D R A F T

DeSoto — So much to love —	**DeSoto City Council Special Called Meeting Agenda** City Council Chambers Jim Baugh Government Center DeSoto City Hall 211 E. Pleasant Run Road DeSoto, TX 75115 (972) 230-9646
Mayor Rachel L. Proctor **Mayor Pro Tem Letitia Hughes** **Deputy Mayor Pro Tem Ken Waters** **Councilmember Pierette Parker** **Councilmember Brian Wesley** **Councilmember Debrah North** **Councilmember Crystal Chism**	DATE: Friday, September 25, 2026 EXECUTIVE SESSION: 5:00 p.m. Council Chambers SPECIAL MEETING: 6:00 p.m. Council Chambers ***(or immediately following executive session)***

As authorized by Section 551.071(2) of the Texas Government Code, this meeting may be convened into closed Executive Session for the purpose of seeking confidential legal advice from the City Attorney on any agenda item listed herein. Pursuant to Texas Government Code 551.127, one or more members of the governing body may appear via videoconference call. The presiding officer and a quorum of the City Council will be physically present at this meeting.

DeSoto City Council Meetings are open to the public and will be live-streamed on DeSoto's website at www.desototexas.gov for those wanting to view the meeting online.

Attendees may speak on any item listed on the agenda during that portion of the agenda. The standard time limit is 3 minutes per speaker and may be modified at the Mayor's discretion to maintain an efficient flow of the meeting.

1. **CALL TO ORDER AND CONVENE INTO EXECUTIVE SESSION**

   a. The City Council will convene into Executive Session pursuant to Texas Government Code Section 551.071 to consult with the City Attorney regarding pending or contemplated litigation, or a settlement offer, concerning: *Cause No. DC-25-23114, City of DeSoto, Texas v. Tortugas Hospitality LP d/b/a Wyndham Dallas South-DeSoto and Patelo Investments LLC, in the 101st District Court in Dallas County, Texas*

   b. Reconvene into Regular Session

   c. Take any necessary action as a result of Executive Session

2. **SPECIAL CALLED SESSION AGENDA - CALL TO ORDER**

a. Consider approval of a Resolution of the City Council of the City of DeSoto, Texas, establishing the City's legislative agenda for the 90th session of the Texas Legislature

3. **<u>ADJOURNMENT</u>**

NOTICE OF ASSISTANCE AT THE PUBLIC MEETING

The building in which the above meeting will be conducted is wheelchair accessible. Persons with disabilities who plan to attend this meeting and may require auxiliary aid or services such as readers or large print, or interpreters for persons who are deaf or hearing impaired, are requested to contact the Office of City Secretary at 972-230-9646 or by E-mail at saubrey@desototexas.gov or by calling through a T.D.D. (Telecommunication Device for the Deaf) to Relay Texas 800-732-2989.

I, the undersigned authority, do hereby certify that this Notice of Meeting was posted in accordance with the regulations of the Texas Open Meetings Act on the bulletin board located at the entrance to the City of DeSoto's Jim Baugh Government Center, a place convenient and readily accessible to the general public as well as to the City's website www.desototexas.gov and said Notice was posted on the following date and time: **Monday, September 21, 2026 by 6:00 P.M.** and remained so posted at least two (2) hours after said meeting was convened.

Sofine Lewis, City Secretary

DeSoto City Council Meetings are broadcast live in their entirety on DeSoto's City Website www.desototexas.gov on the first and third Tuesday of each month at 6:00 p.m. Questions regarding the broadcast schedules or internet viewing should be directed to the City of DeSoto at 972-230-9600. These taped broadcasts are also available to view on the City's website (www.desototexas.gov) at your convenience.

City Council Special Meeting **2. a.**

Meeting Date: 09/25/2026

Submitted For: Bryan Southard, Interim City Manager

Phone:

COUNCIL ACTION

AGENDA ITEM:

Consider approval of a Resolution of the City Council of the City of DeSoto, Texas, establishing the City's legislative agenda for the 90th session of the Texas Legislature

BACKGROUND:

The City of DeSoto has established its 2026 Legislative Agenda to guide positions and priorities for the upcoming Texas legislative session. The agenda is designed to ensure the City's interests are represented and protected, particularly in areas affecting operations, finances, and the well-being of citizens and employees. Legislative issues impacting local government are anticipated, and the City Council has adopted a resolution authorizing submission of the agenda to the Texas Municipal League and collaboration with state officials.

