNEXED UNDER MUNICIPAL ANNEXATION PLAN~~]

3-29 SECTION 12. Subchapter C, Chapter 43, Local Government  
3-30 Code, is amended by adding Sections 43.0511 through 43.0518 to read  
3-31 as follows:

3-32 Sec. 43.0511. AUTHORITY TO ANNEX. A municipality may annex  
3-33 an area with a population of less than 200 only if the municipality  
3-34 obtains consent to annex the area through a petition signed by:

3-35 (1) more than 50 percent of the registered voters of  
3-36 the area; and

3-37 (2) if the registered voters of the area do not own  
3-38 more than 50 percent of the land in the area, more than 50 percent of  
3-39 the owners of land in the area.

3-40 Sec. 43.0512. RESOLUTION. The governing body of the  
3-41 municipality that proposes to annex an area under this subchapter  
3-42 must adopt a resolution that includes:

3-43 (1) a statement of the municipality's intent to annex  
3-44 the area;

3-45 (2) a detailed description and map of the area to be  
3-46 annexed; and

3-47 (3) a description of the services to be provided by the  
3-48 municipality in the area after the annexation, including, as  
3-49 applicable:

3-50 (A) police protection;

3-51 (B) fire protection;

3-52 (C) emergency medical services;

3-53 (D) solid waste collection;

3-54 (E) operation and maintenance of water and  
3-55 wastewater facilities in the annexed area;

3-56 (F) operation and maintenance of roads and  
3-57 streets, including road and street lighting;

3-58 (G) operation and maintenance of parks,  
3-59 playgrounds, and swimming pools; and

3-60 (H) operation and maintenance of any other  
3-61 publicly owned facility, building, or service.

3-62 Sec. 43.0513. NOTICE OF PROPOSED ANNEXATION. Not later  
3-63 than the seventh day after the date the governing body of the  
3-64 municipality adopts the resolution under Section 43.0512, the  
3-65 municipality must mail to each resident in the area proposed to be  
3-66 annexed notification of the proposed annexation that includes:

3-67 (1) notice of the public hearing required by Section  
3-68 43.0514;

3-69 (2) an explanation of the 60-day petition period

4-1 described by Section 43.0515; and

4-2 (3) a description of the services to be provided by the  
4-3 municipality in the area after the annexation.

4-4 Sec. 43.0514. PUBLIC HEARING. The governing body of a  
4-5 municipality must conduct at least one public hearing on the  
4-6 proposed annexation at which members of the public are given an  
4-7 opportunity to be heard. The governing body must conduct the  
4-8 hearing not earlier than the 21st day and not later than the 30th  
4-9 day after the date the governing body adopts the resolution under  
4-10 Section 43.0512.

4-11 Sec. 43.0515. PETITION. (a) The petition required by  
4-12 Section 43.0511 may be signed only by a registered voter of the area  
4-13 proposed to be annexed or an owner of land in the area. The petition  
4-14 must provide for the person signing to state whether the person is  
4-15 signing as a registered voter of the area, as an owner of land in the  
4-16 area, or as both.

4-17 (b) The municipality may collect signatures on the petition  
4-18 only during the period beginning on the 31st day after the date the  
4-19 governing body of the municipality adopts the resolution under  
4-20 Section 43.0512 and ending on the 90th day after the date the  
4-21 resolution is adopted.

4-22 (c) The petition must clearly state that a person signing  
4-23 the petition is consenting to the proposed annexation.

4-24 (d) The petition must include a map of and describe the area  
4-25 proposed to be annexed.

4-26 (e) The municipality must collect petition signatures in  
4-27 person, except that the municipality may provide for an owner of  
4-28 land in the area who is not a resident of the area to sign the  
4-29 petition electronically.

4-30 (f) Chapter 277, Election Code, applies to a petition under  
4-31 this section.

4-32 Sec. 43.0516. RESULTS OF PETITION. (a) When the petition  
4-33 period prescribed by Section 43.0515 ends, the petition shall be  
4-34 verified by the municipal secretary or other person responsible for  
4-35 verifying signatures. The municipality must notify the residents  
4-36 of the area proposed to be annexed of the results of the petition.

