

BILL ANALYSIS

Senate Research Center
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S.B. 1069
By: Fraser
Intergovernmental Relations
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As Filed

DIGEST

Currently, a portion of the Sherwood Shores subdivision is part of the City of Granite Shoals, and the remaining portion is an unincorporated area of Burnet County. In 1973, the Burnet County District Court declared the Sherwood Shores property owners' maintenance fees to be trust funds, and the City of Granite Shoals was appointed the trustee of these funds. The City of Granite Shoals collects the maintenance funds directly and uses the funds to maintain parks, recreational areas, and streets in the subdivision, as a trustee. The maintenance fees are often not remitted by the property owners' because the maintenance fees are not ad valorem taxes. S.B. 1069 would provide a voluntary mechanism for the residents of the unincorporated portion of the subdivision to be annexed by the City of Granite Shoals, and would provide that the City of Granite Shoals city council do away with the trust fund.

PURPOSE

As proposed, S.B. 1069 provides a voluntary mechanism for the residents of the unincorporated portion of the subdivision to be annexed by the City of Granite Shoals, and provides that the city council of the City of Granite Shoals do away with the trust fund.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 43C, Local Government Code, by adding Section 43.058, as follows:

Sec. 43.058. ANNEXATION OF CERTAIN AREAS COVERED BY TRUST AGREEMENT.

(a) Provides that this section applies only to a municipality that has been named, by a court order or otherwise, as the trustee of funds for the benefit of any residents of the municipality and also for the benefit of persons who reside outside the boundaries of the municipality.

(b) Requires the municipality to adopt an ordinance or resolution authorizing the dissolution of the trust in accordance with this section, and annex all of the area outside the boundaries of the municipality that contains any person who benefits from the trust.

(c) Provides that the limitations in this chapter on the area eligible for annexation by a municipality do not apply to an annexation conducted under this section. Requires an annexation under this section to be conducted in the same manner as a voluntary annexation under Section 43.024 and is subject to the annexation procedures of this chapter.

(d) Requires any election required by Section 43.024 to be conducted on the first uniform election day occurring on or after the 45th day following the date of the adoption of the municipal ordinance or resolution under Subsection (b)(1).

(e) Provides that the trust is dissolved, on the date the annexation becomes final. Provides that the trust's assets and any rights, including rights to pursue outstanding claims, are transferred to the municipality by operation of law.

(f) Authorizes the governing body of the municipality to increase the municipality's ad valorem property tax rate to a level so that the amount of money collected under the increased portion of the tax rate will equal any trust fund income lost as a result of the dissolution of the trust under this

section, following the annexation of the area under this section. Provides that the amount of money lost as a result of the dissolution of the trust is equal to the amount of money that would have been generated from the collection of all income from the area covered by the trust fund, if all trust income had been timely paid and collected, for the purposes of calculating the increase in the tax rate.

(g) Provides that the increase in the municipality's tax rate under Subsection (f) to offset the lost trust income is subject to a tax rollback election.

(h) Provides that an annexation conducted under this section is final and is not subject to judicial review, except for compliance with any procedural matters.

SECTION 2. Emergency clause.

Effective date: upon passage.