LEGISLATIVE PRIORITIES

Support:

- Recognition of Public Work Professionals as First Responders
- Community Development Block Grants as a Government Function

Oppose:

- Further revenue and/or expenditure caps
- New property tax exemptions (e.g., "Operation Double Nickel")
- Standardized permitting
- State preemption of municipal authority
- Stripping municipal authority, especially regarding data center zoning, Accessory Dwelling Units (ADUs) by Right, and land use bills

No Position:

- Legislation relating to general obligation bonds and certificates of obligation

FINDINGS:

The City's legislative agenda is consistent with its mission and vision and is intended to be proactive in advocating for the best interests of the DeSoto community. Staff has prepared the agenda for review and adoption, and the City Council has authorized its submission and communication with relevant stakeholders.

FINANCIAL IMPACT:

There is no financial impact associated with authorizing this resolution.

RECOMMENDATION:

Staff recommends that the City Council approve a resolution of the City Council of the City of DeSoto, Texas, establishing the city’s legislative agenda for the 90th session of the Texas Legislature.

MANAGEMENT REVIEW

Attachments

Legislative Resolution

Leg. Agenda Exhibit A

TML Policy Summit Document

TML Memo to Cities

Policy Summit Report

RESOLUTION NO. _________

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DESOTO, TEXAS, ESTABLISHING THE CITY'S LEGISLATIVE AGENDA FOR THE 90TH SESSION OF THE TEXAS LEGISLATURE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, state legislators begin filing legislation that could impact City operations, finances, and citizens on November 9, 2026; and

WHEREAS, beginning January 12, 2027, the Texas Legislature will convene for a 140-day session to consider legislation; and

WHEREAS, it is anticipated that many legislative issues affecting local government will be considered; and

WHEREAS, City staff has prepared the recommended 2026 Legislative Agenda attached hereto as Exhibit "A" for review by the City Council; and

WHEREAS, the City Council is of the opinion that such 2026 Legislative Agenda is in the best interest of the City and the DeSoto community, is consistent with the mission and vision of the City, and should be adopted and forwarded for consideration by the Legislature; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DESOTO, TEXAS, THAT;

SECTION 1. The 2026 Legislative Agenda attached hereto as Exhibit "A" is hereby adopted and approved.

SECTION 2. The Mayor and City Manager or his designee are authorized to submit this Resolution to the Texas Municipal League, and to collaborate with the Texas Municipal League to communicate with the legislators or state officials to discuss the City's position and legislative priorities

SECTION 3. This Resolution shall be effective immediately upon approval.

DULY RESOLVED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF DESOTO, TEXAS, ON THE _____DAY OF ____, 2026.

CITY OF DESOTO, TEXAS

APPROVED:

____
Rachel L. Proctor, Mayor

ATTEST:

____
Sofine Lewis-Aubrey, City Secretary
(08-20-2026: 4899-5201-8889, v. 1)

RESOLUTION NO. _________

Exhibit “A”

City of DeSoto 2026 Legislative Agenda

The 2026 Legislative Agenda is a guide for City of DeSoto (“City”) positions and priorities.

The purpose of the City’s legislative efforts is to protect the City’s interests by advocating for what is in the best interest of the DeSoto community. Many significant decisions affecting Texas cities are made by the Texas Legislature; therefore, the City of DeSoto should have a voice on proposed legislation.

Support

The City supports legislation that would:

1. Recognizing Public Work Professionals as First Responders
2. Community Development Block Grants as a Government Function

Oppose

The City opposes legislation that would:

1. Impose further revenue and/or expenditure caps.
2. Impose new property tax exemptions, such as “Operation Double Nickel.”
3. Impose standardized permitting.
4. Provide for State preemption of municipal authority.
5. Strip municipal authority, specifically regarding Data Centers zoning, ADUs by Right, and implementation of land use bills

No Position

The City takes no position on legislation that relates to general obligation bonds and certificates of obligation.

TML TEXAS MUNICIPAL LEAGUE

2026 Municipal Policy Summit

TEXAS MUNICIPAL LEAGUE
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About the Texas Municipal League

In the summer of 1913, Professor Herman G. James, director of the Bureau of Municipal Research and Reference at the University of Texas at Austin, and A.P. Woolridge, then the mayor of Austin, formed the League of Texas Municipalities.

The two men invited representatives from all Texas cities to come to Austin on November 4, 1913, for an organizational meeting. Fourteen cities sent representatives to Austin. At that first meeting, a modest membership fee was approved along with a constitution to govern the association.

