

Kingwood Annexation Prompts Flurry of Bills in Texas Legislature

With the recent fracas over the City of Houston's annexation of Kingwood, residents and legislators all over Texas have realized the need for annexation reform.

Sen. Michael Galloway's (R-The Woodlands) SB 313, which would allow a disannexation vote for Kingwood, passed the Senate and has been sent on to the House.

The bill's success stunned many "in the know" who predicted it would never even get out of the committee in the Senate.

As current law stands, a municipality can annex an area within its extra-territorial jurisdiction (ETJ) with relative ease. The municipality needs only a majority of its governing body's approval and a promise to maintain the same level of city services, such as fire protection or emergency medical ser-

vices, to the newly acquired areas in order to annex that area.

Obviously, there is much room to improve annexation law. Legislators are answering the call for revising the procedure and have introduced numerous bills regarding different aspects of annexation.

One of the main points of contention in the existing law is that residents of the area to be annexed have no means of participating in the decision. Several bills, including ones introduced by Reps. Peggy Hamric (R-Houston) and Sylvester Turner (D-Houston), target this problem.

Many of these bills incorporate the same ideas in that virtually all of them require that 1) a municipality hold an election in the area to be annexed and 2) a majority of the qualified voters in

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Bill Would Create North Harris County Regional Water Authority

Ensuring a long-term supply of potable water has been a need in north Harris County for many years. Senate Bill (SB) 1909 would put the responsibility and control of this issue in the hands of those who will pay for it - the people of north Harris County.

Sen. Jon Lindsay has introduced SB 1909 to create a regional water authority which would have the responsibility to develop and execute a plan for providing a long-term source of potable water for all of unincorporated north Harris County. This entity would be required to work in conjunction with the Harris-Galveston Coastal Subsidence District, develop long-range plans for delivery of potable water to the area, examine all alternatives to current groundwater dependency, and implement the plan to reduce

groundwater dependency.

Many water districts in north Harris County support this type of legislation, including the North Harris County Water Users Association (Water Users Association), a group of approximately 50 of the most populated and active utility districts in the north Harris County area.

The Subsidence District has had regulatory authority over all of Harris and Galveston counties since its inception in the late 1970's.

Over the years, there have been several plans for conversion to surface water, but, until 1986, north Harris County had never had a surface-water conversion date of any significance. The 1986 plan imposed a requirement to satisfy at least 80 percent of water demand from surface water by the year 2005.

Soon after the 1986 plan was

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Numerous Housing Bills Would Hurt/Help Non-Profit Housing

House Bill 2798 could be a boon for affordable housing if it is passed in its current form, according to Guy Yandel, chairman of the Texas Association of Local Housing Finance Authorities (TALHFA) Legislative Oversight Committee. HB 2798, by Rep. Ken Marchant (R-Carrollton) was introduced to raise the percentage of Private Activity Bond volume cap from 28 percent to 32 percent for single family programs and from 5 percent to 8 percent for multi-family programs. This is good news for local issuers with more financing needs than available volume cap can supply.

In addition, the bill creates a special set aside for student loans bonds equal to 11 percent of the state total. Student loan bonds have never had their own reserved category in the past. While the dust hasn't completely settled on the terms of the bill, there have been

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Johnson, Radcliffe & Petrov Marks 10 Years of Service

The firm of Johnson, Radcliffe & Petrov, L.L.P. traces its inception to 1987 when Andrew P. Johnson, III left the Houston law firm of Reynolds, White, Allen & Cook to open an office as a sole practitioner.

In 1991, Ross J. Radcliffe joined Johnson, and the firm became Johnson & Radcliffe, L.L.P. Previously, Radcliffe has been a Participating Associate Attorney with the Houston law firm of Moriarty & Madigan.

In the spring of 1994, Alan P. Petrov joined the firm, and the firm changed its name once again to become Johnson, Radcliffe & Petrov, L.L.P. Prior to joining the firm, Petrov, who is a board certified in Administrative Law, had been the Assistant Director of the Texas Water Commission's Legal Division and then an associate of the Houston law firm of Sewell & Riggs, P.C.