4-37 (b) If the municipality does not obtain the number of  
4-38 signatures on the petition required to annex the area, the  
4-39 municipality may not annex the area and may not adopt another  
4-40 resolution under Section 43.0512 to annex any part of the area until  
4-41 the first anniversary of the date the petition period ended.

4-42 (c) If the municipality obtains the number of signatures on  
4-43 the petition required to annex the area, the municipality may annex  
4-44 the area after:

4-45 (1) providing notice under Subsection (a);

4-46 (2) conducting a public hearing at which members of  
4-47 the public are given an opportunity to be heard; and

4-48 (3) conducting a final hearing not earlier than the  
4-49 10th day after the date of the public hearing under Subdivision (2)  
4-50 at which the ordinance annexing the area may be adopted.

4-51 Sec. 43.0517. VOTER APPROVAL BY MUNICIPAL RESIDENTS ON  
4-52 PETITION. If a petition protesting the annexation of an area under  
4-53 this subchapter is signed by a number of registered voters of the  
4-54 municipality proposing the annexation equal to at least 50 percent  
4-55 of the number of voters who voted in the most recent municipal  
4-56 election and is received by the municipal secretary before the date  
4-57 the petition period prescribed by Section 43.0515 ends, the  
4-58 municipality may not complete the annexation of the area without  
4-59 approval of a majority of the voters of the municipality voting at  
4-60 an election called and held for that purpose.

4-61 Sec. 43.0518. RETALIATION FOR ANNEXATION DISAPPROVAL  
4-62 PROHIBITED. (a) The disapproval of the proposed annexation of an  
4-63 area under this subchapter does not affect any existing legal  
4-64 obligation of the municipality proposing the annexation to continue  
4-65 to provide governmental services in the area, including water or  
4-66 wastewater services.

4-67 (b) The municipality may not initiate a rate proceeding  
4-68 solely because of the disapproval of a proposed annexation of an  
4-69 area under this subchapter.

5-1 SECTION 13. The heading to Subchapter C-1, Chapter 43,  
5-2 Local Government Code, is amended to read as follows:

5-3 SUBCHAPTER C-1. ANNEXATION OF AREAS WITH A POPULATION OF AT LEAST  
5-4 200 [~~PROCEDURE FOR AREAS EXEMPTED FROM MUNICIPAL ANNEXATION PLAN~~]

5-5 SECTION 14. Subchapter C-1, Chapter 43, Local Government  
5-6 Code, is amended by adding Sections 43.0611 through 43.0619 to read  
5-7 as follows:

5-8 Sec. 43.0611. AUTHORITY TO ANNEX. A municipality may annex  
5-9 an area with a population of 200 or more only if the following  
5-10 conditions are met, as applicable:

5-11 (1) the municipality holds an election in the area  
5-12 proposed to be annexed at which the qualified voters of the area may  
5-13 vote on the question of the annexation, and a majority of the votes  
5-14 received at the election approve the annexation; and

5-15 (2) if the registered voters of the area do not own  
5-16 more than 50 percent of the land in the area, the municipality  
5-17 obtains consent to annex the area through a petition signed by more  
5-18 than 50 percent of the owners of land in the area.

5-19 Sec. 43.0612. RESOLUTION. The governing body of the  
5-20 municipality that proposes to annex an area under this subchapter  
5-21 must adopt a resolution that includes:

5-22 (1) a statement of the municipality's intent to annex  
5-23 the area;

5-24 (2) a detailed description and map of the area to be  
5-25 annexed; and

5-26 (3) a description of the services to be provided by the  
5-27 municipality in the area after the annexation, including, as  
5-28 applicable:

5-29 (A) police protection;

5-30 (B) fire protection;

5-31 (C) emergency medical services;

5-32 (D) solid waste collection;

5-33 (E) operation and maintenance of water and  
5-34 wastewater facilities in the annexed area;

5-35 (F) operation and maintenance of roads and  
5-36 streets, including road and street lighting;

5-37 (G) operation and maintenance of parks,  
5-38 playgrounds, and swimming pools; and

5-39 (H) operation and maintenance of any other  
5-40 publicly owned facility, building, or service.

