

CHAPTER 1077

S.B. No. 962

AN ACT

relating to annexation authority of municipalities.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Subsection B-1, Section 7, Municipal Annexation Act, as amended (Article 970a, Vernon's Texas Civil Statutes), is amended to read as follows:

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B-1. (a) No home rule or general law city may annex any area, whether publicly or privately owned, unless the width of such area at its narrowest point is at least 1,000 [500] feet, except that a city may annex an area that is less than 1,000 [500] feet in width if the corporate limits of the city are contiguous with the property on at least two sides; and except that adjacent cities may accomplish mutually agreeable adjustments in their boundaries of areas that are less than 1,000 [500] feet in width. Provided, further, that the prohibition in this section against annexing an area less than 1,000 [500] feet in width shall not apply to any annexation initiated upon written petition of the owner or owners or of a majority of the qualified voters of the area to be annexed *or an annexation which abuts or is contiguous to another jurisdictional boundary.*

(b) Land on an island bordering on the Gulf of Mexico which is not accessible by public road or common carrier ferry facility may not be annexed by a city, town or village, including a home rule city, without the consent of the owner or owners of such land and notwithstanding the provisions of the Municipal Annexation Act (Article 970a, Vernon's Texas Civil Statutes), the extraterritorial jurisdiction of a city, town or village, including a home rule city, shall not extend to or cover any such land on any such island without the consent of the owner or owners thereof. A city, town or village, including a home rule city, is also prohibited from taking property on any such island by exercising its power of condemnation or eminent domain.

(c) All annexation proceedings initiated for the purpose of including the site of a state institution or facility within a city are hereby and in all respects validated as of the date of such proceedings.

SECTION 2. The Municipal Annexation Act, as amended (Article 970a, Vernon's Texas Civil Statutes), is amended by adding Section 7c to read as follows:

*Sec. 7c. CERTAIN STRIP ANNEXATIONS PROHIBITED. A city may not annex during any one-year period any strip of territory, including a strip following the course of a road, highway, river, stream, or creek, that is, at its narrowest point, less than 1,000 feet in width and is located farther than three miles from the preexisting boundaries of the city. All of the land within the extraterritorial jurisdiction of a city as of April 30, 1987, remains subject to all the provisions of this Act that limit or regulate the extension or creation of any jurisdiction by another municipality, and all mutually agreed extraterritorial jurisdictional boundaries are validated and remain in effect.*

SECTION 3. Subsection B, Section 7, Municipal Annexation Act (Article 970a, Vernon's Texas Civil Statutes), is amended to read as follows:

B. A city may annex, *for full or limited purposes*, in any one calendar year only territory equivalent in size to ten per cent (10%) of the total corporate area of such city as of the first day of that calendar year. In computing the total amount of territory which may be annexed in any one (1) calendar year, there shall be excluded from such ten per cent (10%) the following: (1) territory caused to be annexed by a request of a majority of the qualified resident voters in the territory and the owners of fifty per cent (50%) or more of the land in the territory, (2) territory annexed which is owned by the city, the county, the State, or the Federal Government which is used for a public purpose, (3) territory annexed at the request of a majority of the voters residing in such territory, and (4) territory annexed at the request of the owner or owners thereof.

SECTION 4. Subsections A, B, and C, Section 10, Municipal Annexation Act, as amended (Article 970a, Vernon's Texas Civil Statutes), are amended to read as follows:

A. Prior to the publication of notice of a hearing required under Section 6 of this Act, the governing body of the city proposing the annexation shall direct its planning or other appropriate department to prepare a service plan that provides for the extension of municipal services into each area to be annexed. For purposes of this Section, providing services includes having services provided by any method or means by which the city extends municipal services to any other area of the city. *In no event shall a service plan require the creation of another political subdivision, nor shall a service plan require a landowner in the newly annexed area to fund the capital improvements necessary to provide such services in a manner inconsistent with the requirements of S.B. 336, Acts of the 70th Legislature, Regular Session, unless otherwise agreed to by the landowner.*