The clients are primarily governmental entities, including municipalities, housing finance corporations, and municipal utility districts, with a variety of needs, ranging from litigation to contract negotiation to elections and public finance.

The diverse experience of the firm's partners, in regulatory, environmental, real estate development, finance and litigation matters, offers the ability to meet the varied needs of such clients.

"The firm is committed to establishing and maintaining a long-term relationship with each of our clients. We believe each client deserves our full attention," Johnson says.

"We also understand that the key to the success of any professional engagement is the trust and confidence that develop between the firm and the clients. We believe strongly in respecting and protecting that trust." ■

Dual Office Holding -- Can One Person Wear Two Hats?

We are often asked whether or not a public official may serve in two separate capacities at the same time. For example, can a city council member also serve as a director of a water district or can a water district director also serve as a school board trustee?

The answer depends on the offices in question.

The Texas Constitution, Article XVI, Section 40, prohibits any person from holding two "offices of emolument." An emolument is defined as a thing of value.

If a person receives anything of value for serving as an officeholder, even if the value is small, the office is considered an "office of emolument."

For example, if city council members are paid \$10 for each council meeting they attend, the city council member's office is an office of emolument, and the council member may not serve in any other office of emolument.

An important point to note is that the officeholder may not avoid this constitutional prohibition by simply refusing to accept the salary. The Texas Attorney General has held that an office is an office of emolument if the applicable law provides for a payment to the officeholder – regardless of whether or not the officeholder accepts the payment.

In some cases, the officeholder receives no payment. For example, the office of a school board trustee is not an office of emolument.

Does this mean that a school board trustee can serve in any other public office that he or she wishes? Not necessarily.

The common-law doctrine of incompatibility prevents a person from holding two offices even if he or she does not get paid for either.

More specifically, Texas courts have routinely held that a person may not hold two offices if one office is incompatible with the other. Two offices are incompatible if the

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Suni Blue Joins Firm

Suni Blue is now legal secretary to Ross Radcliffe and Alan Petrov. She brings 19 years of legal experience to JR&P. Suni is married to James Blue and has one son, Billy Gibson, who will be graduating from Westfield High School this year. ■

Bills Filed to Allow Home Equity Loans

Three bills filed in the Texas Legislature would finally end this state's constitutional ban against homeowner's borrowing against home equity for purposes other than home improvement.

Sen. Jerry Patterson (R-Pasadena) filed SB 173, also known as the "Bankers Bill." Its companion legislation is HB 1188, files by Rep. Debra Danburg (D-Houston), and SJR 12. (The Bankers Bill got its name because it contains language that is more favorable to the lender.)

The second bill, SB 210, known as the "Realtors Bill," comes out of Sen. Chris Harris's (R-Arlington) office. Its corresponding House version is HB 447, submitted by Rep. Steve Wolens (D-Dallas) and the corresponding resolution is SJR 13.

A third bill regarding home equity, SB 214 filed by Sen. Drew Nixon (R-Carthage) allows the loan only for a business homestead.

Should any of these bills pass, qualified voters in Texas would have the opportunity to vote on a constitu-

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Bill by Rep. Bosse Would Send Water Board Directors to Classroom

A bill filed by Rep. Fred Bosse (D-Baytown), HB 1660, would require a director to obtain at least six hours of training within one year after election or appointment to a water board.

Training, which would be provided by the Association of Water Board Directors or other organizations, would cover (1) role and functions of the district, (2) district finances, (3) duties and responsibilities of a director, (4) TNRCC rules, (5) investment requirements, (6) open meeting law requirements, (7) open records law requirements, (8) ethics, and (9) applicable tax, election and local governmental laws.

A director who failed to complete the training or submit the certification of completion to the board would be notified by the district within 60 days and face possible removal from the

board by a majority vote of the remaining directors if training were not completed. Districts would be required to reimburse directors for reasonable expenses incurred in completing the required training.

(Relax! If it passes, this law will apply only to new directors after September 1, 1997.)

In other words related legislation, a district within the extraterritorial jurisdiction (ETJ) of two cities would be able to select, by board resolution, the city ETJ in which, it would remain (HB 2582, Hilderbran, R-Kerrville).

