

- SUBJECT:** Extending the moratorium on annexation strategic partnership agreements
- COMMITTEE:** Land and Resource Management — favorable, with amendment
- VOTE:** 8 ayes — Bosse, B. Turner, Crabb, Howard, Jackson, Krusee, Mowery, Staples
0 nays
1 absent— Hamric
- WITNESSES:** For — Donald Carroll, Anderson Mill Neighborhood Association; David Harper, Anderson Mill Municipal Utility District; Jim Buchanan, Gregg C. Krumme, Springwood Municipal Utility District; Jean Nelson, Elizabeth Elleson

Against — Luther Pollan, City of Austin
- BACKGROUND :** In 1995, the 74th Legislature enacted SB 1396 by Barrientos, codified as sec. 43.0751 of the Local Government Code, outlining procedures for implementing strategic partnership agreements (SPAs) for annexation of special districts. SPAs are written agreements between a municipality and a district that outline which services will be provided and funded by the two parties. Municipalities with limited purpose annexation powers are prohibited from annexing districts created before August 27, 1979, to implement a strategic partnership agreement. This provision expires on September 1, 1997.
- DIGEST:** HB 1028, as amended, would extend the prohibition on annexation to September 1, 1999, and change the date to include districts created before September 15, 1979.

HB 1028 would take immediate effect if finally approved by a two-thirds record vote of the membership in each house.

**SUPPORTERS
SAY:**

HB 1028 would extend the moratorium on annexation to encourage cities to negotiate with in good faith. Current negotiations between the City of Austin and the Anderson Mill Municipal Utility District (MUD) have stalled because the annexation moratorium is scheduled to expire on September 1, 1997. The Legislature should extend the moratorium because of the lack of cooperation by cities to work with MUDs and enter into SPAs.

Cities have all of the advantages when it comes to annexation. With enactment of SB 1396, the Legislature evened the positions of cities and MUDs and allowed them to sit down at the bargaining table as equals. Without SPAs, cities would simply annex a MUD against the strong opposition of the people who live within that district. Requiring the city to sit down and negotiate an agreement with the MUD is the only way to create an annexation plan that can be beneficial to both the city and the MUD. The only way to force a city to the bargaining table is to prevent a city from annexing the MUD by imposing a moratorium.

SPAs are not designed to prevent annexation but to encourage annexations that are agreeable to both parties. Many of the areas subject to the SPA law have accepted that they would eventually be annexed by the central city; they simply want to ensure that the annexation agreement provides the residents of the MUD the same quality of services and other amenities that they had been receiving.

**OPPONENTS
SAY:**

HB 1028 would set a bad precedent by extending the moratorium on annexation for another two years. The Legislature could continue to extend the moratorium during every legislative session, effectively preventing any annexation. The committee amendment would add an additional MUD subject to the annexation moratorium.

Ongoing annexation efforts are hindered during a moratorium because MUDs have no incentive to reach an agreement with a municipality. With the extension of the moratorium, annexation might never happen. Annexation is considered vital to the survival of a city. Without the power to annex new areas, cities can start to lose the bulk of their tax base, creating even greater strain on the taxpayers who remain in the city.

OTHER
OPPONENTS
SAY:

The moratorium is unnecessary because the SPA law currently provides that any city that enters into negotiations cannot annex a MUD for two years after the adoption of the resolution allowing the city to enter into negotiations. Cities that were subject to the moratorium waited until near the end of the current the period to adopt such resolutions.

NOTES:

The committee amendment would change the date of affected districts from districts formed before August 27, 1979, to districts formed before September 15, 1979.

A companion bill, SB 1799 by Wentworth, has been scheduled for a public hearing on May 5 in the Senate Intergovernmental Relations Committee.