5-41 Sec. 43.0613. NOTICE OF PROPOSED ANNEXATION. Not later  
5-42 than the seventh day after the date the governing body of the  
5-43 municipality adopts the resolution under Section 43.0612, the  
5-44 municipality must mail to each property owner in the area proposed  
5-45 to be annexed notification of the proposed annexation that  
5-46 includes:

5-47 (1) notice of the public hearing required by Section  
5-48 43.0614;

5-49 (2) notice that an election on the question of  
5-50 annexing the area will be held; and

5-51 (3) a description of the services to be provided by the  
5-52 municipality in the area after the annexation.

5-53 Sec. 43.0614. PUBLIC HEARINGS. (a) The governing body of  
5-54 a municipality must conduct at least two public hearings on the  
5-55 proposed annexation at which members of the public are given an  
5-56 opportunity to be heard.

5-57 (b) The governing body must conduct the first public hearing  
5-58 not earlier than the 21st day and not later than the 30th day after  
5-59 the date the governing body adopts the resolution under Section  
5-60 43.0612.

5-61 (c) The governing body must conduct the second public  
5-62 hearing not earlier than the 31st day and not later than the 90th  
5-63 day after the date the governing body adopts a resolution under  
5-64 Section 43.0612.

5-65 Sec. 43.0615. PROPERTY OWNER CONSENT REQUIRED FOR CERTAIN  
5-66 AREAS. (a) If the registered voters in the area proposed to be  
5-67 annexed do not own more than 50 percent of the land in the area, the  
5-68 municipality must obtain consent to the annexation through a  
5-69 petition signed by more than 50 percent of the owners of land in the

6-1 area in addition to the election required by this subchapter.

6-2 (b) The municipality must obtain the consent required by  
6-3 this section through the petition process prescribed by Section  
6-4 43.0515, and the petition must be verified in the manner provided by  
6-5 Section 43.0516(a).

6-6 Sec. 43.0616. ELECTION. (a) A municipality shall order an  
6-7 election on the question of annexing an area to be held on the first  
6-8 uniform election date that falls on or after:

6-9 (1) the 90th day after the date the governing body of  
6-10 the municipality adopts the resolution under Section 43.0612; or

6-11 (2) if the consent of the owners of land in the area is  
6-12 required under Section 43.0615, the 78th day after the date the  
6-13 petition period to obtain that consent ends.

6-14 (b) An election under this section shall be held in the same  
6-15 manner as general elections of the municipality. The municipality  
6-16 shall pay for the costs of holding the election.

6-17 Sec. 43.0617. RESULTS OF ELECTION AND PETITION.

6-18 (a) Following an election held under this subchapter, the  
6-19 municipality must notify the residents of the area proposed to be  
6-20 annexed of the results of the election and, if applicable, of the  
6-21 petition required by Section 43.0615.

6-22 (b) If at the election held under this subchapter a majority  
6-23 of qualified voters do not approve the proposed annexation, or if  
6-24 the municipality is required to petition owners of land in the area  
6-25 under Section 43.0615 and does not obtain the required number of  
6-26 signatures, the municipality may not annex the area and may not  
6-27 adopt another resolution under Section 43.0612 to annex any part of  
6-28 the area until the first anniversary of the date of the adoption of  
6-29 the resolution.

6-30 (c) If at the election held under this subchapter a majority  
6-31 of qualified voters approve the proposed annexation, and if the  
6-32 municipality, as applicable, obtains the required number of  
6-33 petition signatures under Section 43.0615, the municipality may  
6-34 annex the area after:

6-35 (1) providing notice under Subsection (a);

6-36 (2) conducting a public hearing at which members of  
6-37 the public are given an opportunity to be heard; and

6-38 (3) conducting a final hearing not earlier than the  
6-39 10th day after the date of the public hearing under Subdivision (2)  
6-40 at which the ordinance annexing the area may be adopted.