If SB 834 passes, counties may get into the water and sewer system business (Armbrister, D-Victoria).

Districts with general managers will be able to authorize the general manager or other employee of the district to execute documents if SB 968 passes (Lucio, D-Brownsville). ■

Housing Bills

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several proposed amendments which would have negatively affected local issuers ability to finance housing projects.

One proposed amendment, which was defeated, was to require multi-family applications to meet certain qualification standards (to be determined by the Bond Review Board). Without meeting these standards, multi-family projects would not have been available for the lottery which assigns allocations priority to private activity bond financings.

Another defeated amendment, which was proposed by the lobbying effort of the pollution control facilities, would have eliminated the ability for single family issuers to receive an allocation after September 1st. Had this amendment been successful, housing finance corporations would have had a net loss of about \$47,500,000 in volume cap annually.

Another interesting bill, introduced by Rep. Hill, HB 1410, adds affordable housing to the powers of an economic development corporation. Perhaps legislation should be crafted to add economic development powers to housing finance corporations as well.

On another note, one of our housing clients is advocating legislation which, if adopted, will make clearer to cities and counties the legality of selling or donating tax-foreclosure property to non-profits or housing finance corporation. As the law stands now, property that has been foreclosed on usually must be offered for fair-market value, which includes the total of liens, back taxes and civil penalties against the property. Not only does this amount normally exceed real property value, but the law also stipulates a three-year period following the sale in which the foreclosure can be contested. This provision not only exposes the buyer of the foreclosed property to litigation, it also deters title insurance companies from providing title insurance.

Changes to the Texas Property Tax Code can help to encourage development in neighborhoods all over the state.

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Annexation Bills

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this area approve the annexation. (An election would not be necessary if there were no qualified voters residing in the area.)

Another group of bills deals with the extension/maintenance of city services. Under current law, a municipality must provide equal or better city services than the area proposed for annexation currently enjoys. One of the major points in most of the bills concerns the service plan offered by the municipality. Currently, only the annexing party needs to approve the service plan (which carries the weight of a contractual obligation.)

Sen. Jon Lindsay (R-Houston) is trying to change this stipulation. One of the provisions in Sen Lindsay's SB 955 is that both the governing body of the municipality and the governing bodies of any municipal utility or special districts in the area approve the service plan.

The bill goes even further in promoting the involvement of the proposed annexed area. In fact, the bill would require the municipality to

contract the existing service providers, should a majority of the voters in the proposed area vote to do so in an election held for that purpose.

Sen. Lindsay is also among a group of legislators, including Reps. Crabb (R-Humble) and Rabuck (R-Conroe), who among others, are interested in changing another important aspect of annexation law – the right of residents in a newly annexed area to participate in local elections.

Currently, a municipality may hold an election after the annexation but before the U.S. Justice Department grants clearance of the annexation thereby confirming that the annexation met all of the stipulations that make it legal.

By having an election before the Justice Department declares the annexation legal, the residents of the annexed area are denied the right to participate in the election. Several bills have been filed which, if passed, would ensure that citizens are never again denied this fundamental right. ■

Bullock Calls Water Issues Major Priority

Lieutenant Governor Bob Bullock began the 1997 Session of the Texas Legislature by announcing that state water issues were a major priority. To address these issues, Sen. Buster Brown (R-Lake Jackson) filed Senate Bill No. 1 (SB1) entitled "An Act Relating to the Development of the Water Resources of the State; Providing Penalties."

Shortly thereafter, State Rep. Ron Lewis (D-Mauriceville) filed a companion bill (HB 5) in the House which was identical to SB1.

SB1, as files, was an omnibus bill that proposed a number of amendments to the Texas Water Code. The bill was 166 pages long and addressed varied issues affecting state and local water resources and the development, financing, and management of those resources.

As with any major piece of legislation, many different entities from all over the state have been commenting

on SB 1. As of this writing, the Senate has passed the bill with several committee changes as well as twelve floor amendments. The engrossed bill changes SB 1 in two primary ways. First, the requirement of state drought planning by TWDB has been replaced by regional planning. As currently proposed, the TWDB would designate areas for regional planning. These regional planning groups would be responsible for drafting regional water plans, which would then be submitted to the TWDB for review and approval.

