

Ending Forced Annexation

“These [annexed] areas will generate more revenues than they’re going to use. We’ll be able to use these funds for other parts of the city.” ~ Former San Antonio Planning and Community Development Director John Dugan

Current Law

- State law allows cities to expand their boundaries by unilaterally annexing outlying areas. The process does not afford affected property owners an opportunity to consent.
- Forced annexation means that cities do not have to get buy-in from residents via a public election and can impose new regulations, higher taxes, and sizeable debt obligations on Texans who choose to live outside a city’s jurisdiction.

Problems

Morally

- Forced annexation provides no way for property owners to approve or disapprove via a vote or petition—meaning that the policy permits taxation without representation.
- Citizens who prefer a smaller government and fewer central services may intentionally live outside the city limits. Forcing citizens to become a part of a city denies them the ability to vote with their feet.

Fiscally

- Cities view annexation as a tool to add to their tax base and generate additional revenue. In a March 2012 [study](#), the Texas Municipal League acknowledged as much by stating: “Most cities annex for two basic reasons: (1) to control development; and/or (2) to expand the city’s tax base.”
- Rice University urban planning expert Stephen Klineberg noted to the [Wall Street Journal](#) that: “When rich people go out into the suburbs that is where the money is. You can use that tax revenue to develop the urban core.”
- Annexation can create hardship for homeowners. The city of San Antonio’s Department of Planning and Community Development [estimated](#) that the annual tax bill for a home appraised at \$113,800 could increase by more than 22 percent under its full purpose annexation proposal.
- Cities often underestimate how much it will cost to expand their services to annexed areas, which can mean higher-than-projected taxes for new residents or a dilution of services to current residents.
- Already accumulated debts become the obligation of those forcibly annexed even though these Texans never approved their issuance.

- If cities are truly interested in expanding their tax base—rather than simply extending their control—they can attract new businesses and residents by creating a more competitive economic environment, reducing burdensome regulations, lowering property taxes, and repealing occupational licensing ordinances.

Socially

- Annexation is rarely about improving services for residents and businesses in poor, low-income areas. Instead, most annexations are value plays, seeking to bring in the wealthiest properties that will expand the tax base the most.
- Expansion of the tax base is usually discriminatory, with cities maximizing the value they get from annexation by carefully choosing the properties they annex. To maximize tax value, the most highly appraised commercial and residential properties are preferred to those that yield a lower taxable value. The net result of this is that poor communities are rarely annexed, particularly if other options exist for municipal boundary growth.

Solution

Interim

- During the interim, the House Committee on Land & Resource Management was charged with “study[ing] current annexation policies in Texas.” Its examination of the issue led the committee to [recommend](#) that the incoming Legislature: “**Reconsider annexation reform which will balance the powers between private property owners and municipalities.**”
- During the interim, the Senate Committee on Intergovernmental Relations was charged with studying annexation, “specifically reviewing whether existing statute strikes the appropriate balance between safeguarding private property rights and encouraging orderly growth and economic development.” Its assessment led the committee to [recommend](#) that: “**The legislature should strengthen the annexation process by encouraging greater citizen participation from those impacted by a proposed annexation plan.**”

85th Session

- The 85th Texas Legislature should end forced annexation by giving affected property owners an opportunity to vote and have a greater voice in their destinies.