Since that time, the League has grown into one of the largest and most respected organizations of its kind in the nation. From the original 14 members, TML's membership has grown to over 1,170 cities.

Membership is voluntary and open to any city in Texas. More than 16,000 mayors, councilmembers, city managers, city attorneys, and department heads are member officials of the League by virtue of their cities' participation. Guided by its purpose statement – *Empowering Texas cities to serve their citizens* – TML exists to provide support and services to city governments in Texas.

League services to its member cities include legal information on municipal legal matters, legislative representation on the state and federal levels, information and research, publication of a monthly magazine, conferences and training seminars on municipal issues, and professional development of member city officials.

Texas Municipal League Municipal Policy Summit

Membership

LEADERSHIP

Chair
Andrea Barefield
Councilmember, City of Waco, TML President

Vice-Chair
Tobe Shields
Mayor, City of Spearman

MEMBERS

Jeff Achee
Assistant Director of Parks and Recreation
City of Pflugerville, Texas Recreation and Park Society

Lindsey Adams
Strategic Partnerships Officer
City of Midland

Isaac Anzaldua
Mayor
City of Gonzales

Mike Arismendez
City Manager
City of Kermit

Sally Bakko
Director of Policy & Governmental Relations
City of Galveston

Marie Balthrop
City Secretary
City of Wichita Falls

Roland Barrera
Councilmember
City of Corpus Christi, Association of Hispanic Municipal Officials

Michael Beard
Planning & Development Director/Building Official
City of Harker Heights, Building Officials Association of Texas

Noel Bernal
Deputy City Manager
City of Abilene

Kristy Bleau
Mayor
City of Lake Dallas

Stephanie Boardingham
Mayor
City of Forest Hill

Cheree Bontrager
Director of Human Resources
City of Allen, Texas Municipal Human Resources Association

Sally Branson
Councilmember
City of Friendswood, TML Region 14

Victoria Brewster
Director of External Relations
City of Pharr

Ben Brezina
Assistant City Manager
City of Frisco

Jennifer Brown
Finance Director
City of Jersey Village

Mike Browning
Councilmember
City of Aubrey

Brad Brundrett
Councilmember
City of Rockport, TML Region 11

Cindy Burchfield
Mayor
City of Daisetta, TML Region 16

Clint Byrom
Mayor Pro Tem
City of Pearland

Jose "Pepe" Cabeza de Vaca
Mayor Pro Tem
City of McAllen

John Cabrales
City Administrator
City of New Fairview

Amanda Campos
City Secretary
City of Burleson

Kevin Carruth
City Manager
City of Groves

Jesse Casey
Mayor
City of Hallsville, TML Region 15

Miriam Castillo
Director of Economic Development
City of Ennis

Rogelio Chanes
Intergovernmental Relations Manager
City of Brownsville

Ed Cimics
Councilmember
City of Live Oak, TML Region 7

Shirley Coe
Mayor
City of Bullard

Chip Cowell
Councilmember
City of Hunters Creek Village

Michael Crain
Councilmember
City of Fort Worth

Shane Davis
Mayor
City of Aledo

Julie Davis
City Secretary
City of Huntington

Mary Dennis
Mayor
City of Live Oak, TML Past President

D'Linda Dockery
City Secretary
City of Childress

Barbara Domain
Mayor
City of Ames

Eric Dominguez
Director, Office of Government Affairs
City of Dallas

Sylvia Firth
City Attorney
City of Marfa

James Fisher
City Manager
City of Levelland

Robert Fite
Fire Chief
City of Grand Prairie, Texas Fire Chiefs Association

Laura Sanchez Fowler
Mayor
City of Martindale

Andrew Freeman
Deputy City Manager
City of Amarillo

Beverly Gaines
Councilmember
City of Webster

Eric Garretty
City Manager
City of Graham

Bob Goldsberry
City Manager
City of Rusk

Julie Goodgame
Director of Marketing & Communications
City of Tyler

Shelley Goodwin
City Secretary
City of Rockport, Texas Municipal Clerks Association