## B. The service plan shall include:

(1) a program under which the city will provide police protection, fire protection, solid waste collection, maintenance of water and waste water facilities, maintenance of roads and streets (including lighting), the maintenance of parks, playgrounds, and swimming pools, and the maintenance of any other publicly owned facility, building, or service within each particular area within sixty (60) days after the effective date of the annexation of that particular area; and

(2) a program under which the city will initiate the acquisition or construction of any capital improvements necessary for providing municipal services *adequate to serve* ~~[for]~~ the particular area, the construction to begin within two (2) ~~[and one-half (2 1/2)]~~ years of the effective date of the annexation of the particular annexed area, *and to be substantially complete within four and one-half (4 1/2) years of the effective date of the annexation of the particular annexed area*, and the acquisition or construction of the facilities to be accomplished by purchase, lease, or other contract or by the city's succeeding to the powers, duties, assets, and obligations of conservation and reclamation districts, as may be authorized or required by law. *The construction of the capital improvements required under this subsection shall be accomplished in a continuous process and shall be completed as soon as reasonably possible, consistent with generally accepted local engineering and architectural standards and practices; provided, however, the city will be deemed to be in compliance with this subsection if the construction process is interrupted for any reason by circumstances beyond the direct control of the city. The requirement that construction of capital improvements must be substantially completed within four and one-half (4 1/2) years shall not apply to a development project or proposed development project within an annexed area if the annexation of the area was initiated by petition or request of the owners of land in the annexed area and the city and the landowners have mutually agreed in writing that the development project within that area, because of its size or projected manner of development by the developer, is not reasonably expected to be completed within four and one-half (4 1/2) years after the annexation. [No moneys received from the sale of bonds or evidenced by other instruments of indebtedness may be allocated to the annexed area for a period of one hundred and eighty (180) days.]*

C. ~~[(1)]~~ In no event shall a service plan provide fewer services or a lower level of services in the area to be annexed than were in existence in that area at the time immediately preceding the annexation *or which are otherwise available in other areas of the city with land uses and population densities similar to those reasonably contemplated or projected in the newly annexed area*. However, it is not the intent of this Act to require that a uniform level of services be provided to all areas of the city where differing characteristics of topography, land utilization, and population density are considered as a sufficient basis for providing differing service levels. ~~[Nothing in this Act shall be construed to limit or repeal home rule charter provisions providing for annexation for limited purposes other than ad valorem taxation.]~~

~~[(2)] Notwithstanding any other provision of this Act, no city may amend its charter to authorize annexations for limited purposes. Provided, further, the area of a city's extraterritorial jurisdiction may not be extended by any annexations except for full purposes.~~

~~[(3)] Subdivision (2) of this subsection expires June 1, 1987.]~~

SECTION 5. Title 28, Revised Statutes, is amended by adding Article 970c to read as follows:

*Art. 970c. LIMITED-PURPOSE ANNEXATION*

*Sec. 1. APPLICATION TO HOME-RULE CITY. This article applies to home-rule cities of over 225,000 population.*

*Sec. 2. AUTHORITY TO ANNEX FOR LIMITED PURPOSES. The governing body of a city, if authorized under its home-rule charter, by ordinance may annex an area for the limited purposes of applying its planning, zoning, health, and safety ordinances in the area. No city may be incorporated in a limited-purpose area without*

the consent of the annexing city. To be annexed for limited purposes, an area must be:

- (1) within a city's extraterritorial jurisdiction; and
- (2) contiguous to the corporate boundaries of the city, at a point where the city's corporate area is wider than 1,000 feet.

