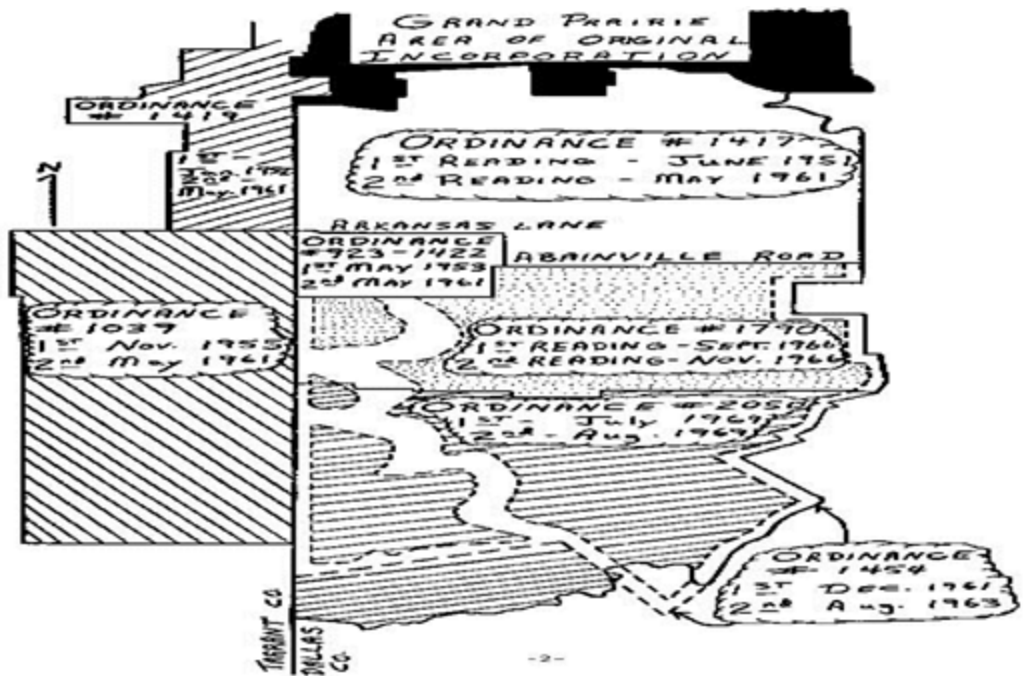


MUNICIPAL ANNEXATION: The New Reality?



Scott Houston
General Counsel
Texas Municipal League

Take Aways...

- **How we got here and at the end where we're at**
- **Their narrative**
- **Our narrative**
- **S.B. 6: A gazillion different annexation processes**
- **What does the new law mean for the future of Texas?**

How did we get where we are now?

- 1836/1845 – Special law cities (150,000)
- 1858 – General law cities (600,000)
- 1912 – Home rule cities (4,500,000)
- 1963 – Municipal Annexation Act (9,800,000)
- 1999 – Senate Bill 89 (plan and exempt)(21,000,000)
- 2001 – Election bills filed every subsequent session
- 2015 – House Bill 2221 (Died) (28,000,000)
- 2017 – HB 424/SB 715 (Died)
- 2017 Special – SB 6 (The New Reality?)
- 2040 – Estimated 45,000,000 population

Their Narrative...

Forced annexation is un-Texan and “piracy by government!”

Greg Abbott in San Antonio Express News (July 2017)

- If cities want to expand their tax base, they can attract new businesses and residents by following the state’s lead: **Create a welcoming economic environment by lowering taxes, reducing burdensome regulations and speeding up permitting.**
- Texas is still the envy of the nation. With our strong economy, overall lower costs of living and **high quality of life**, the Lone Star State remains the best place to raise a family, build a business and create greater opportunity for all.

Dallas Morning News – A Few Months Ago

- Another landowner estimates her family will pay at least an additional \$2,000 in city taxes a year once they're annexed. **She relocated two years ago with Toyota to Texas from a small house near the beach in Los Angeles** with her husband and three kids.

Why are cities a good scapegoat?

- Texas ranks very low (45th) among the states in total per capita tax burden
- It ranks much higher (26th) in local taxes per capita
- WHY?
- Compared to those in other states, Texas cities and other local governments pay for more services that benefit the entire state
- And Texas local governments rely largely on the property tax to do so...

