

SB 110 DEANNEXATION / CITY SAFEGUARDS
(By Sen. Chip Pearson)

Under current state law, property owners cannot choose whether or not they can deannex from a city regardless of whether or not it has provided the services promised; delivered substandard services for the taxes paid; or grown too large and unresponsive to an individual's needs.

Senate Bill 110 recognizes and respects these persons' choices and property rights. The bill, in short, provides a mechanism by which a city resident can express his or her right to deannex by eliminating the city's current veto power.

Safeguards to Protect Cities

In response to concerns expressed by cities, the following protections were incorporated into the substitute version of SB 110:

1. Deannexation Would Not Be Automatic

In determining whether to grant a property owner's deannexation petition, a county would have to agree. Commissioners would carefully balance choice with the interests of the greater community because county commissioners are accountable to city residents through the ballot box.

2. Stringent Condition for Allowing Deannexation

100% of the owners of property proposed for deannexation must agree to the deannexation. Annexation, by comparison, can be done with the approval of 100% of property owners, 60% of property owners and electors, or a simple majority of residents depending on the method used.

3. Dispute Resolution Process Included

SB 110 now incorporates a dispute resolution process. If a city objects to a deannexation petition for any reason, they are afforded an opportunity to take the case before a mediator and a citizen's review panel. Same process that is in current annexation law for counties, but counties can only object on land use grounds.

4. No Unincorporated Islands Allowed/The Deannexed Area Must Be Contiguous

A deannexed property would have to be contiguous to an unincorporated area, abutting the unincorporated area along either 1/8th of the boundary of the deannexed property or 50 feet'.

5. Infrastructure and Water and Sewer Investments Protected

City ownership and control of city-owned property would not be diminished by deannexation.

If a city is providing water or sewer services, the city could continue to serve the area after deannexation and continue to charge fees to those customers at the same rate as other unincorporated customers.

6. City Reimbursed for Unusable Infrastructure Due to Deannexation

If a city declares that one or more of its facilities (such as a police, fire station or library) is unusable due to a deannexation, the county is required to reimburse the city at fair market value.

7. Impact on Independent School System Revenues Tempered

If the city runs an independent school system, a shift in school taxes from the city to the county school system would be delayed for two years (same as with annexation).

8. Property Owners Could not Skip Back and forth Between City and County

The bill requires a waiting period prohibiting deannexation of property within two years of it being annexed or incorporated. Likewise, the property cannot be reannexed if it was deannexed within the past two years.

9. Bonded Indebtedness/Bond Ratings Protected

If the city has any bonded indebtedness outstanding at the time of deannexation, a special tax district would be created. The property owner or owners would continue to pay that portion of their property tax to the city until the bonds have been retired through the special tax district. Ability to borrow money and bond ratings would not be affected.

10. Limit Loss of City Revenues from Large Corporate Landowners or Lessees

Prohibits certain large corporate property owners or owners of property that lease to large corporations from deannexing without the city's approval if they were located within the municipal boundaries prior to January 1, 2007.

11. No Deannexation by Default

If deannexation of a parcel creates a gap in the city boundaries (i.e., some area of the city no longer directly abuts the city property), municipal territory on either side of the gap would not also be deannexed by default.