Pam Gosline
Mayor
City of Vernon, TML Region 5

Holly Gray
Mayor Pro Tem
City of Roanoke, TML Past President

Janeshia Grider
Mayor
City of Kirby

Spencer Gutierrez
Intergovernmental Relations Manager
City of Sugar Land

Dr. Christopher Harvey
Mayor
City of Manor

Stacey Hawkins
Director of Strategy & Innovation
City of Temple

Douglas Haynes
Mayor Pro Tem
City of Junction, TML Region 6

Cal Hendrick
Mayor
City of Odessa

Jill Hoffman
Assistant City Attorney
City of Cedar Park

Libby Holtmann
Library Director
City of Plano, Texas Municipal Library Directors Association

Scott Huizenga
City Manager
City of Fair Oaks Ranch

Ronald Humphrey
Mayor
City of New Boston

Stanley Jaglowski
Councilmember
City of Lancaster

James Jarratt
Mayor
City of Granbury

Jimmy Jenkins
Councilmember
City of Smithville

Patty Jones
City Secretary
City of McCamey

David Jordan
City Administrator
City of Devine

Vicky Keller
Mayor Pro Tem
City of Ransom Canyon

Lindsay Koskiniemi
City Comptroller
City of Pasadena

Blu Kostelich
Assistant City Manager/Chief Financial Officer
City of Waco, Government Finance Officers Association of Texas

Michael Kovacs
City Manager
City of Fate

Mary Labowski
Councilmember
City of New Braunfels

Jack Ladd
Councilmember
City of Midland, TML Region 4

Chris Lee
IT Services Director
City of Lewisville, Texas Association of Governmental Information Technology Managers

Jeremy Leonard
Court Services Director
City of Lewisville, Texas Court Clerks Association

Charles Lino
City Manager
City of Pecos City

Jimmy Loya
Mayor Pro Tem
City of Karnes City

Aldilia Martin
Finance Director
City of Portland

Omar Martinez
Assistant Director of Legislative Affairs
City of El Paso

Wes Mays
Mayor
City of Coppell, TML Region 13

Mark McBrayer
Mayor
City of Lubbock, TML Region 3

Jack McCarty
Mayor
City of North Richland Hills

Jon McKenzie
Councilmember
City of Hurst, TML Region 8, TML President-Elect

Rolin McPhee
City Manager
City of Longview

Rudy Metayer
Councilmember
City of Pflugerville, Texas Association of Black City Council Members

Raymond Miller
City Manager
City of Flatonia

Bert Miller
Councilmember
City of Navasota

Arthur Miner
Mayor
City of Watauga

Trevor Minyard
Assistant City Manager
City of McKinney

Jeff Nevarez
Councilmember
City of Kennedale

Vanna Ngo
Legislative Affairs Officer
City of Grand Prairie

Bobby Nichols
Mayor
City of Fairfield

Debrah North
Councilmember
City of DeSoto

Cassandra Ogden
Interim City Manager
City of Denton

Lisa Palomba
City Administrator
City of Josephine

Marissa-Ellen Patterson
Councilmember
City of Cibolo

Mandy Pippen
Director of Health
City of Garland, Texas Association of Municipal Health Officials

Vidal Quintanilla
Deputy Mayor Pro Tem
City of Plano

Grady Randle
City Attorney
City of Angleton

Natalie Raulston
Intergovernmental Relations Manager
City of Arlington

Sharae Reed
City Attorney
City of Beaumont, Texas City Attorneys Association

Thomas Reeves
Director, Public Affairs
City of Baytown

Dalton Rice
City Manager
City of Kerrville

Amanda Rodriguez
Councilmember
City of San Marcos

Ralph Rodriguez
Mayor
City of Schertz

Carrie Rogers
Government Relations Officer
City of Austin

Rolandrea Russell
Planning Supervisor
City of Frisco, American Planning Association Texas Chapter

David Rutledge
Board of Adjustment Member
City of Bridge City, TML Past President

Mary Ann Saenz
Mayor
City of Robstown

Susan Sample
Mayor
City of West University Place

Chris Sanchez
Assistant City Manager
City of Mesquite

Joshua Sanders
Director of Intergovernmental Affairs
City of Houston

Mary Sarver
Mayor Pro Tem
City of Grandview

Josh Schroeder
Mayor
City of Georgetown

Noah Simon
City Manager
City of Oak Point

Ryan Skrobarczyk
Director, Intergovernmental Relations
City of Corpus Christi

Geary Smith
Mayor
City of Mexia, TML Region 9

Greg Sowell
Director of Communications and Engagement
City of Richardson, Texas Association of Municipal Information Officers