The Economy = How Services are Provided. Call it “Regional Taxation” Maybe?

- **NOT** a “property rights” issue or a “democracy” issue
- **IS** a money and services issue
 - City services
 - State funding
 - Annexation power in lieu of state funding
 - Other states?

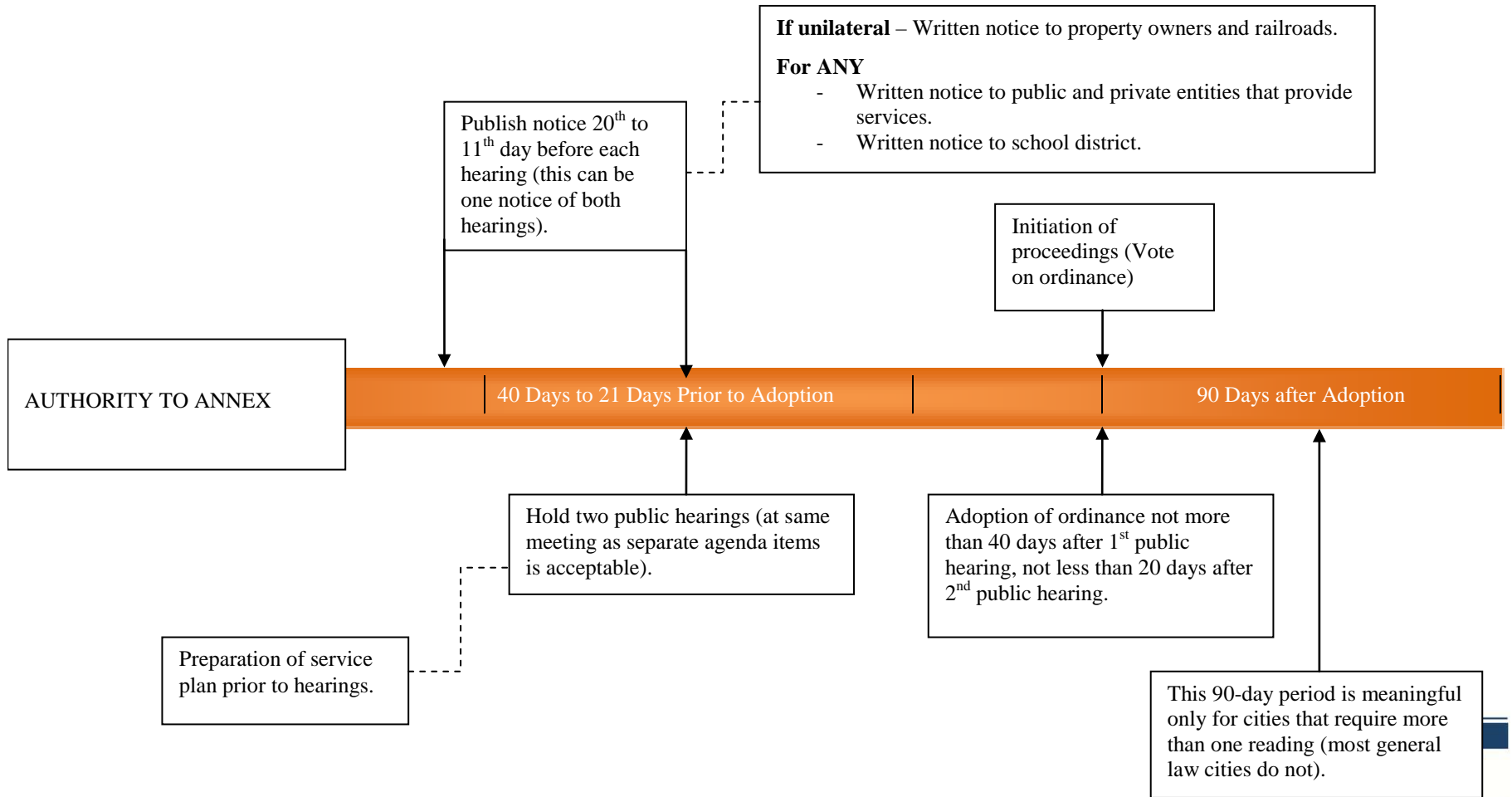
Senate Bill 6

- **Tier 1 County – County with less than 500,000 population that has not adopted Tier 2 status by election**
- **Tier 2 County – County with a population of 500,000 or more**