6-41 Sec. 43.0618. VOTER APPROVAL BY MUNICIPAL RESIDENTS ON  
6-42 PETITION. If a petition protesting the annexation of an area under  
6-43 this subchapter is signed by a number of registered voters of the  
6-44 municipality proposing the annexation equal to at least 50 percent  
6-45 of the number of voters who voted in the most recent municipal  
6-46 election and is received by the municipal secretary before the date  
6-47 the election required by this subchapter is held, the municipality  
6-48 may not complete the annexation of the area without approval of a  
6-49 majority of the voters of the municipality voting at a separate  
6-50 election called and held for that purpose.

6-51 Sec. 43.0619. RETALIATION FOR ANNEXATION DISAPPROVAL  
6-52 PROHIBITED. (a) The disapproval of the proposed annexation of an  
6-53 area under this subchapter does not affect any existing legal  
6-54 obligation of the municipality proposing the annexation to continue  
6-55 to provide governmental services in the area, including water or  
6-56 wastewater services.

6-57 (b) The municipality may not initiate a rate proceeding  
6-58 solely because of the disapproval of a proposed annexation of an  
6-59 area under this subchapter.

6-60 SECTION 15. Section 43.071(e), Local Government Code, is  
6-61 amended to read as follows:

6-62 (e) Subsections (b) and (c) [~~(b)-(d)~~] do not apply to the  
6-63 annexation of:

6-64 (1) an area within a water or sewer district if:

6-65 (A) the governing body of the district consents  
6-66 to the annexation;

6-67 (B) the owners in fee simple of the area to be  
6-68 annexed consent to the annexation; and

6-69 (C) the annexed area does not exceed 525 feet in

7-1 width at its widest point;

7-2 (2) a water or sewer district that has a noncontiguous  
7-3 part that is not within the extraterritorial jurisdiction of the  
7-4 municipality; or

7-5 (3) a part of a special utility district created or  
7-6 operating under Chapter 65, Water Code.

7-7 SECTION 16. Sections 43.0715(b) and (c), Local Government  
7-8 Code, are amended to read as follows:

7-9 (b) If a municipality with a population of less than 1.5  
7-10 million annexes a special district for full or limited purposes and  
7-11 the annexation precludes or impairs the ability of the district to  
7-12 issue bonds, the municipality shall, prior to the effective date of  
7-13 the annexation, pay in cash to the landowner or developer of the  
7-14 district a sum equal to all actual costs and expenses incurred by  
7-15 the landowner or developer in connection with the district that the  
7-16 district has, in writing, agreed to pay and that would otherwise  
7-17 have been eligible for reimbursement from bond proceeds under the  
7-18 rules and requirements of the Texas ~~[Natural Resource Conservation]~~  
7-19 Commission on Environmental Quality as such rules and requirements  
7-20 exist on the date of annexation. ~~[For an annexation that is subject~~  
7-21 ~~to preclearance by a federal authority, a payment will be~~  
7-22 ~~considered timely if the municipality: (i) escrows the~~  
7-23 ~~reimbursable amounts determined in accordance with Subsection (c)~~  
7-24 ~~prior to the effective date of the annexation, and (ii)~~  
7-25 ~~subsequently causes the escrowed funds and accrued interest to be~~  
7-26 ~~disbursed to the developer within five business days after the~~  
7-27 ~~municipality receives notice of the preclearance.]~~

7-28 (c) At the time notice of the municipality's intent to annex  
7-29 the land within the district is first published ~~[in accordance with~~  
7-30 ~~Section 43.052]~~, the municipality shall proceed to initiate and  
7-31 complete a report for each developer conducted in accordance with  
7-32 the format approved by the Texas ~~[Natural Resource Conservation]~~  
7-33 Commission on Environmental Quality for audits. In the event the  
7-34 municipality is unable to complete the report prior to the  
7-35 effective date of the annexation as a result of the developer's  
7-36 failure to provide information to the municipality which cannot be  
7-37 obtained from other sources, the municipality shall obtain from the  
7-38 district the estimated costs of each project previously undertaken  
7-39 by a developer which are eligible for reimbursement. The amount of  
7-40 such costs, as estimated by the district, shall be escrowed by the  
7-41 municipality for the benefit of the persons entitled to receive  
7-42 payment in an insured interest-bearing account with a financial  
7-43 institution authorized to do business in the state. To compensate  
7-44 the developer for the municipality's use of the infrastructure  
7-45 facilities pending the determination of the reimbursement amount  
7-46 ~~[or federal preclearance]~~, all interest accrued on the escrowed  
7-47 funds shall be paid to the developer whether or not the annexation  
7-48 is valid. Upon placement of the funds in the escrow account, the  
7-49 annexation may become effective. In the event a municipality  
7-50 timely escrows all estimated reimbursable amounts as required by  
7-51 this subsection and all such amounts, determined to be owed,  
7-52 including interest, are subsequently disbursed to the developer  
7-53 within five days of final determination in immediately available  
7-54 funds as required by this section, no penalties or interest shall  
7-55 accrue during the pendency of the escrow. Either the municipality  
7-56 or developer may, by written notice to the other party, require  
7-57 disputes regarding the amount owed under this section to be subject  
7-58 to nonbinding arbitration in accordance with the rules of the  
7-59 American Arbitration Association.