Second, the engrossed bill scales back the powers that were proposed to be given to groundwater districts. Specifically, the power to assess administrative penalties has been removed from the proposed legislation.

Two of the more interesting amendments allocate authority. According to one amendment, if voters fail to create a ground water district in a

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Variety of Changes Proposed For Appraisal Districts; Taxation

On the topic of taxation, the biggest change proposed in the legislature is the reorganization of appraisal districts.

Under a system proposed by Sen. David Cain (D-Dallas) in his SB 841, the five-member board of directors currently selected by the taxing units, including water districts, would become elected officials, one from each of the four county precincts and one at large. Vacancies would be filled by commissioners court.

Districts would no longer be entitled to participate on the appraisal district's acquisition, construction or conveyance of real property, on the budget, or on the fiscal-year cost-allocation method. The districts also no longer would be entitled to receive a copy of the annual audit.

Another bill, HB 1361 filed by Rep. Clyde Alexander (D-Athens) would change control of the administrative and judicial review of property tax determinations.

Control of all aspects of the appraisal review boards (ARB) would shift from the appraisal district board to a majority of the state district judges in each county. ARB hearings would not be held in the appraisal district building. (Perhaps this is to give the appearance of more independence.)

The bill would also give jurisdiction to hear property valuation appeals to the State Office of Administrative Hearings. The appraisal district would be required to reimburse the State for the cost of the hearings, and if the property owner won the appeal, he/she would be able to recover a portion of the costs of the appeal (including attorney's fees). The amount recoverable, would depend on the success of the appeal.

Another bill, which was filed by Rep. Mark Stiles (D-Beaumont), HB 2201, would cap the attorney's fees at \$5,000 for a property owner who appeals successfully. It would also allow

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Calendar of Events

April

- 23-25 Texas Municipal League (TML) William "King" Cole Workshop on Basic City Management – Session II, College Station
- 25-26 Association of Water Board Directors (AWBD) Mini-Conference, El Paso
- 28 AWBD Candidate Resolution Deadline

May

- 7-9 Texas Municipal Utilities Association (TMUA) Spring Meeting, Austin
- 9 TML, Public Funds and Investments for Small Cities – Location TBA
- 14 AWBD May Meeting, Houston
- 14-16 Texas Municipal Personnel Association (TMPA) Mid-Year Conference, South Padre Island
- 15-16 Texas City Management Association Peer Relations Seminar – Location TBA

June

- 6-10 Texas City Management Association (TMCA) Annual Conference, Plano
- 11 AWBD June Meeting, Houston
- 11-14 Texas Public Works Association (TPWA) Annual Conference & Exhibition, Corpus Christi
- 12-13 Texas City Attorneys Association (TCAA) Conference, South Padre Island
- 16 AWBD Summer Conference Registration Deadline w/o penalty
- 19-20 TML Legislative Update, Austin
- 23-24 TML Legislative Update, Dallas
- 26-27 TML Legislative Update, Houston
- 26-28 AWBD Summer Conference, Corpus Christi

Texas Municipal League (TML)
(512) 719-6300

Association of Water Board Directors
(AWBD)
(713) 932-0122

Texas Association of Local Housing
Finance Agencies (TALHFA)
(281) 487-8772

Home Equity Loans CONT'D FROM PAGE 2

tional amendment that would enable homeowners to use their homestead as collateral to secure the payment of an equity loan.

The Realtors Bill prohibits a lender from demanding earlier payment on a loan if the homestead value decreases in market value. The Bankers Bill has the same provision but qualifies the statement by saying that a lender cannot demand earlier payment if the value decreases, unless the decrease is caused by 1) substantial damage or destruction to the property, 2) a condemnation or taking of the property, 3) the discovery of an environmental hazard on the property, or 4) the use of the property in a manner that constitutes waste on the property or a nuisance.

The Bankers Bill also does not prohibit a lender from refusing to make additional advances under an equity loan, if the value of the homestead property decreases (if such is permitted by the loan documents).