**Sec. 3. PLANNING REPORT AND REGULATORY PLAN.** (a) Before the 10th day before the date of the first hearing required by Section 4 of this article is held, the city must prepare a report regarding the proposed annexation of an area for limited purposes and make the report available to the public. Notice of the availability of the report shall be published at least twice in a newspaper of general circulation within the area proposed to be annexed. Such notice may not be smaller than one-quarter page of a standard-size or tabloid-size newspaper, and the headline on the notice must be in 18-point or larger type. The report must contain the results of the planning study conducted for the area in accordance with Subsection (b) of this section and must contain the regulatory plan prepared for the area in accordance with Subsection (c) of this section.

(b) The planning study must:

(1) project the kinds and levels of development that will occur in the area in the next 10 years if the area is not annexed for limited purposes and also if the area is annexed for limited purposes;

(2) describe the issues the city considers to give rise to the need for the annexation of the area for limited purposes and the public benefits to result from the limited-purpose annexation;

(3) analyze the economic, environmental, and other impacts the annexation of the area for limited purposes will have on the residents, real property owners, and businesses in the area; and

(4) identify the proposed zoning of the area upon annexation and inform the public that any comments regarding the proposed zoning will be considered at the public hearings for the proposed limited-purpose annexation.

(c) The regulatory plan must:

(1) identify the kinds of land use and other regulations that will be imposed in the area if it is annexed for limited purposes;

(2) state in the regulatory plan the date upon which the city shall annex the area for full purposes, which date must be within three years after the date the area is annexed for limited purposes. If the city fails to annex the area for full purposes within the prescribed three-year period, any affected person may petition the district court to compel the annexation of the area for full purposes or the disannexation of such area. Upon a finding that the city has failed to annex the area for full purposes within three years following the date the area was annexed for limited purposes, the court shall enter an order requiring the city to annex the area for full purposes or to disannex the area. If an area is disannexed, the area may not be annexed again by the city for five years. The requirement that an area be annexed for full purposes within three years after it has been annexed for limited purposes may be waived and the date for full-purpose annexation postponed by mutual written agreement between the city and a majority of the affected landowners.

(d) In each of the three years for which an area may be annexed for limited purposes, the city must take certain prescribed steps toward the full-purpose annexation of the area. Failure to meet these planning objectives may render the limited-purpose annexation void as provided by Section 12 of this article.

(1) By the end of the first year after an area is annexed for limited purposes, the city must develop a land use and intensity plan as a basis for services and capital improvements projects planning.

(2) By the end of the second year after an area is annexed for limited purposes, the city must include the area in its long-range financial forecast and must include the area in the city's program to identify future capital improvements projects.

(3) *By the end of the third year after an area has been annexed for limited purposes, projects intended to serve the area must be included in the adopted capital improvements program and must identify potential sources of funding for capital improvements.*

**Sec. 4. PUBLIC HEARINGS.** (a) *Before instituting proceedings for annexing an area for limited purposes, the governing body of the city must hold two public hearings on the proposed annexation. Each member of the public who wishes to present testimony or evidence regarding the proposed limited-purpose annexation must be given the opportunity to do so. At the hearing, the city shall hear and consider the appropriateness of the application of rural and urban ordinances in the area to be annexed for limited purposes.*

(b) *The hearings must be held on or after the 40th day but before the 20th day before the date the annexation proceedings are instituted. A notice of the hearings must be published in a newspaper of general circulation in the city and in the area proposed for annexation, and the notice must be in the format prescribed by Subsection (a) of Section 3 of this article. The notice for each hearing must be published at least once on or after the 20th day but before the date of the hearing and must contain:*

- (1) *a statement of the purpose of the hearing;*
- (2) *a statement of the date, time, and place of the hearing; and*
- (3) *a general description of the location of the area proposed to be annexed for limited purposes.*

**Sec. 5. ADOPTION OF REGULATORY PLAN BY GOVERNING BODY.** (a) *At the time the governing body of the city adopts an ordinance annexing an area for limited purposes, the governing body must also adopt by ordinance a regulatory plan for the area.*

