



City Council Announces Extension of Time Periods For Agricultural Non-Annexation Agreements

FOR IMMEDIATE RELEASE

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TERRELL - On March 20, the Terrell City Council held two annexation public hearings at the Terrell ISD Jamie Foxx Performing Arts Center. As a follow up, the Council met in Executive Session on March 21 following their regular meeting. At that time, they directed City staff and the legal team to work on extending the period of time designated in agricultural non-annexation agreements from four years to a longer term. This decision allows the City to be responsive to public comments, while staying consistent with City goals and State Law.

"Attorneys will be working with property owners to discuss agricultural non-annexation agreements that will allow those owners to remain outside of the City limits for 15 years. The City seeks to always work with individuals through a process like this," said Mayor Rick Carmona.

In addition, the City of Terrell has published a collection of answers from the most frequently asked questions from the 12:00 p.m. and 6:00 p.m. public hearings. Our staff is responding individually to those who had questions about private parcels or who had provided specific questions to specific staff members.

Why is the public not allowed to vote on the proposed annexation?

State law in effect on January 1, 2019, does not provide for a public vote before a city initiates annexation proceedings. Due to the grandfathering provisions in the 2019 annexation legislation (HB347), Terrell's annexations are under the January 1, 2019 law.

Why is the timeframe so short?

Texas state law mandates that a city council in Texas must have its final vote on any proposed annexation not more than 40 days after the 1st public hearing. The 40-day time constraint is not one imposed by the City of Terrell or any other city in Texas; rather, it is a deadline created the Texas state legislature, included in the law as it stood on January 1, 2019.

Can the city afford to provide services to newly annexed areas?

Due to existing police and fire mutual aid agreements and public safety protocol, City police and fire personnel are already responding to areas within one mile outside the city limits. Since all proposed annexations pertain

to areas within one mile of the existing city limits, the City is confident it has the financial ability and resources to provide adequate police and fire services to these areas.

How will streets in those areas designated to be annexed be maintained by the City?

The Texas Department of Transportation already bears primary responsibility for street maintenance in certain areas that the City proposes to annex. For those areas that are accessed by county roads, the City has the ability to add these limited county roadways to its maintenance responsibilities.

Will current city residents be paying the property tax reimbursements for newly annexed property owners?

No, all reimbursements provided under the no-contest agreement will be funded exclusively by actual property taxes paid by the owners of newly annexed properties. This is why the City's proposal requires that owners of newly annexed properties pay their full property tax bill before being reimbursed solely for certain City property taxes.

Can the agricultural non-annexation agreements be longer than 4 years?

The City Council has listened to the request that a longer period of time be applied to the agricultural non-annexation agreements. Consistent with state law, cities typically make agreements for a minimum of one year and a maximum of 45 years. All agricultural non-annexation agreements entered into by the City of Terrell since 2010 have been for three-year periods with voluntary annexation immediately following. Agricultural non-annexation agreements in the 2023 annexation considerations were presented as four-year agreements.

Council met in Executive Session on March 21 following their regular Council meeting. At that time, they directed City staff and the attorney team to work on extending the period of time designated in agricultural non-annexation agreements from four years to a longer term. This allows the City to be responsive to public comments, while staying consistent with City goals and allowable by state law. These agricultural non-annexation agreements will allow those owners to remain outside of the City limits for a term of 15 years.

Can homeowners be treated like agricultural property owners?

No. The only exception to annexation in both the January 1, 2019 version of the law and the post-HB347 version of the law is for agricultural properties. It is important to note this is also connected to the annexation geometry requirements. There are a variety of State Law requirements on annexation geometry. Our current zones all meet the State Law requirements. If the City starts removing properties because the owners didn't sign a no contest agreement or aren't eligible for an agricultural exemption, the entire annexation could be unlawful.

On the other hand, State Law allows the agricultural non-annexation agreements to create lawful "holes" in the City Limits. That is why the City requires those agreements to convert to a voluntary annexation at the end of the term. The fact that State Law is written to exclude homeowners without an agricultural exemption is unfortunate and that is the reason the City created the no-contest program.

As an exception, please note there are limited cases in which a home may be on agricultural land. The City will, of course, honor such instances, meaning the home could be included along with a valid agricultural non-

annexation agreement, conditioned on the requirement that the land already has an ag exempt status from the Kaufman County Tax Assessor.

What happens to an agricultural non-annexation or no-contest agreement if the property is sold or transferred?

The agreements run with the land, meaning the landowner, as part of the real estate transaction, must disclose the agreements. The new owner is subject to the same terms and conditions.

Will the City consider extending the reimbursement period for the no-contest annexation agreements?

This program was created by City Ordinance No. 2954, passed by the City Council on February 21, 2023. Extending the duration or amount would require the City Council to rescind the term of the old ordinance and adopt a new term by ordinance for a new reimbursement schedule. This request is currently under legal review.

Can the City annex land outside its extraterritorial jurisdiction (“ETJ”)?

Texas state law requires that, with a very limited exception that is not applicable here, any land proposed for annexation must be located within a city's ETJ. All land identified in the proposed annexations is located within one mile of the Terrell's existing city limits and therefore within its existing ETJ.

Why do I need service by the Terrell Police Department if I am already served by the Sheriff's Department?

Current City residents pay both the City tax rate and the County tax rate. This means City residents are paying for the Terrell Police Department, the County Sheriff's Office and the County Constables. Current County residents only pay the County tax rate. With only 85 homes over 7,300 acres, this makes sense for today. However, since Kaufman County is the fastest growing County in the nation, it is very likely that a very large number of homes will be built on those 7,300 acres in the upcoming years. Those homes will be constructed regardless of whether or not the City of Terrell annexes. Annexing the vacant land today ensures that the Terrell Police Department will be the lead jurisdiction for those future homes. This is a primary factor for the City. Failure to annex these agricultural properties today, or failure to secure them in agricultural non-annexation agreements with voluntary annexation upon commencement of development would mean that the County tax rate would be the only source of income to cover crime prevention in the future. When thousands of houses are constructed, both the City tax rate and the County tax rate will be necessary for effectively policing the higher density of homes. The City is committed to public safety both today and in the future.

When Ham Orchards closes for the season, is the property considered abandoned?

No, it is not abandoned. Ham Orchards' seasonal sales period is part of a year-round agricultural operation by the same owner. This determination is consistent with the treatment of Ham's by the Appraisal District and it would be inappropriate to consider otherwise.

Can't the City just wait?

Waiting would simply impact more homeowners. Every year, land in Kaufman County changes from agricultural to single family. The longer the City waits, the greater number of people will be impacted on the same amount of land. Further, landowners have the right to request on-site package plants to treat and discharge wastewater into local rural creeks. The longer the City waits, the more likely it is that the Texas Commission on Environmental Quality (TCEQ) will authorize Municipal Utility Districts (MUDs) to be created and to operate these sewer plants. Neither the City nor the County have authority over these TCEQ decisions.