The Bankers Bill also does not prohibit a lender from refusing to make additional advances under an equity loan, if the value of the homestead property decreases (if such is permitted by the loan documents.)

The Bankers Bill also allows lenders to refuse additional advances if the borrower has defaulted in another loan – regardless of whether the homestead secures that loan or whether the indebtedness owed is to the lender or to another creditor.

Under the Realtors Bill, however, the lender could possibly forfeit all principal and interest on the equity loan and pay court-set attorney fees if the lender fails to make the loan advances required by the loan documents

The two bills have many more compelling differences. Both bills impose a limit as to how much debt can accrue against a homestead. Under the Bankers Bill, the sum of all debts against a home cannot exceed 90 percent of the value, whereas the Realtors Bill stops the debt at 80 percent.

The Bankers Bill also allows the borrower three days to change his/her mind once the loan is executed, without facing further obligation, while the

Realtors Bill allows the borrower five days.

The Realtors Bill also makes the loan much harder to obtain. The bill defines an equity loan as a loan that can only be made if:

- 1) the lender directly pays an educational institution for the education of the borrower or a member of the borrower's family, or
- 2) the lender directly pays a medical institution for medical treatment of the borrower or a member of the borrower's family, or
- 3) it is a reverse mortgage to the borrower, or, if it is not for the purpose of one of the three aforementioned conditions then
- 4) it can only be an extension of credit which is the only debt secured by the homestead and requires that any debt secured by the homestead be paid in full prior to the closing of the equity loan.

The Bankers Bill defines the loan as an extension of credit that is secured by a voluntary lien or other consensual security interest in a homestead created with the consent of each owner and each owner's spouse, if married.

Besides the fundamental differences in the definition of an equity loan, the bills differ in that the Bankers Bill also has a lot more administrative provisions spelled out. First, all lenders must report their home-equity activity annually. Second, the Consumer Credit Commissioner shall establish an equity-loan recovery fund financed by the lenders for the purpose of reimbursing borrowers whose problems arise from the dishonesty/misrepresentation of an authorized lender or for fees ordered by a court against a lender who is unable to make the payment.

The Bankers Bill also creates the Division of Access to Financial Services to monitor the availability and quality of the home-equity loans.

Allowing a homeowner to borrow against home equity is a law that 49 other states already enjoy. ■

Real Estate Bills Cover Indemnity Criminal Checks, Plats

Proposed legislation related to real estate and development covers a broad range. Some bills would limit indemnity provisions in real estate services contracts – for example, from design to cleaning as in Rep. Holzhouser's (R-Victoria) HB 96. HB 342 by Rep. Solomons (R-Charrollton) would require all lease agreements to have a disclosure to the effect of: "This lease is negotiable even if you have been told that it is not. Consult your attorney!"

HB 16151 filed by Rep. Glen Maxey (D-Austin) would even require landlords to pay interest on security deposits.

Another bill would expand criminal conviction checks of employees at apartment projects to include arrests and indictments, not just convictions.

Sellers should beware another disclosure form is proposed in HB 1665 filed by Rep. Oliviera (D-Brownsville), to be delivered to purchasers with a real estate contract. This time it is for known subsurface conditions such as pipelines, tanks and storage facilities. If you didn't have it, the buyer would have a free "out" within seven days.

In addition, a bevy of bills relate to the filing or the approval of subdivision plats. Some require a 90-day approval process for plats, including a publication of notice of the plat, as well as direct notice to landowners, tenants and easement owners within 1,500 feet of the subdivision prior to a public hearing. Another bill, HB 2317 filed by Rep. Rangel (D-Kingsville), would require city action on a plat within 90 days, while yet another would allow variances to be granted in economically distressed areas.

A plat in a critical water area (under proposed SB1) could not be approved until water availability and quality were proven in sufficient quantity to support development to the satisfaction of the county. Any proposed water system in the subdivision would have to be built and operated within certain standards. ■

Water Authority Bill CONT'D FROM PAGE 1

adopted, there was an attempt to create Harris County Regional District Number 2, which would have encompassed a small area of north Harris County along the populated area of FM 1960, from Interstate 45 west to State Highway 249.