(b) *The regulatory plan adopted by the governing body must be the same as the regulatory plan prepared under Subsection (c) of Section 3 of this article unless the governing body finds and states in the ordinance the reasons for the adoption of a different regulatory plan.*

(c) *The governing body by ordinance may change a regulatory plan adopted under Subsection (b) of this section, if in the ordinance making the change, the governing body finds and states the reasons for the adoption of the change.*

**Sec. 6. PERIOD FOR COMPLETION OF ANNEXATION.** *The annexation of an area for limited purposes must be completed within 90 days after the date the governing body institutes the annexation proceedings.*

**Sec. 7. EFFECT OF ANNEXATION ON VOTING RIGHTS, ELIGIBILITY FOR OFFICE, AND TAXING AUTHORITY.** (a) *The qualified voters of an area annexed for limited purposes are entitled to vote in city elections regarding the election or recall of members of the governing body of the city or regarding the amendment of the city charter. The voters may not vote in any bond election. At least five but no more than 15 days prior to the first election held in which the residents of an area annexed for limited purposes are entitled to vote, the city shall publish notice in the form of a quarter-page advertisement in a newspaper of general circulation in the city notifying such residents that they are eligible to vote in such election, and the location of the polling place(s).*

(b) *A resident of the area is not eligible to be a candidate for or to be elected to a municipal office.*

(c) *The city may not impose a tax on any property in an area annexed for limited purposes or on any resident of the area for an activity occurring in the area. The city may impose reasonable charges, such as building inspection and permit fees, on residents or real property owners for actions or procedures performed by the city in connection with the limited purposes for which the area is annexed.*

*Sec. 8. EFFECT OF ANNEXATION ON EXTRATERRITORIAL JURISDICTION. The annexation of an area for limited purposes does not extend the city's extraterritorial jurisdiction.*

*Sec. 9. CONSENSUAL ANNEXATION. The city shall have the authority to annex for limited purposes any property for which the owner of that land has filed with the city a statement evidencing the owner's desire that the land be annexed for limited purposes. The city may annex the land within 150 days after the date the statement is filed with the city, if the proposed limited-purpose annexation is approved by the city. With respect to any larger parcels of property, consent of at least 51 percent of the total affected territory represented by the respective property owners must be evidenced by appropriate signatures on the limited-purpose annexation request.*

*Sec. 10. EFFECT OF ANNEXATION ON OTHER GRANTS OF AUTHORITY. This article does not affect the authority of a city to annex an area for limited purposes under Articles 1183 through 1187, Revised Statutes, or under any other statute granting the authority to annex an area for limited purposes.*

*Sec. 11. ANNEXATION FOR FULL PURPOSES. On or before the date prescribed by the regulatory plan under Subdivision (3) of Subsection (c) of Section 3 of this article, the city must annex the area for full purposes.*

*Sec. 12. ENFORCEMENT. From and after September 1, 1987, any city annexing an area for limited purposes shall take the steps toward full-purpose annexation as required in Subsection (d) of Section 3 of this article. In the event a city fails to take the steps required in Subsection (d) of Section 3 of this article, any affected person may petition the district court to compel the annexation of a particular area for full purposes or the disannexation of such area. Upon a finding that the city has failed to take the steps required in Subsection (d) of Section 3 of this article, the court shall enter an order requiring the city to annex the area for full purposes or to disannex the area.*

*Sec. 13. CERTAIN STRIP ANNEXATIONS PROHIBITED. A city may not annex for limited purposes any strip of territory, including a strip following the course of a road, highway, river, stream, or creek, that is, at its narrowest point, less than 1,000 feet in width and is located farther than three miles from the preexisting boundaries of the city.*

*Sec. 14. CERTAIN STRIP ANNEXATIONS DISANNEXED. Any city that has annexed for limited purposes any strip of territory as specified in Section 13 of this article shall annex that territory for full purposes by September 1, 1988. In the event the city fails to annex that territory for full purposes by September 1, 1988, that territory shall be automatically disannexed and may not be annexed again by the city for five years.*

SECTION 6. The provisions of Article 970c, Revised Statutes, as added by this Act apply only to limited-purpose annexations completed on or after September 1, 1987.