7-60 SECTION 17. Sections 43.072(b) and (d), Local Government  
7-61 Code, are amended to read as follows:

7-62 (b) A home-rule municipality having a common boundary with a  
7-63 district subject to this section may annex the area of the district  
7-64 if:

7-65 (1) the annexation complies with the requirements of  
7-66 Subchapter C or C-1, as applicable ~~[is approved by a majority of the~~  
7-67 ~~qualified voters who vote on the question at an election held under~~  
7-68 ~~this section];~~

7-69 (2) the annexation is completed before the date that

8-1 is one year after the date the petition period prescribed by Section  
 8-2 43.0515 ends or the date of the election under Section 43.0616, as  
 8-3 applicable; and

8-4 (3) all the area of the district is annexed.  
 8-5 (d) Annexation of area under this section is exempt from the  
 8-6 provisions of this chapter that prohibit:

8-7 (1) a municipality from annexing area outside its  
 8-8 extraterritorial jurisdiction;

8-9 (2) annexation of area narrower than the minimum width  
 8-10 prescribed by Section 43.02115 [~~43.054~~]; or

8-11 (3) reduction of the extraterritorial jurisdiction of  
 8-12 a municipality without the written consent of the municipality's  
 8-13 governing body.

8-14 SECTION 18. Sections 43.0751(b), (d), and (h), Local  
 8-15 Government Code, are amended to read as follows:

8-16 (b) The governing bodies of a municipality and a district  
 8-17 may negotiate and enter into a written strategic partnership  
 8-18 agreement for the district by mutual consent. The governing body of  
 8-19 a municipality, on written request from a district located in the  
 8-20 municipality's extraterritorial jurisdiction [~~included in the~~  
 8-21 ~~municipality's annexation plan under Section 43.052~~], may [~~shall~~]  
 8-22 negotiate and enter into a written strategic partnership agreement  
 8-23 with the district. [~~A district included in a municipality's~~  
 8-24 ~~annexation plan under Section 43.052.~~

8-25 [~~(1) may not submit its written request before the~~  
 8-26 ~~date of the second hearing required under Section 43.0561; and~~

8-27 [~~(2) must submit its written request before the 61st~~  
 8-28 ~~day after the date of the second hearing required under Section~~  
 8-29 ~~43.0561.]~~

8-30 (d) Before the governing body of a municipality or a  
 8-31 district adopts a strategic partnership agreement, it shall conduct  
 8-32 two public hearings at which members of the public who wish to  
 8-33 present testimony or evidence regarding the proposed agreement  
 8-34 shall be given the opportunity to do so. Notice of public hearings  
 8-35 conducted by the governing body of a municipality under this  
 8-36 subsection shall be published in a newspaper of general circulation  
 8-37 in the municipality and in the district [~~The notice must be in the~~  
 8-38 ~~format prescribed by Section 43.123(b)] and must be published at  
 8-39 least once on or after the 20th day before the [each] date of each  
 8-40 hearing. The notice may not be smaller than one-quarter page of a  
 8-41 standard-size or tabloid-size newspaper, and the headline on the  
 8-42 notice must be in 18-point or larger type. Notice of public  
 8-43 hearings conducted by the governing body of a district under this  
 8-44 subsection shall be given in accordance with the district's  
 8-45 notification procedures for other matters of public importance.  
 8-46 Any notice of a public hearing conducted under this subsection  
 8-47 shall contain a statement of the purpose of the hearing, the date,  
 8-48 time, and place of the hearing, and the location where copies of the  
 8-49 proposed agreement may be obtained prior to the hearing. The  
 8-50 governing bodies of a municipality and a district may conduct joint  
 8-51 public hearings under this subsection, provided that at least one  
 8-52 public hearing is conducted within the district.~~

