



City of Austin

P.O. Box 1088, Austin, TX 78767-1088

Re: City of Austin Written Testimony in Opposition to HB 2561 & HB 3053

Chairman Burns and Members of Committee on Land and Resource Management:

Thank you for the opportunity to submit written testimony and express the City of Austin's opposition to H.B. 2561 by Representative Tepper and H.B. 3053 by Representative Dean. For the sake of efficiency, since both bills are very similar and, hence, the impact to the City is very similar, please know that I will present our concerns by addressing both H.B. 2561 and H.B. 3053 as "the bills".

The retroactive application of the bills has negative implications on lawful annexations. The bills impact approximately 11,000 residents or 4,000 households. These areas were annexed at a time when those annexations were legal. As outlined in state law, the City provided notice, followed all processes, and have provided services to these areas since. Despite that, as I will outline below, these legal actions will now have serious negative implications on the City due to these bills.

The bills will cause cities to provide the areas that vote to deannex with a refund. Because this bill amends section 43 of the Local Government Code, Sec. 43.148 applies. This provision requires the City to refund money collected in property taxes and fees during the period less money that the municipality spent for the direct benefit of the area during the period. For the City of Austin, each of those refunds would cost approximately \$600,000 to \$4 million.

The bills result in reoccurring unfunded mandates for a process that is already provided for under current law. The bills require that municipalities put up for a vote all areas that were annexed between the dates provided. The sheer number of elections required by this bill would result in large costs that the City would have to expend even if some of these areas are not seeking deannexation. For the City of Austin, this means that the City would be required to hold 19 deannexation elections on November 7, 2023. In contrast to this presumptive approach, current state law provides a process for municipal deannexation that begins with a petition signed by the majority of the qualified voters of the area and that is connected to an objective, fact-finding process to demonstrate a failure to provide City services, a long-held legal threshold for the provision of city services.¹

The passage of these bills will create uncertainty for City budgeting and planning. Cities adopt their budgets in early September; Elections take place in November. By the time the City adjusts for any loss of service area or taxes, another cycle of deannexations can occur. For example, the City has invested \$13 million in a new Fire / EMS Station at Loop 360/Davenport with the intent

¹ Section 43.141 of the Local Government Code provides that, if a city *fails or refuses to provide services* or to cause services to be provided to an annexed area...a majority of the qualified voters of the area may petition the governing body to disannex the area.

to improve response times to certain areas in Austin. That station is due to open Spring 2023. Some of the areas to which this station will serve as a responder are captured by this bill; The station will serve as a primary responder to Lost Creek and a secondary responder to River Place. Should the bills pass and these areas vote to deannex, contrary to the intent of City Council, that station will no longer be located in an area that will contribute to the goal the Austin Fire Department presented to Council: to improve fire services to City residents.

Lastly, the passage of these bills will set a worrisome precedent: What dates may be next? It is with these negative implications and uncertainties in mind that the City of Austin urges you to vote against H.B. 2561 and H.B. 3053.

Respectfully,

A handwritten signature in black ink that reads "Brie L. Franco" with a long, sweeping horizontal line extending to the right.

Brie Franco
Intergovernmental Relations Officer