Phyllis Viagran
Councilmember
City of San Antonio

James Wansley
Mayor
City of Whitehouse

Jonathan Wheat
Director of Engineering
City of Carrollton, Texas Chapter of American Public Works Association

Mark Wiggins
Legislative Officer
City of Irving

Steve Williams
City Manager
City of Schertz, Texas City Management Association

Suzette Williams
City Administrator
City of Idalou

Lee Woodward
City Secretary
City of La Porte

Timothy Slifka
Purchasing Manager
City of Southlake, Texas Public Purchasing Association

Kent Souriyasak
Assistant to the City Manager/Innovation Coordinator
City of Leander

Ariel Traub
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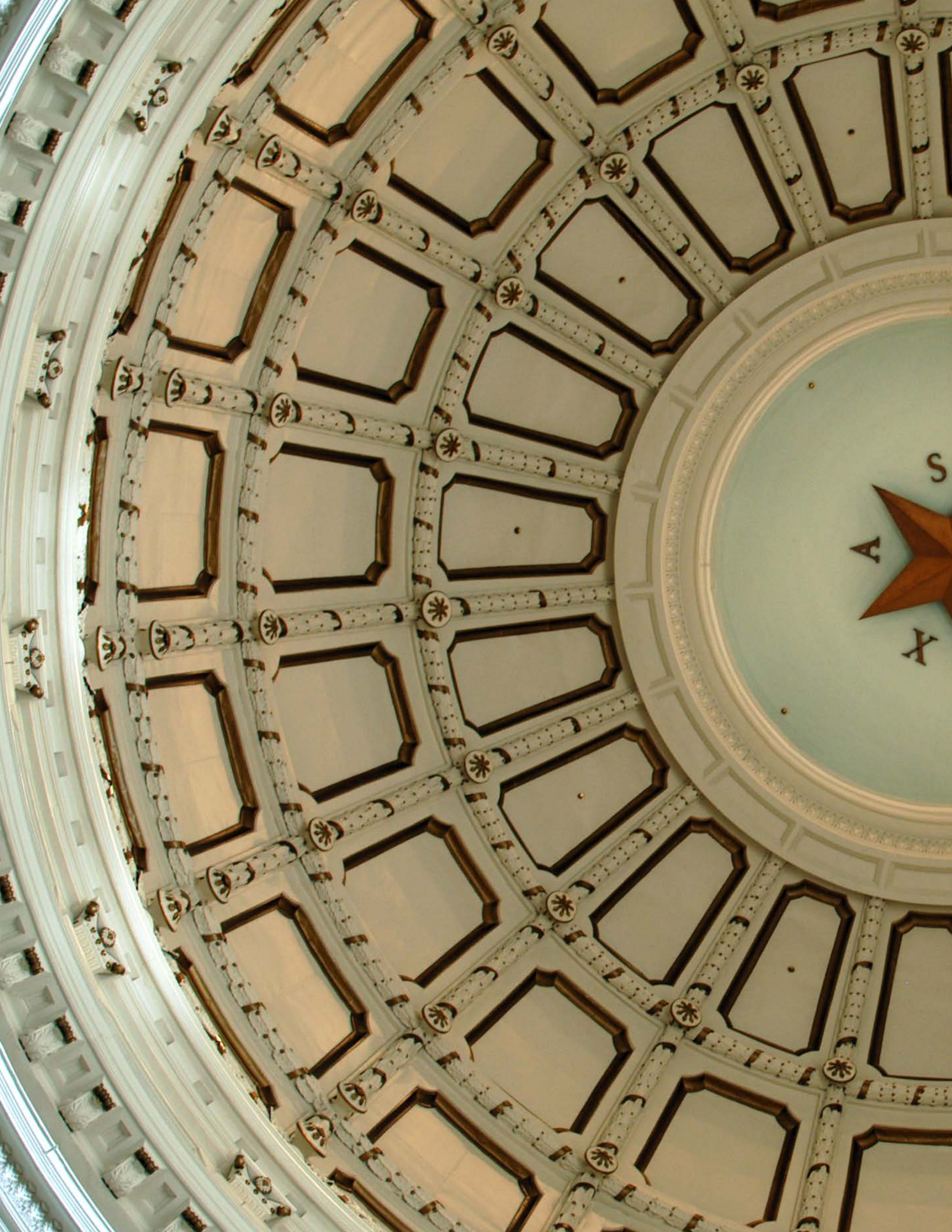
Lisa Wasner
Finance Director
City of Shenandoah