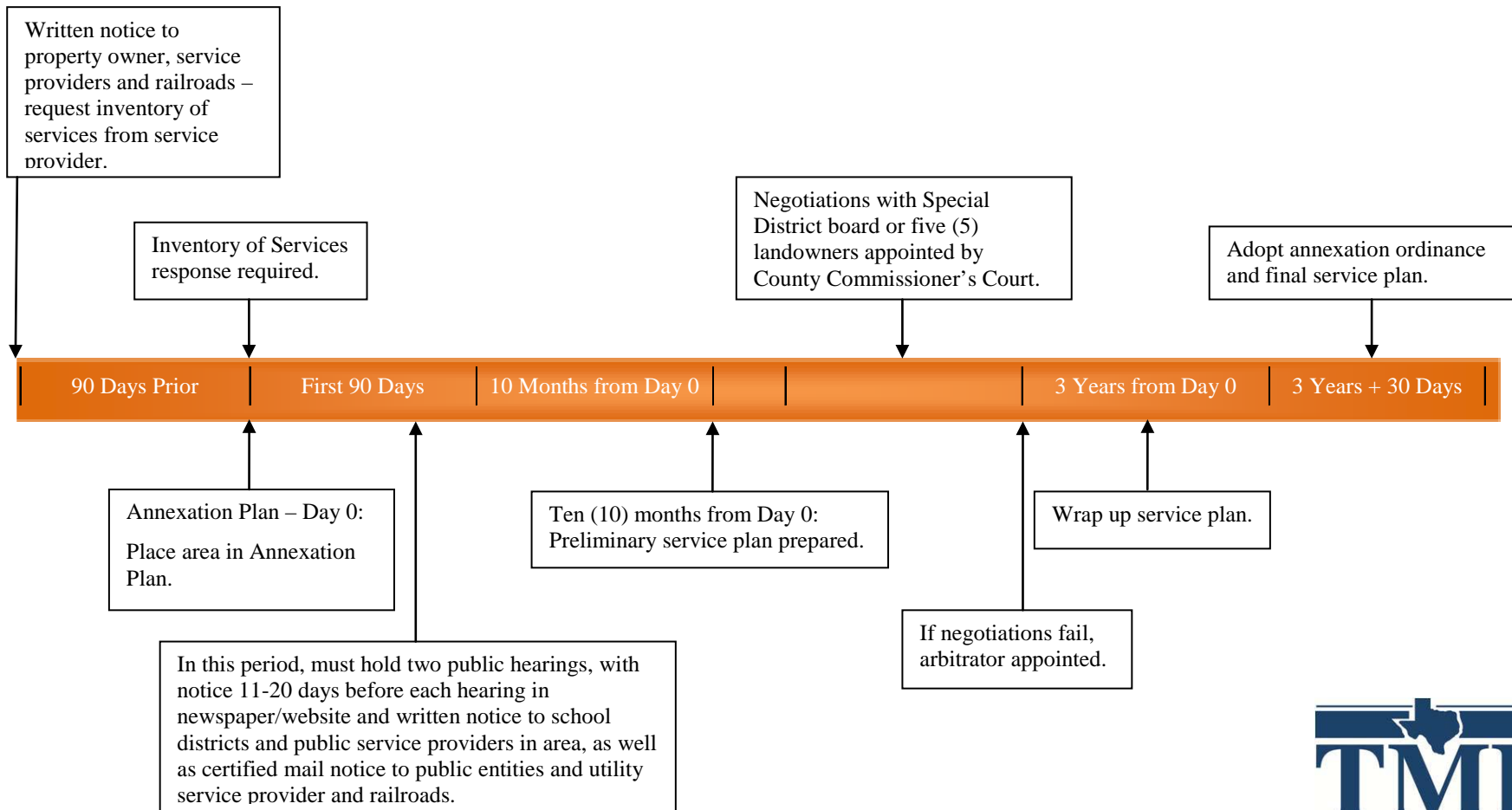
Tier 1 County

- **Nothing except one notice provision has changed**
- **Sparsely occupied or voluntary – simple service plan, notice, hearing procedure called “plan exempt procedure”**
- **100 or more residential dwellings – three-year plan process**
- **Must still have AUTHORITY to annex**