SECTION 7. Any area annexed for limited purposes prior to September 1, 1987, shall be annexed for full purposes not later than December 31, 1988. If the city fails to complete the annexation of such area for full purposes by December 31, 1988, thereafter any land located in the area shall be disannexed by the city if the owner of the land files with the city a statement of the owner's desire for the land to be disannexed; except that with respect to a platted subdivision, a disannexation statement must be signed by the owners of at least 51 percent of the total territory within the subdivision. Any owner of land annexed for limited purposes prior to September 1, 1987, shall give the city at least 90 days advance notice of his intention to file a statement of his desire to be disannexed from the city. The city shall disannex the land within 30 days after the date the statement is filed with the city. Any land disannexed pursuant to this section may not be annexed by the city for either full or limited purposes within five years after such disannexation.

SECTION 8. Subsection B, Section 8, Municipal Annexation Act (Article 970a, Vernon's Texas Civil Statutes), is amended to read as follows:

B. (1) No political subdivision having as one of its purposes the supplying of fresh water for domestic or commercial uses or the furnishing of sanitary sewer services, roadways, or drainage may be created within the area of the extraterritorial jurisdiction of any city without the written consent of such city *granted in accordance with the provisions of this subsection and the Texas Water Code. The city's consent shall not place any conditions or restrictions on the creation of the district other than those expressly provided in Subsection (e), Section 54.016, Water Code.* Should the governing body of such city fail or refuse to grant permission for the creation of such proposed political subdivision *upon terms mutually agreeable* within *ninety (90)* ~~sixty (60)~~ days after receipt of a written request for same, a majority of the qualified resident voters in the territory of such proposed political subdivision and the owner or owners of fifty per cent (50%) or more of the land in such proposed political subdivision may petition the governing body of such city and request such city to make available to such territory the water *and/or* ~~or~~ sanitary sewer service contemplated by the proposed political subdivision. Should the governing body of the city and a majority of the qualified resident voters and the owner or owners of fifty per cent (50%) or more of the land in such proposed political subdivision fail to execute a mutually agreeable contract providing for the water or sanitary sewer service requested within *one hundred and twenty (120) days* ~~six (6) months~~ after receipt of such petition, such failure shall constitute authorization for the creation of the proposed political subdivision insofar as the provisions of this Subsection are concerned. *If the city fails or refuses to grant permission for the inclusion of land in a district or to execute a mutually agreeable contract providing for the water or sanitary sewer service requested within the time limits herein, the applicant may petition the Texas Water Commission for creation of the district or inclusion of the land in a district. The Texas Water Commission shall allow creation of the district or inclusion of the land in a proposed district upon a finding that the city either does not have the reasonable ability to serve or has failed to make a legally binding commitment with sufficient funds available to provide water and wastewater service adequate to serve the proposed development at a reasonable cost to the landowner. Such commitment shall provide that construction of the facilities necessary to serve the land shall be commenced within two (2) years and shall be substantially complete within four and one-half (4 1/2) years from the date the petition was filed with the city.*

(2) *Upon any appeal taken to the district court from the Texas Water Commission's ruling, all parties to the Texas Water Commission hearing shall be made parties to the appeal. The court shall hear the appeal within one hundred and twenty (120) days from the date the appeal is filed. If the case is continued or appealed to a higher court beyond such one hundred and twenty (120) day period, the court shall require the appealing party or party requesting such continuance to post a bond or other adequate security in the amount of damages that may be incurred by any party as a result of such appeal or delay from the Texas Water Commission action. The amount of the bond or other security shall be determined by the court after notice and hearing. Upon final disposition, a court may award damages, including any damages for delays, attorney's fees, and costs of court to the prevailing party.*