At the time, residents actively opposed creation of this taxing unit for many reasons. First, they believed that the size of the area to be included in the project was too small to be cost effective. Second, the proposed project did not solve a regional water supply problem. Additionally, there was no significant subsidence in north Harris County, and the projected lowering of the water table by the Subsidence District was not a realistic projection.

The District was, in fact, created by the Texas Water Commission in a split decision – but the measure was defeated by a vote of 7,000 to 1,000 in a subsequent confirmation election.

In 1992, the Subsidence District revised its plan, accelerated the surface water conversion date for north Harris County to 2002 and delayed the conversion date for west Harris County to 2005.

Subsidence and water table decline in west Harris County are significant and verified by the Subsidence District's own measuring equipment. The decline is largely due to the operation of 94 City of Houston water wells in six well fields, from Spring Branch to Jersey Village to Alief.

The Subsidence District believed that the north Harris County area should convert to surface water first, since it was closer to the source of surface water, Lake Houston. As a result, two groups came forward with plans to build what was then estimated to be a \$600 million surface water-conversion facility, as projected by the City of Houston.

A third group, the Water Users Association, was instrumental in causing the Subsidence District to re-examine the 1992 plan, a revision which has not been completed in almost two years. The main goal of the Water Users has been to plan for and ensure a long-term supply of potable drinking water for the north Harris County region.

Prior to this legislative session, there was growing concern that another attempt from outside the region to control surface water delivery would be made. At press time, a proposed bill from the City of Houston would put the City in total control of surface water projects, including cost and timing in exchange for payments of about \$35 million per year from almost all districts in the ETJ and a 15 year annexation moratorium for districts which cooperate with the city.

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Why create a new government? As proposed in SB 1909, the three most compelling reasons for taking this action are (1) local control, (2) to fix current problems efficiently, not build a monster project tomorrow, (3) to remove a city argument for annexation and, (4) cost control.

Each of several earlier attempts were conceived by interests outside the region, with the plan to solve the problem by automatically building a multi-million-dollar project. With locally elected directors focused on ensuring a long-term supply of potable water, any project would come from internally driven need rather than from externally imposed reasons. Local concerns of cost and timing would be under local control.

The district would also be able to participate meaningfully in regional drought planning required by SBI (See related story, p. 4).

In the recent annexation of Kingwood by the City of Houston, one of the most often stated reasons for the annexation was that "residents of the City's extraterritorial jurisdiction (ETJ) do not contribute to large capital projects like they should, particularly large

water projects." Another rationale offered by the City is that had Houston not been on surface water, the City would have had to continue to drill wells northward and to deplete the aquifers earlier.

The proposed district would be able to handle long-term water needs for the area.

Whatever the solution, long-range planning for a reliable source of quality potable water is critical to long-term growth in the area. The Regional District would be required to perform long-term planning so the region could remain self-sufficient in water needs.

The district would not replace districts currently operating or curtail the powers of those districts.

All political rhetoric aside, now is the time to solve the problem, which has not been resolved for more than 10 years. ■

Increased Costs Proposed for Water/Sewer Systems

In other legislation affecting all wastewater discharge permittees, SB 1340 (Brown, R-Lake Jackson) would increase the maximum annual waste treatment inspection fee from \$11,000 to \$25,000. Could it be that permittees are in line for a significant increase in this fee from the TNRCC?

Speaking of fees, Rep. Ron Lewis (D-Mauriceville) has sponsored HB 1802, which would authorize authorizing the TNRCC to assess a fee, to be collected from each public water supply system in Texas, of up to \$1 per connection per month. Public water systems would be able to retain 5 cents per connection to offset collection costs. This fee appears to be in addition to the current TNRCC regulatory assessment fee.

Similar annual water rights fees would be imposed on industrial, irrigation, electric power water users, and holders of water rights. The proceeds would provide for grants and loans for state and local entities to conserve, convey and develop surface or underground water resources. ■

Taxation CONT'D FROM PAGE 4

the appraisal district to recover up to \$5,000 in attorney's fees against the property owner and allow the court to impose a penalty on a property owner who is found to have brought the appeal in bad faith. The penalty would be added to each taxing unit's tax bill to the taxpayer.