Tier 1 – Exempt Process



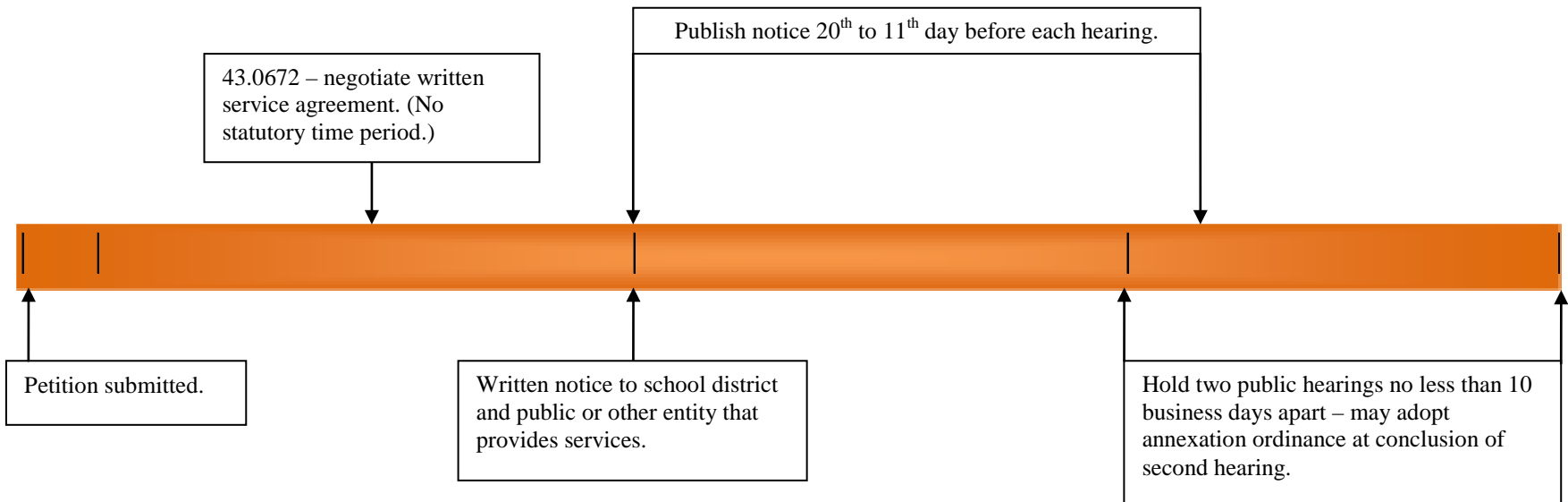
Tier 1 – Plan Process



Tier 2 County

- **Travis, Tarrant, Harris, Fort Bend, El Paso, Denton, Dallas, Collin, Bexar, Henderson, and any other county that has opted in to Tier 2 by election**
- **Authority and procedures combined into one**
- **Three schemes:**
 1. **Petition of individual landowner**
 2. **Area with less than 200 population petition process**
 3. **Area with 200 or more population election process**