David White
Councilmember
City of College Station

Diane Williams
Mayor Pro Tem
City of Liberty Hill

Sherrie Williams
Councilmember
City of Iowa Park

Eddie Wilson
Chief of Police
City of Copperas Cove, Texas Police Chiefs Association



2026 TML Municipal Policy Summit
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Important:
Please Read Prior to Reviewing Materials

2026 Texas Municipal League Municipal Policy Summit
Delegate Instructions

The 2026 Municipal Policy Summit serves two very important goals: (1) to receive input from a cross-section of League members to ensure that the 2027-2028 legislative program is representative of the membership's wishes; and (2) to educate the summit delegates on the myriad legislative issues faced by cities. This year's format will allow us to accomplish those goals, but we will need delegates to review the following instructions to make that happen in an efficient and timely manner.

Earlier this year, past TML President Marissa Ximenez created the TML Legislative Program Review Committee. The goal of the committee was two-fold: (1) to address how the TML Legislative Program has become increasingly large and outdated; (2) to address how positions are added to the Legislative Program by the Policy Summit delegates.

The committee made the following recommendations:

1. TML staff will provide written materials and present to the TML Board at its June meeting on items that should be removed from the TML Legislative Program. Those items are limited to positions in the TML program for which bills either have not been filed, or for which bills have been filed but not moved, in the previous two regular legislative sessions.

2. The Policy Summit will follow a strict deadline for policy proposals by Summit delegates to be considered at the Summit. Policy proposals submitted by the deadline may be considered for inclusion in the TML Legislative Program at the Policy Summit. Same-day proposals, however, will be allowed to be presented at the Summit for purposes of informing TML staff of the topic only. The delegate presenting a same-day proposal is required to receive city council approval of the proposal in order for TML staff to brief the TML Board for discussion and final consideration of inclusion in the TML Legislative Program.

The TML Board met on June 26 and approved the committee's recommendations. In alignment with those recommendations, TML staff presented items that were included the League's legislative program that hadn't had significant legislative movement in the 2023 and 2025 sessions. The Board moved to remove 22 positions from the program. Those positions are detailed in the appendix.

Your role as a delegate is to review the briefing materials and the program positions. Under the new guidelines, please follow these instructions:

- If there is a position you would like to discuss modifying, notify JJ Rocha, Director of Public Policy & Engagement, at jj@tml.org by **August 13, 2026**.

- In addition, if you would like to discuss an issue and/or add a position not included in the briefing materials, notify JJ at jj@tml.org by **August 13, 2026**.

Any topic raised at the Summit that was not submitted to TML staff by August 13 may still be discussed. However, that proposal will require city council approval before TML staff will brief the Board of discussion and final consideration of inclusion in the Legislative Program.

The current program is included as an appendix in the Municipal Policy Summit briefing materials. (Those same positions listed in the program are also listed at the end of each subject in the briefing materials.)

AGENDA

Texas Municipal League
Municipal Policy Summit
Renaissance Austin Hotel
August 27-28, 2026

Thursday, August 27

7:45 - 9:00 a.m.	**Registration and Breakfast**
9:00 - 9:15 a.m.	**Introduction, TML Policy Development Process, Staff Roles, and Agenda Process**
9:15 - 10:30 a.m.	**2027 Legislative Landscape**
10:30 - 10:45 a.m.	**Break**
10:45 - 11:15 a.m.	**Preemption/Harmful Legislation in General**
11:15 - Noon	**Revenue and Finance**
Noon - 1:00 p.m.	**Lunch**
1:00 - 1:30 p.m.	**Revenue and Finance (continued)**
1:30 - 3:15 p.m.	**Regulation of Development**
3:15 - 3:30 p.m.	**Break**
3:30 - 5:00 p.m.	**Utilities and Transportation**
5:00 p.m.	**Reception**

Friday, August 28

8:00 - 9:00 a.m.	**Breakfast**
9:00 - 9:30 a.m.	**Your City's Voice at the Capitol**
9:30 - 10:30 a.m.	**General Government**
10:30a.m. - 10:45 a.m.	**Break**
10:45 a.m. - Conclusion	**General Government (continued)**
Conclusion	**Adjourn**

The Texas Municipal League Policy Development Process

The primary function of the Texas Municipal League is advocating on behalf of its member cities. That's the way it has been since the League's formation in 1913 because many significant decisions affecting Texas cities are made by the Texas Legislature, not by city officials. Now, just as they did over a century ago, newly elected mayors and councilmembers quickly realize the legislature can address virtually any aspect of city government.

