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An Official Caucus of the Texas House of Representatives

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LSG OPPOSES BAD ANNEXATION POLICY

During the 85th Regular Session, Senate Bill 715 would have changed the annexation process, making it much more difficult for cities to annex property. SB 715(85(R)) would have become law if not for **Legislative Study Group (LSG) member Senator José Menéndez** (D-San Antonio) filibustering the bill on the final day for the Senate to approve conference committee reports.

Annexation is a valuable tool for city planners. State annexation rules are already complex and limit how much property cities may annex. Holding an election costs money and could create a financial burden. In 1999, the Texas Legislature passed legislation mandating that cities had to submit an annexation plan at least three years before they absorbed a new area.

The LSG opposed this legislation during the regular session, and will continue to oppose it during the Special Session. **We need to address real issues like school finance reform and the sunset bill instead of needless attacks on local control .**

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[Click here](#) or read below for an informative article from the Austin American-Statesman on the annexation issue being heard on the House floor today.

Austin American-Statesman

Proposed Texas annexation reform bill draws many city opponents

By Mike Parker, Andy Sevilla, and Rachel Rice

Wednesday, July 5, 2017

Legislation that drastically changes the annexation process for municipalities found its demise nearly two months ago through a two-hour long filibuster at the Capitol. But the special session called by Gov. Greg Abbott could bring it back to life.

Senate Bill 715, proposed by state Sen. Donna Campbell, R-New Braunfels, makes pivotal changes in how cities annex land within their extraterritorial jurisdiction. While under most circumstances city councils have the final say on annexations, the bill would tip the scales toward property owners in deciding whether they are annexed.

Campbell has said the bill creates a more democratic process and promotes communication between property owners and cities. Cutting costs and "bureaucratic red tape" are other benefits, she has said.

"Under current law, some cities are annexing areas purely to boost their tax base while ignoring poorer areas in desperate need of services," she said in a statement released in April. "Other areas are annexed for limited purposes, meaning residents must adhere to ordinances and regulations despite living outside the city and having no elected representation. This bill prevents such abuses of power."

Sponsored by 16 Republican state senators, the bill requires cities annexing property to have a petition or election, depending on the number of property owners being annexed. Without approval from half of those property owners, the annexation process fails.

Smithville City Manager Robert Tamble said state annexation rules are already complex and limit how much property cities may annex. All of the property annexed in Smithville over the past five years has been voluntary, he said.

"Forcing a municipality to hold an election for annexation will cost the taxpayers additional money and create an unnecessary financial burden on an already limited budget," Tamble said.

SB 715 bill aligns with one of 20 priorities Abbott announced in early June for the 30-day legislative special session starting July 18. And despite strong opposition from state Democrats and numerous cities, Abbott has said not passing the legislation would only show a "lack of will" from lawmakers.

The Texas Public Policy Foundation, an Austin-based conservative think tank, has long called for city annexation reform, publishing a report arguing against the current process.

"When cities expand, so too do their fiscal obligations - and the strains placed upon existing services, as well as the penchant to create more debt, are all too real," the report says.

Annexations typically involve "values plays," the report says, to bring in the wealthiest properties and expand a city's tax base. "Lower-income communities may or may not want to be annexed, but they are clearly treated differently," it says.

For Bastrop, a majority of its extraterritorial jurisdiction is contract rather than statutory, meaning an interest by the land owner to eventually be a part of Bastrop has already been acknowledged, Mayor Connie Schroeder said. Bastrop's extraterritorial jurisdiction covers nearly 155 miles, while city limits cover 9.4 square miles. Current law limits annexation to 10 percent per year.

"Annexation in general is neither good nor bad but dependent on specific circumstances," Schroeder said. "Every city performs an in-depth cost-benefit analysis and deliberates the details specific to an area under consideration. It is not a decision that can be made in a single council meeting, and it is not entered into lightly."

A study by the Texas Municipal League, which represents cities across the state, makes a concerted argument against the legislation, particularly against points listed in the policy foundation's report. As Municipal League Executive Director Bennett Sandlin put it in an email, "Annexation has been a key part of our state's economic growth."

Numerous city officials within Central Texas agree, calling the legislation unfair for city residents who foot the bill for services and amenities - such as city parks and infrastructure - that residents in unincorporated areas often use.

While all of the property annexed in Smithville over the past five years has been voluntary, there are properties within the city's extraterritorial jurisdiction that benefit from city services - such as the public library, the recycling center, and fire and police departments - without paying into the cost of those services, Tamble said.

"The city plans to annex these properties at some point in the future to help reduce the burden on those property owners who pay city taxes to help fund the aforementioned services," he said.

Lakeway, a fast-growth lakeside community in Travis County, has used annexations to increase its tax base by an average of 244 acres annually from 2012 to 2016.

"People who live in the (extraterritorial jurisdiction) take advantage of city services, use our parks," Lakeway City Manager Steve Jones said. "They don't pay for those things. Sometimes that's just not fair for taxpayers."

Other city officials say they do not aggressively annex properties and often do it for the betterment of communities.

Brad Wiseman, Round Rock director of planning and development, said the city typically acquires open land and currently has no plans to annex any populated communities such as neighboring municipal utility districts. He said adding more to the annexation process could have unintended consequences.

"Sometimes there are neighborhoods that want to be annexed, and we have voluntary annexations," he said. "But if you start adding an element of an election, how does that change things?"

The Pflugerville City Council recently passed a three-year annexation plan, which states that it will not annex any area with more than 100 residential lots. But voluntary annexations of dense residential areas are allowed.

If Campbell's bill passes during the special session, Schroeder said Texas would be the only state in the nation that denies both state financial assistance and annexation authority to its cities.

"Texas has thrived by allowing each municipal government to control their own destiny," Schroeder said. "Each community elects officials and empowers them to make policy decisions, including tax rates and annexation, required to meet the needs of its citizens.

"We have already seen how restrictions on economic growth lead to urban decay. Just ask Detroit."

ABOUT THE LSG:

The Legislative Study Group is an official Caucus of the Texas House of Representatives. The LSG is dedicated to advancing good public policy and ensuring that LSG members and associate members have the necessary information to make the most informed and best decisions for Texas families. Since 1993, the LSG has produced detailed bill evaluations for every bill that comes before the full House. [Click here to read more about the LSG.](#)



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