Tax foreclosure sales would have to occur at the time and place specified in the court order according to another bill, HB 1651 filed by Rep. Bill Siebert (R-San Antonio). This provision would defeat a foreclosure trick (currently allowed) by some sellers, to appear later

in the day than the normal 10:00 a.m. starting sale time to ensure no other bidders are present.

Several bills require the taxing units to elect either the value of the property or personal worth of the property owner as remedies for satisfaction of a tax liability.

Others would extinguish personal liability at the time of a tax sale.

Another bill, SB 974 filed by Sen. John Carona (R-Dallas) would allow taxing units to recover any environmental remediation costs incurred as to tax-foreclosed property. ■

Dual Office Holdings CONT'D FROM PAGE 2

officeholder in one position would have decision-making authority over matters directly affecting the other office position.

The office of school board trustee provides some good examples. That office would not be incompatible with the office of water district director. Attorney general opinions have held these positions are not incompatible even if they have jurisdiction over completely separate activities.

However, serving as a school board trustee is incompatible with serving as a member of the county appraisal district's appraisal review board because the property values the appraisal review board determine have a direct impact on the tax rate the

school board trustee sets.

In conclusion, a person may hold two offices only if 1) at least one of the offices is not an office of emolument and, 2) the duties or responsibilities of the two offices are not incompatible.

Finally, a special word should be included for persons who receive state funds for their salary. The Texas Constitution does not prohibit such persons from serving as members of the governing bodies of school districts, town, cities or other local governmental districts. However, state employees and other individuals who receive all or part of their compensation from funds of the State of Texas are prohibited from receiving a salary for serving in such capacity. ■

Bullock Calls Water Issues CONT'D FROM PAGE 4

priority groundwater management area, then, the TNRCC and the TWDB can issue a report to recommend the creation of a groundwater district by the Legislature. Another recommendation could be the annexation of a priority groundwater management district into an existing district by the Legislature or the management of the area by the nearest TNRCC regional office.

Another amendment creates a legislative audit review. Under this amendment the state auditor, with the assistance of the TNRCC, the TWDB

and the Parks and Wildlife Department, determines whether a district is actively engaged in achieving the objectives of the district's long-term management plan.

The proposed bill, however, contains a number of controversial sections.

Given the time remaining before the legislative session ends, it is still impossible to predict what form SB 1 will take when and if it is finally passed. However, given the all-encompassing nature of the legislation, this is one bill worth watching. ■

Humorous Legislation

Did you know there has been legislation filed to designate: ... Waxahachie as the Grape Myrtle Capital of Texas?... Rodeo as the Official Sport of Texas? The guitar as the Official State Musical Instrument?... Picante sauce as the Official State Sauce of Texas?... The City of Jefferson in Marion County as the official Bed & Breakfast Capital of Texas?... The cast-iron Dutch oven as the Official State Cooking Implement? Aren't you glad to see your tax dollars hard at work? ■

Housing Bill

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The proposed changes would help non-profits and HFC's in their efforts to develop affordable housing. A taxing entity would be able to sell the property to a non-profit or any other party for less than both fair market value and the amount of the tax deficiency judgments against the property, if that taxing entity has the consent of all the other taxing units.

ALL TO OFTEN,
INFILL DEVELOPERS PURCHASE A
PROPERTY AND LEAVE IT
ABANDONED AND UNDEVELOPED
UNTIL THE VALUE INCREASES...
THIS REFORM OFFERS
A BETTER ALTERNATIVE.

These changes, if implemented, are advantageous to communities in two ways. First, they would spur the development of abandoned and blighted properties and second, they would return the property to the tax rolls, thereby increasing the tax base of the community.

Although several bills obtain this result for non-profits, such as HB 110, 111 and 112 filed by Rep. Helen Giddings (D-Dallas), they do not extend the same advantages to HFC's. In fact, some non-profits are attempting to exclude HFC's in order to narrow the competitive field. This undermining is dangerous to the cause of reform what would benefit the public good and return property to the tax rolls. ■