8-53 (h) On the full-purpose annexation conversion date set  
 8-54 forth in the strategic partnership agreement pursuant to Subsection  
 8-55 (f)(5) [~~(f)(5)(A)~~], the land included within the boundaries of the  
 8-56 district shall be deemed to be within the full-purpose boundary  
 8-57 limits of the municipality without the need for further action by  
 8-58 the governing body of the municipality. The full-purpose  
 8-59 annexation conversion date established by a strategic partnership  
 8-60 agreement may be altered only by mutual agreement of the district  
 8-61 and the municipality. However, nothing herein shall prevent the  
 8-62 municipality from terminating the agreement and instituting  
 8-63 proceedings to annex the district, on request by the governing body  
 8-64 of the district, on any date prior to the full-purpose annexation  
 8-65 conversion date established by the strategic partnership  
 8-66 agreement. [~~Land annexed for limited or full purposes under this~~  
 8-67 ~~section shall not be included in calculations prescribed by Section~~  
 8-68 ~~43.055(a).]~~

8-69 SECTION 19. Section 43.07515(a), Local Government Code, is



9-1 amended to read as follows:

9-2 (a) A municipality may not regulate under Section 43.0751  
9-3 [~~or 43.0752~~] the sale, use, storage, or transportation of fireworks  
9-4 outside of the municipality's boundaries.

9-5 SECTION 20. Section 43.101(d), Local Government Code, is  
9-6 amended to read as follows:

9-7 (d) The municipality may annex the area even if part of the  
9-8 area is outside the municipality's extraterritorial jurisdiction  
9-9 or is narrower than the minimum width prescribed by Section  
9-10 43.02115 [43.054]. [~~Section 43.055, which relates to the amount of~~  
9-11 ~~area a municipality may annex in a calendar year, does not apply to~~  
9-12 ~~the annexation.~~]

9-13 SECTION 21. Section 43.102(d), Local Government Code, is  
9-14 amended to read as follows:

9-15 (d) The municipality may annex the area even if the area is  
9-16 outside the municipality's extraterritorial jurisdiction, is in  
9-17 another municipality's extraterritorial jurisdiction, or is  
9-18 narrower than the minimum width prescribed by Section 43.02115  
9-19 [43.054]. [~~Section 43.055, which relates to the amount of area a~~  
9-20 ~~municipality may annex in a calendar year, does not apply to the~~  
9-21 ~~annexation.~~]

9-22 SECTION 22. Sections 43.1025(c) and (g), Local Government  
9-23 Code, are amended to read as follows:

9-24 (c) Annexation of the [~~The~~] area described by Subsection (b)  
9-25 [~~may be annexed without the consent of the owners or residents of~~  
9-26 ~~the area, but the annexation~~] may not occur unless each  
9-27 municipality in whose extraterritorial jurisdiction the area may be  
9-28 located:

9-29 (1) consents to the annexation; and

9-30 (2) reduces its extraterritorial jurisdiction over  
9-31 the area as provided by Section 42.023.

9-32 (g) The municipality may annex the area if the area is  
9-33 narrower than the minimum width prescribed by Section 43.02115  
9-34 [43.054]. [~~Section 43.055 does not apply to the annexation.~~]

9-35 SECTION 23. Subchapter F, Chapter 43, Local Government  
9-36 Code, is amended by adding Section 43.1211 to read as follows:

9-37 Sec. 43.1211. APPLICABILITY. This subchapter applies to an  
9-38 area that was annexed for a limited purpose as authorized before  
9-39 September 1, 2017.