This fact is vividly demonstrated during each legislative session. For example, during the 2025 session, more than 9,000 bills or significant resolutions were introduced; more than 2,100 of them would have affected Texas cities in some substantial way. In the end, over 1,200 bills or resolutions passed and were signed into law; 262 of them impacted cities in some way.

The number of city related bills as a percentage of total bills filed rises every year. Twenty years ago, around 17 percent of bills filed affected cities in some way. By 2025, that percentage has increased to 23 percent. In other words, almost a quarter of the legislature's work is directed at cities, and much of that work aims to limit municipal authority.

Based on a legislative program that is developed by member city officials, the League, through its grassroots, advocates for or against those efforts. To develop the program, city officials provide input in primarily two ways.

First, member city officials can participate in the League's Municipal Policy Summit during each interim. The report of the summit takes the form of a resolution that is submitted to the annual conference. The goal of the committee process is two-fold: (1) it allows input on the legislative program from a broad cross section of cities and city officials; and (2) it educates new city officials to the legislative issues faced by cities. The summit participants are appointed by the TML President based on volunteers and others chosen to balance the demographics of the TML membership at large.

The Summit is an intensive, two-day workshop during which League staff briefs the participants on the myriad legislative issues faced by cities. Most are issues that arise each session, but several consist of solicited or unsolicited issues brought by city officials. Even if no changes are recommended to the fixed program, which is an unlikely prospect, staff will fulfill its educational goal through continued briefing on the issues. After each subject-matter briefing, the participants make concise recommendations on the issues. Those recommendations are placed into resolution form and submitted to the League's annual business meeting, discussed next.

Second, a member city, TML region, or TML affiliate may submit a resolution for consideration at the League's annual conference. Each city is asked to provide one delegate to serve as its liaison at the meeting. The delegates are briefed on the content of the resolutions and given a chance to discuss and vote on whether they merit inclusion in the legislative program. The resolutions form the basis of a legislative program, under which – each session – modifications to the program will be considered at a future Summit, business meeting, or TML Board meeting.

Detailed information relating to resolution submittal is provided to each member city, TML affiliate organization, and TML region well in advance of the due date.

The somewhat complex policy development process is necessary to ensure that the League advocates as directed by its members. The League is nothing without the involvement and expertise of its members, and participation in the process is an invaluable part of protecting municipal authority.

The TML Legislative Philosophy

The TML approach to the 2027 session will undoubtedly be guided by principles that spring from a deeply rooted TML legislative philosophy:

- The League will vigorously oppose any legislation that would erode the authority of Texas cities to govern their own local affairs.
- Cities represent the level of government closest to the people. They bear primary responsibility for the provision of capital infrastructure and for ensuring our citizens' health and safety. Thus, cities must be assured of a predictable and sufficient level of revenue and must resist efforts to diminish that revenue.
- The League will oppose the imposition of any state mandates that do not provide for a commensurate level of compensation.

TML Legislative Policy Process Schedule

The League's legislative policy development schedule is roughly as follows:

October 2025 – the TML membership considered resolutions at the 2025 Annual Conference at the annual business meeting.

May 2026 – the chair, vice-chairs, board representative, and participants of the League's Municipal Policy Summit were appointed by the TML President.

July 2026 – Municipal Policy Summit materials are distributed to the membership.

August 2026 – the Municipal Policy Summit, a two-day policy briefing at which the members will make recommendations for the League's 2027-2028 legislative program, will meet.

November 2026 – the report of the Municipal Policy Summit, along with any other resolutions, will go forward to the annual business meeting at the 2026 Annual Conference.

December 2026 – the TML Board will finalize the League's 2027-2028 legislative program based on resolutions passed in both 2025 and 2026.

Suggestions for City Officials

City officials can significantly impact the outcome of the 2027 legislative session. When making recommendations for the League's Legislative Program, they should keep in mind the following:

1. **There is a practical limit to what the League – or any group, for that matter – can accomplish in any legislative session.** It is obvious that all resources – human, financial, and political – are limited, and no group can hope to achieve all its legislative objectives. The most powerful interest groups in the state sometimes come away from a legislative session bruised and battered. On occasion, the best that can be expected is that damage be mitigated.