C. *A city shall immediately disannex any land which was annexed for limited purposes and was outside of a city's designated service area prior to the effective date of this Act and which becomes the subject of a valid petition for the creation of a noncity service district as defined in Chapter 54, Water Code, unless such land is annexed for full purposes by the city prior to October 1, 1987, or the date the petition is filed with the city, whichever is earlier. Such disannexation shall occur upon the filing of such petition. A city shall not thereafter annex the land covered by such petition for full or limited purposes within sixty (60) months of such disannexation.*

D. *A city may not unilaterally extend the time periods of this Act through the adoption of preapplication periods or by passage of any rules, resolutions, ordinances, or charter provisions; provided, however, the city and the petitioner may jointly petition the Texas Water Commission to request an extension of such time frames. Authorization for the creation of the proposed political subdivision, insofar as the*

provisions of this Subsection are concerned, shall mean only authorization to initiate proceedings to create such political subdivision as otherwise provided by law. The provisions of this Subsection shall apply only to the area of such proposed political subdivision which lies within the extraterritorial jurisdiction of such city.

*E. If a city annexes a political subdivision for full or limited purposes and such annexation either precludes or impairs the ability of the district to issue bonds as contemplated by the political subdivision, the city shall, simultaneously with the annexation by the city, pay in cash to the landowner or developer of the political subdivision a sum equal to one-half (1/2) of all actual costs and expenses incurred by such landowner or developer in connection with the political subdivision which would otherwise have been reimbursable from bond proceeds under the rules and requirements of the Texas Water Commission.*

*F. Subject to the provisions of this Subsection, a city may annex a political subdivision for full or limited purposes and the political subdivision, its taxing authority, and its board of directors may continue to exist for a period not to exceed ten (10) years from the date of such annexation; provided that at the time of such annexation at least ninety per cent (90%) of the water, wastewater, roads, and drainage improvements for which district bonds are to be issued have been installed and are complete in accordance with the plans of such political subdivision to serve all of the area within its boundaries.*

*G. In addition to any other powers conferred by law, a political subdivision created after January 1, 1985, shall have the power to construct and issue bonds and notes for the design, construction, and maintenance of any roadways necessary to serve the existing or proposed development, including developer reimbursement in the same manner as water, wastewater, and drainage facilities. [This Subsection shall not apply to any such proposed political subdivision where a valid petition seeking its creation has been filed with the county clerk or other legally designated authority prior to the effective date of this Act.]*

SECTION 9. Subsections (a) through (d), Section 54.016, Water Code, are amended to read as follows:

(a) No land within the corporate limits of a city or within the extraterritorial jurisdiction of a city, shall be included in a district unless the city grants its written consent, by resolution or ordinance, to the inclusion of the land within the district *in accordance with the Municipal Annexation Act (Article 970a, Vernon's Texas Civil Statutes) and this section.* The request to a city for its written consent to the creation of a district, shall be signed by a majority in value of the holders of title of the land within the proposed district as indicated by the county tax rolls or, if there are more than 50 persons holding title to the land in the proposed district as indicated by the county tax rolls, the request to the city will be sufficient if it is signed by 50 holders of title to the land in the district. A petition for the written consent of a city to the inclusion of land within a district shall describe the boundaries of the land to be included in the district by metes and bounds or by lot and block number, if there is a recorded map or plat and survey of the area, and state the general nature of the work proposed to be done, the necessity for the work, and the cost of the project as then estimated by those filing the petition. *If, at the time a petition is filed with a city for creation of a district, the district proposes to connect to a city's water or sewer system or proposes to contract with a regional water and wastewater provider which has been designated as such by the Texas Water Commission as of the date such petition is filed, to which the city has made a capital contribution for the water and wastewater facilities serving the area, the proposed district shall be designated as a "city service district." If such proposed district does not meet the criteria for a city service district at the time the petition seeking creation is filed, such district shall be designated as a "noncity service district." The city's consent shall not place any restrictions or conditions on the creation of a noncity service district as defined by Chapter 54 of the Texas Water Code other than those expressly provided in Subsection (e) of this section and shall specifically not limit the amounts of the district's bonds. A city may not require annexation as a consent to creation of any district. A city shall not refuse to approve a district bond issue for*