9-40 SECTION 24. Section 43.127(a), Local Government Code, is  
9-41 amended to read as follows:

9-42 (a) On [~~Except as provided by Section 43.123(e), on~~] or  
9-43 before the date prescribed by the regulatory plan prepared for the  
9-44 limited purpose area [~~under Section 43.123(d)(2)~~], the  
9-45 municipality must annex the area for full purposes. [~~This~~  
9-46 ~~requirement may be waived and the date for full-purpose annexation~~  
9-47 ~~postponed by written agreement between the municipality and a~~  
9-48 ~~majority of the affected landowners. A written agreement to waive~~  
9-49 ~~the municipality's obligation to annex the area for full purposes~~  
9-50 ~~binds all future owners of land annexed for limited purposes~~  
9-51 ~~pursuant to that waiver.~~]

9-52 SECTION 25. Sections 43.141(a) and (b), Local Government  
9-53 Code, are amended to read as follows:

9-54 (a) A majority of the qualified voters of an annexed area  
9-55 may petition the governing body of the municipality to disannex the  
9-56 area if the municipality fails or refuses to provide services or to  
9-57 cause services to be provided to the area as described by the  
9-58 written agreement under Section 43.0212 or the resolution under  
9-59 Section 43.0512 or 43.0612, as applicable [~~within the period~~  
9-60 ~~specified by Section 43.056 or by the service plan prepared for the~~  
9-61 ~~area under that section~~].

9-62 (b) If the governing body fails or refuses to disannex the  
9-63 area within 60 days after the date of the receipt of the petition,  
9-64 any one or more of the signers of the petition may bring a cause of  
9-65 action in a district court of the county in which the area is  
9-66 principally located to request that the area be disannexed. On the  
9-67 filing of an answer by the governing body, and on application of  
9-68 either party, the case shall be advanced and heard without further  
9-69 delay in accordance with the Texas Rules of Civil Procedure. The

10-1 district court shall enter an order disannexing the area if the  
10-2 court finds that a valid petition was filed with the municipality  
10-3 and that the municipality failed to perform ~~[its obligations in~~  
10-4 ~~accordance with the service plan or failed to perform]~~ in good  
10-5 faith.

10-6 SECTION 26. Section 43.201(2), Local Government Code, is  
10-7 amended to read as follows:

10-8 (2) "Limited-purpose annexation" means annexation  
10-9 authorized under former Section 43.121, as that section existed on  
10-10 January 1, 2017.

10-11 SECTION 27. Section 43.203(a), Local Government Code, is  
10-12 amended to read as follows:

10-13 (a) This section applies only to the [The] governing body of  
10-14 a district that by resolution petitioned [may petition] a  
10-15 municipality to alter the annexation status of land in the district  
10-16 from full-purpose annexation to limited-purpose annexation and  
10-17 before September 1, 2017:

10-18 (1) entered into an agreement to alter the status of  
10-19 annexation as provided by this section; or

10-20 (2) had its status automatically altered by operation  
10-21 of Subsection (c).

10-22 SECTION 28. Section 43.905(a), Local Government Code, is  
10-23 amended to read as follows:

10-24 (a) A municipality that proposes to annex an area shall  
10-25 provide written notice of the proposed annexation to each public  
10-26 school district located in the area proposed for annexation within  
10-27 the period prescribed for providing [publishing] the notice of the  
10-28 first hearing under Section 43.0212, 43.0513, [43.0561] or 43.0613  
10-29 [43.063], as applicable.

10-30 SECTION 29. Section 775.0754(d), Health and Safety Code, is  
10-31 amended to read as follows:

10-32 (d) A municipality that enters into an agreement under this  
10-33 section is not required to provide emergency services in that  
10-34 annexed territory. To the extent of a conflict between this  
10-35 subsection and ~~[Section 43.056, Local Government Code, or]~~ any  
10-36 other law, this subsection controls.

10-37 SECTION 30. Section 3833.209(e), Special District Local  
10-38 Laws Code, is amended to read as follows:

10-39 (e) The terms and conditions of the negotiated service plan  
10-40 bind the city for the period provided by Section 43.056(1), Local  
10-41 Government Code, as that section existed on January 1, 2017, and the  
10-42 developer, the developer's heirs, successors, and assigns, and any  
10-43 person taking title to all or a portion of the property annexed  
10-44 under the annexation petition for that period.