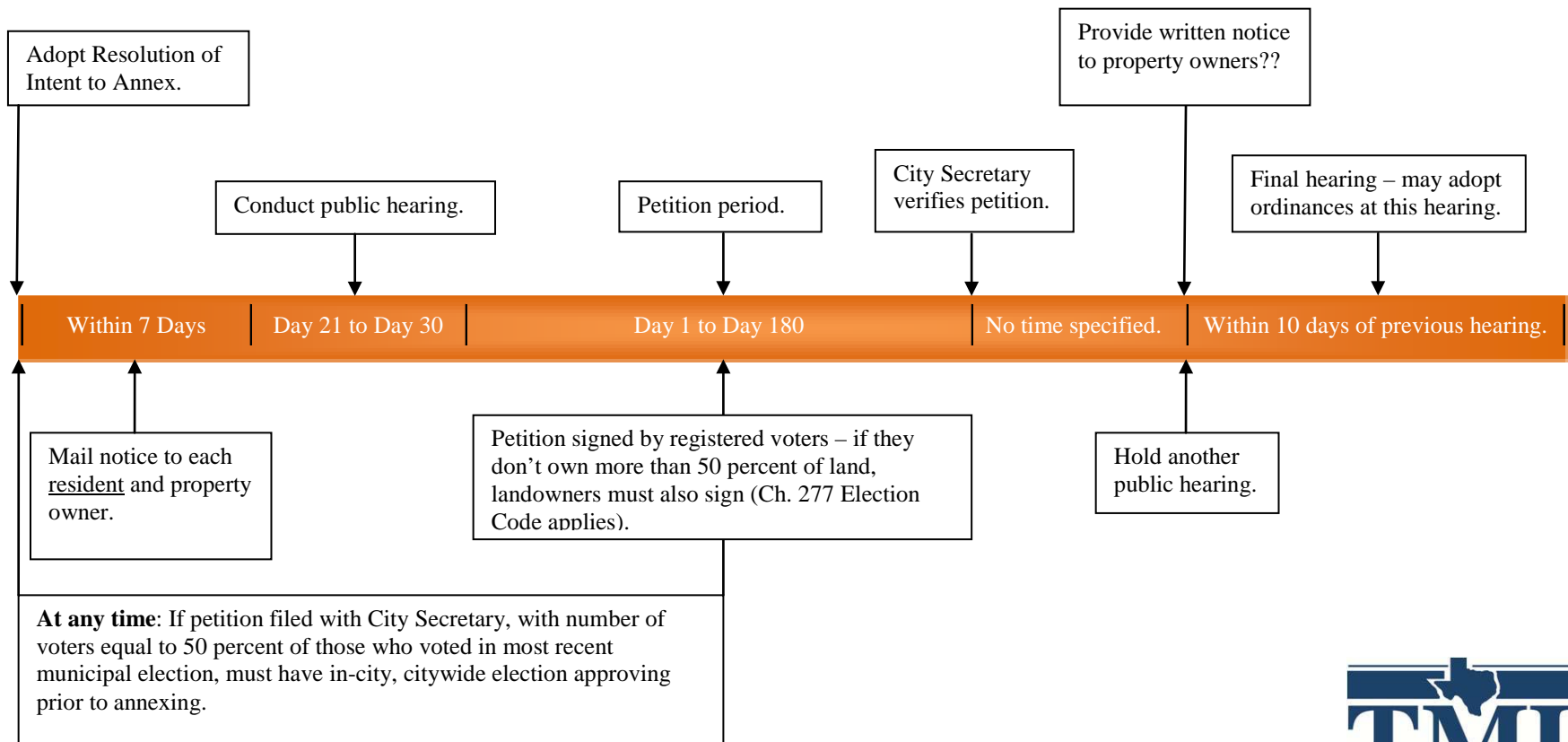
Tier 2 – Individual Landowner Petition



Tier 2 – Voter Petition (less than 200 population)

- Only if:
 - (1) City obtains consent to annex the area through a petition signed by more than 50 percent of the registered voters of the area; and
 - (2) if the registered voters of the area do not own more than 50 percent of the land in the area, the petition must also be signed by more than 50 percent of the **owners of land** in the area.

