



# Mythbusters: Annexation

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## Key Points

- Clarity among policy-makers about the disagreement itself is often the first step to successful and impactful reform.
- Forced annexation is based on the idea that the ends justify the means.
- The incentive for cities to enhance their revenue base through annexation will lend itself to cities annexing the more successful, wealthy neighborhoods while leaving poorer residents to fend for themselves.
- Giving a property owner the right to participate in the process *after* a unilateral modification of his property rights does nothing to address the problem that the owner's property became subject to city jurisdiction without his consent.
- No matter how admirable cities' aims, municipal conquest is not justified.

Sound public policy requires clarity. Understanding the reasons for a policy, acknowledging the challenges to it, and pinpointing the areas of disagreement are key to successful reform. Thus, this policy brief aims to identify and directly respond to the key arguments made by proponents of unilateral annexation.

### Myth:

Annexation permits cities to share the financial burden of growth with surrounding areas, without which the cities would languish. The failure to annex prosperous surrounding areas was partially responsible for the economic problems in Detroit and St. Louis.

### Reality:

Municipalities in Texas are not outperforming cities like Newark and Detroit because they can forcibly annex surrounding areas; they are prospering because in general—unlike Newark and Detroit—the Texas Model of low taxes and limited government embraced by the state has created an economic environment that has been beneficial to all.

If anything, annexation prolongs the pervasiveness of poverty within cities' existing boundaries because the policy decisions that created those conditions go unchanged due to the subsidies received from new rural taxpayers. Forced annexation advocates are acknowledging that the intercity parts of many Texas municipalities are poverty stricken, and—rather than proposing a policy solution to encourage prosperity—are telling cities to fake improvement by annexing more affluent outlying areas. It stands to reason that the incentive for cities to enhance their revenue base through annexation will, to some degree, lend itself to cities annexing the more successful, wealthy, and in many instances so-

cially homogenous neighborhoods to improve their immediate fiscal position, leaving poorer residents to fend for themselves. Adding wealthy suburbs to the city's tax base may temporarily improve certain economic indicators, but does nothing to address the underlying structural problems that cause big city governments like Newark and Detroit to absorb and waste taxpayer funds.

### Myth:

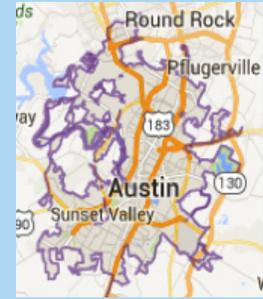
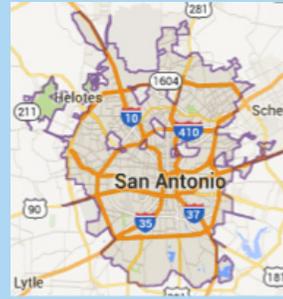
Annexation permits a city to maintain a strong economic base by extending its boundaries to bring in taxable properties and other resources required to finance municipal services.

### Reality:

Cities have better methods of maintaining a strong economic tax base than those that involve undermining the democratic process. Namely, cities can attract new businesses and generate additional tax revenue by loosening regulations, lowering tax rates, prudently managing spending and debt growth, and reducing the footprint of government by adopting the Texas Model.

What's more, cities often underestimate the costs associated with extending their services to newly annexed areas ([Fields and Quintero, 14](#)). Rather than creating efficiencies, the added territory simply strains and dilutes existing resources ([Fields and Quintero, 14](#)). This point was illustrated when the San Antonio Police Officers Association voiced strong opposition to the City's 2015 annexation plans, arguing that the police department was already having trouble meeting current service demands. Mike Helle, president of the police union, even proclaimed, "I think it's [annexation's] a horrible idea. We're barely covering what we've got right now" ([Davila, 2015](#)).

Cities have used the annexation laws to gerrymander municipal boundaries for their benefit, leading to some strangely-shaped jurisdictions:



**Myth:**

Annexation is not a violation of property rights amounting to “taxation without representation” because, upon annexation, the law grants residents of an annexed area the power to vote in all matters relating to the city.

**Reality:**

Giving a property owner the right to participate in the process *after* a unilateral modification of his property rights does nothing to address the problem that the owner’s property became subject to city jurisdiction without his consent.\*

**Myth:**

Cities annex territory as a means of recouping costs, ensuring that residents outside a city’s corporate limits who benefit from access to the city’s facilities and services share the corresponding tax burden.

**Reality:**

Annexation usually doesn’t mean that a city is recouping costs for services it has already provided. Instead, annexation usually leads to a city taking on costs to provide additional services up front, then raking in the area’s property taxes for years to come. Texas law even requires the annexing city to prepare a plan mapping out how the city will extend services to newly-annexed areas ([Texas Loc. Gov’t code section 43.001 Et seq.](#)). For this reason, a 2009 study by Mary Edwards and Yu

Xiao revealed that cities often take out bonds to support the costs of extending services to newly-annexed areas ([Fields and Quintero](#), 14). Bonds to extend services would not be necessary if the city was simply “recouping costs.”

This argument ignores the fiscal contribution already made by people living outside the city limits in the form of sales taxes, gas taxes, fees, etc. For example, a suburbanite who decides to go to dinner in the city will pay a gas tax at the gas station, a toll on the highway into town, sales tax at the restaurant, and a city-imposed taxi fee if he has too much to drink.

If forced annexation advocates are truly concerned with taxing the beneficiaries of their services, then they should instead advocate for a flat sales tax in place of the property tax. In contrast to a property tax, a consumption-based tax would allow cities to capture more revenue from visitors who purchase and use city services. Under the current taxing structure, cities’ reliance on the property tax will never allow them to ensure that residents outside the corporate limits share the full tax burden.

**Conclusion**

The ends do not justify the means. This country was built not only on the concept of liberty, but on the crucial role of due process in maintaining that liberty. No matter how well intentioned cities claim to be, nor how admirable their aims, the ends do not justify annexation without a vote. ★

\* Much of Texas law affirms that a property owner’s rights should not be unilaterally modified without consent or due process. For example, the Texas Supreme Court has held that “[o]ne party cannot modify a completed contract, nor can one owner in a restricted subdivision modify the restrictions without the concurrence of all the others” ([Farmer v. Thompson](#), 355). Similarly a land “purchaser is bound by only those restrictive covenants attaching to the property of which he has actual or constructive notice” ([Davis v. Huey](#), 565-66).

**References**

Davila, Vianna. 2015. “[San Antonio Police Union Comes Out Against City’s Annexation Proposal](#).” *San Antonio Express-News*. October 3.  
[Davis v. Huey](#), 620 S.W.2D 561 (Texas 1981).  
[Farmer v. Thompson](#), 289 S.W.2D 351 (Texas Civ. App.—Fort Worth 1956, writ ref’d N.R.E.).  
 Fields, Jess and James Quintero. 2015. *Ending Forced Annexation in Texas*. Texas Public Policy Foundation.  
[Texas Local Government code sections 43.001.856](#). 2015. Web.