10-45 SECTION 31. Section 8489.109, Special District Local Laws  
10-46 Code, is amended to read as follows:

10-47 Sec. 8489.109. MUNICIPAL ANNEXATION ADJACENT TO DISTRICT.  
10-48 For the purposes of any [Section 43.021(2), Local Government Code,  
10-49 or other] law, including a municipal charter or ordinance relating  
10-50 to annexation, an area adjacent to the district or any new district  
10-51 created by the division of the district is considered adjacent to a  
10-52 municipality in whose corporate limits or extraterritorial  
10-53 jurisdiction any of the land in the area described by Section 2 of  
10-54 the Act enacting this chapter is located.

10-55 SECTION 32. Section 9038.110, Special District Local Laws  
10-56 Code, is amended to read as follows:

10-57 Sec. 9038.110. MUNICIPAL ANNEXATION ADJACENT TO DISTRICT.  
10-58 For the purposes of any [Section 43.021(2), Local Government Code,  
10-59 or other] law, including a municipal charter or ordinance relating  
10-60 to annexation, an area adjacent to the district or any new district  
10-61 created by the division of the district is considered adjacent to a  
10-62 municipality in whose corporate limits or extraterritorial  
10-63 jurisdiction any of the land in the area described by Section 2 of  
10-64 the Act creating this chapter is located.

10-65 SECTION 33. Section 9039.110, Special District Local Laws  
10-66 Code, is amended to read as follows:

10-67 Sec. 9039.110. MUNICIPAL ANNEXATION ADJACENT TO DISTRICT.  
10-68 For the purposes of any [Section 43.021(2), Local Government Code,  
10-69 or other] law, including a municipal charter or ordinance relating

11-1 to annexation, an area adjacent to the district or any new district  
11-2 created by the division of the district is considered adjacent to a  
11-3 municipality in whose corporate limits or extraterritorial  
11-4 jurisdiction any of the land in the area described by Section 2 of  
11-5 the Act creating this chapter is located.

11-6 SECTION 34. (a) Sections 42.0411, 43.022, 43.023, 43.024,  
11-7 43.025, 43.028, 43.030, 43.032, 43.033, 43.034, 43.035(c), 43.036,  
11-8 43.052, 43.053, 43.0545, 43.0546, 43.055, 43.056, 43.0561,  
11-9 43.0562, 43.0563, 43.0564, 43.0565, 43.0567, 43.057, 43.061,  
11-10 43.062, 43.063, 43.064, 43.065, 43.071(d), (f), and (g), 43.072(c),  
11-11 (e), (g), (h), (i), (j), (k), (l), and (m), 43.0751(o), 43.0752,  
11-12 43.101(c), 43.102(c), 43.1025(e), 43.103, 43.105, 43.121, 43.122,  
11-13 43.123, 43.124, 43.125, 43.126, 43.129, 43.132, 43.147, and 43.906,  
11-14 Local Government Code, are repealed.

11-15 (b) Subchapter Y, Chapter 43, Local Government Code, is  
11-16 repealed.

11-17 (c) Sections 8374.252(a), 8375.252(a), 8376.252(a),  
11-18 8377.252(a), 8378.252(a), 8382.252(a), 8383.252(a), 8384.252(a),  
11-19 8385.252(a), and 8477.302(a), Special District Local Laws Code, are  
11-20 repealed.

11-21 (d) Section 5.701(n)(6), Water Code, is repealed.

11-22 SECTION 35. The changes in law made by this Act apply only  
11-23 to the annexation of an area that is not final on the effective date  
11-24 of this Act. An annexation of an area that was final before the  
11-25 effective date of this Act is governed by those portions of Chapter  
11-26 43, Local Government Code, that relate to post-annexation  
11-27 procedures and requirements in effect immediately before the  
11-28 effective date of this Act, and that law is continued in effect for  
11-29 that purpose.

11-30 SECTION 36. This Act takes effect September 1, 2017.

11-31

\* \* \* \* \*