*any reason except that the district is not in compliance with valid consent requirements applicable to the district. If a city grants its written consent without the concurrence of the applicant to the creation of a noncity service district containing conditions or restrictions that the petitioning land owner or owners reasonably believe exceed the city's powers, such land owner or owners may petition the commission to create the district and to modify the conditions and restrictions of the city's consent. The commission may declare any provision of the consent to be null and void.*

(b) If the governing body of a city fails or refuses to grant permission for the inclusion of land within its extraterritorial jurisdiction in a district within 90 [120] days after receipt of a written request, a majority of the electors in the area proposed to be included in the district or the owner or owners of 50 percent or more of the land to be included may petition the governing body of the city and request the city to make available to the land the water or sanitary sewer service contemplated to be provided by the district.

(c) If the governing body of the city and a majority of the electors or the owner or owners of 50 percent or more of the land to be included in the district fail to execute a mutually agreeable contract providing for the water or sanitary sewer service requested within 120 days [six months] after receipt of the petition, the failure shall constitute authorization for the inclusion of the land in the district under the provisions of this section. Authorization for the inclusion of such land within the district under the provisions of this section shall mean only authorization to initiate proceedings to include the land within the district as otherwise provided by this Act.

(d) The provisions of this section relating to the method of including land in a district without securing the written consent of a city applies only to land within the extraterritorial jurisdiction of a city and does not apply to land within the corporate limits of a city. *If the city fails or refuses to grant permission for the inclusion of land in a district or to execute a mutually agreeable contract providing for the water or sanitary sewer service requested within the time limits contained within Subsection (b) or (c) of this section, the applicant may petition the Texas Water Commission for creation of the district or inclusion of the land in a district. The Texas Water Commission shall allow creation or inclusion of the land in a proposed district upon a finding that the city either does not have the reasonable ability to serve or has failed to make a legally binding commitment with sufficient funds available to provide water and wastewater service adequate to serve the proposed development at a reasonable cost to the landowner. The commitment shall provide that construction of the facilities necessary to serve the land shall be commenced within two years, and shall be substantially complete within four and one-half years from the date the petition was filed with the city. Upon any appeal taken to the district court from the Texas Water Commission ruling, all parties to the Texas Water Commission hearing shall be made parties to the appeal. The court shall hear the case within 120 days from the date the appeal is filed. If the case is continued or appealed to a higher court beyond such 120-day period, the court shall require the appealing party in the case of appeal to a higher court or party requesting such continuance to post a bond or other adequate security in the amount of damages that may be incurred by any party as a result of such appeal or delay from the Texas Water Commission action. The amount of the bond or other security shall be determined by the court after notice and hearing. Upon final disposition, a court may award damages, including any damages for delays, attorney's fees, and costs of court to the prevailing party. Under no circumstances shall land within the corporate limits of a city be included in a district without the written consent, by ordinance or resolution, of the city. The provisions of this section shall apply whether the land is proposed to be included in the district at the time of creation of a district or to be included by annexation to a district. After the effective date of this Act, a district shall not allow the owner of a tract to connect to the district's water or wastewater system unless such tract is a legally subdivided lot which is part of a recorded subdivision plat or is otherwise legally exempt from the subdivision requirements of the applicable governmental authority.*

SECTION 10. This Act takes effect September 1, 1987.

SECTION 11. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on May 25, 1987, by a viva-voce vote; and that the Senate concurred in House amendments on June 1, 1987, by a viva-voce vote. Passed the House, with amendments, on May 30, 1987, by a non-record vote.

Approved June 20, 1987.

Effective Sept. 1, 1987.