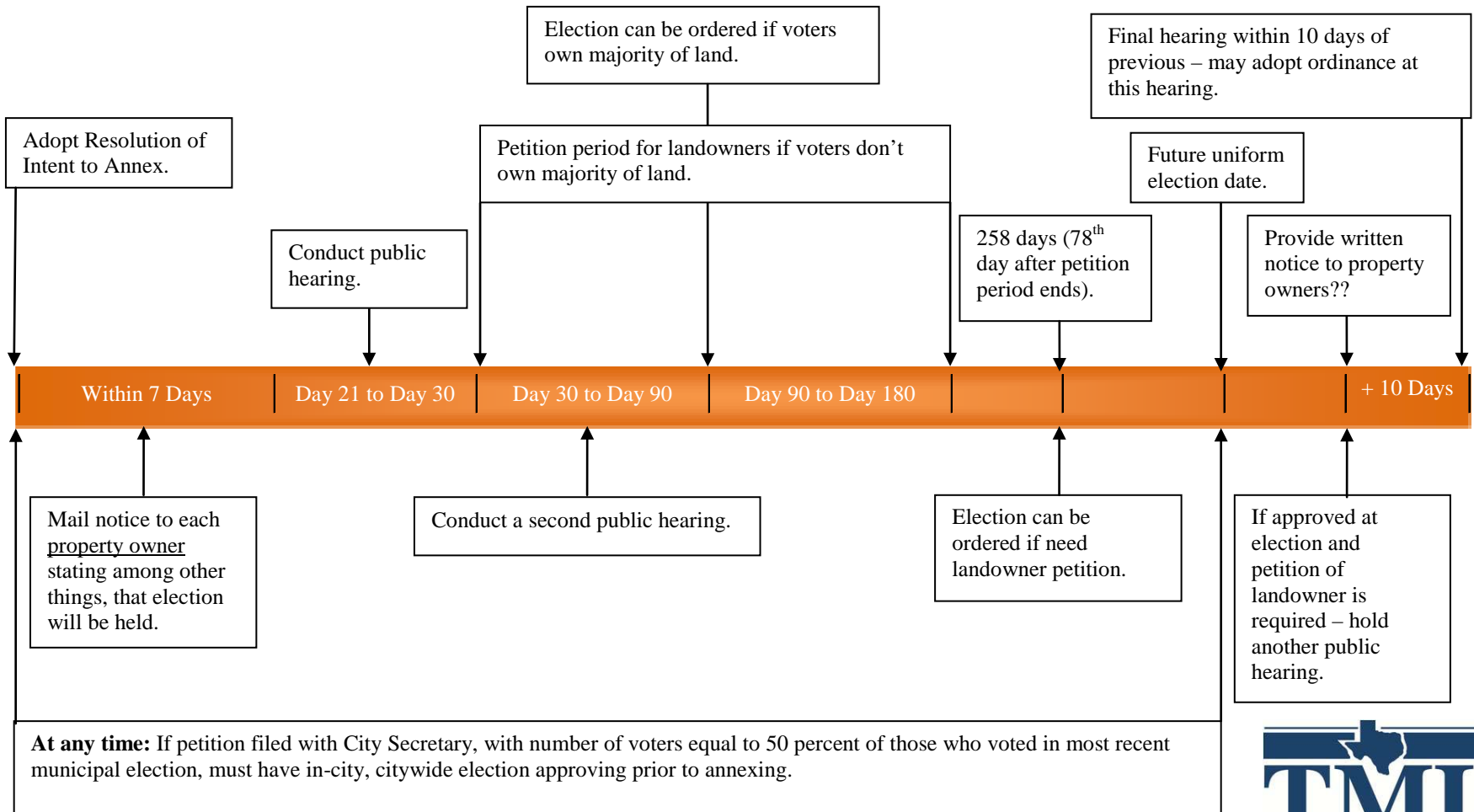
Tier 2 – Less than 200 Population



Tier 2 – Election (200 or more population)

- Only if:
 - (1) City holds an election in the area proposed to be annexed at which the qualified voters of the area approve the annexation; and
 - (2) if the registered voters of the area do not own more than 50 percent of the land in the area, the city obtains consent to annex the area through a petition signed by more than 50 percent of the owners of land in the area.

Tier 2 – 200 or More Population



“The city can convince them to want to come in...”



EC 255.003 says no they can't...



SB 6 – Remedies

- (a) This chapter may be enforced only through mandamus or declaratory or injunctive relief.
- (b) A political subdivision's immunity from suit is waived in regard to an action under this chapter.
- (c) A court may award court costs and reasonable and necessary attorney's fees to the prevailing party in an action under this chapter.

What does S.B. 6 mean for the future?

According to the recent mid-term census data, more than 1,400 people are added to the Texas population each day. That's 490,000 last year alone. And 450,000 of them were in and around cities in an MSA. It's not a city's fault that growth is happening, but it is (was?) a city's responsibility to ensure that the growth in and around them is sustainable.



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