2. **TML will expend the vast majority of its resources killing bad bills.** This has always been so and will probably always be the case. At one point during the 2025 regular session, the League was monitoring more than 2,000 bills or resolutions, many of which were bad for cities. The League's legislative philosophy has traditionally been, first and foremost, to defeat bad legislation and, secondarily, to seek passage of beneficial legislation as time, resources, and political realities permit.

3. **It is unlikely that any other interest group in the state monitors and opposes as many bills as does the Texas Municipal League.** During recent legislative sessions, the League took steps to oppose bad legislation dealing with everything from annexation to zoning and from autonomous vehicles to tree preservation. The breadth of the League's legislative focus becomes obvious each year when TML completes and submits its state-mandated lobbyist registration form. One schedule of the form asks which of 83 subject matters are of interest to the organization. All 83 fall within the League's areas of interest.

4. **Unfortunately, the number of bad city-related bills grows almost every year.** As a result, the League has been forced to expend an ever-greater percentage of its resources simply fending off bad ideas.

5. **Given the League's finite resources, and because vast amounts of those resources are necessarily expended in defeating bad legislation, the League must very carefully select bills that it will support or for which it will attempt to seek passage.** A sharply focused legislative program is more likely to lead to success than is a very large and wide-ranging program. In addition, supporting a bill that has a low probability of passage requires a large amount of time and political resources that can be used more productively in other ways. **Thus, it is important to advocate only those initiatives that are truly important and that have a realistic chance of passage.**

Year	Total Bills Introduced*	Total Bills Passed	City-Related Bills Introduced	City-Related Bills Passed
2005	5369	1397	1200+	105+
2007	6374	1495	1200+	120+
2009	7609	1468	1500+	120+
2011	6303	1410	1500+	160+
2013	6061	1437	1700+	220+
2015	6476	1329	1600+	220+
2017	6800	1220	2000+	290+
2019	7541	1437	2000+	330+
2021	6927	1073	2000+	240+
2023	8344	1258	1800+	230
2025	9014	1231	2000+	262

*Includes bills and proposed Constitutional amendments; regular sessions only.

6. How can summit participants identify initiatives that are truly significant and that merit a place in the TML legislative program? Committee members may wish to ask the following questions about each discussion item:

    - **Does the initiative have wide applicability to a broad range of cities of various sizes (both large and small) and in various parts of the state?**
    - **Does the initiative address a core municipal issue, such as erosion of local control and preservation or enhancement of municipal revenue?**
    - **Will the initiative be vigorously opposed by strong interest groups and, if so, will member cities commit to contributing the time and effort necessary to overcome that opposition?**
    - **Is this initiative, when compared to others, important enough to be part of TML's list of priorities?**
    - **Is this initiative one that city officials, more than any other group, should and do care about?**

The foregoing suggestions are not meant to imply that TML can't pass good, solid legislation. It can, it has in the past, and it will again. The suggestions are meant merely to emphasize the fact that any group, to succeed, must use its resources and its political strength wisely and selectively.

Categories of Legislative Positions

Legislative positions should reflect one of four categories that will direct League staff. Keep in mind that there is a difference between "seek introduction and passage" and "support."

- **Seek Introduction and Passage** means that the League can attempt to find a sponsor, will provide testimony, and will otherwise actively pursue passage. Bills in this category are known as "TML bills." ***These bills require an enormous amount of time and resources, and the committee should be very cautious about putting items in this category.***

- **Support** means the League will attempt to obtain passage of the initiative if it is introduced by some other entity.

With very few exceptions, any item that makes its way into the 2027-2028 TML Legislative Program should be categorized by the two terms above, or by a recommendation that TML "**oppose**" or "**take no position**."

League staff will, based upon the foregoing principles and its knowledge of current legislative realities, determine the amount of time and resources devoted to any item in the program. City officials serving throughout the process is an essential part of protecting municipal authority. The League is nothing without the involvement and expertise of its members.

Have questions or comments? Contact JJ Rocha, TML Director of Public Policy & Engagement, at JJ@tml.org.

How to Submit a Resolution

The TML Constitution states that resolutions for consideration at the annual conference must be submitted to the TML headquarters 45 calendar days prior to the first day of the Annual Conference. For 2026, this provision means that resolutions from any member city, TML region, or TML affiliate must arrive at the TML headquarters no later than 5:00 p.m. on **September 28, 2026**.

PREEMPTION/HARMFUL LEGISLATION IN GENERAL

When it comes to legislative advocacy in Austin, cities' advocacy efforts stem from an overarching principle: Empower Texas cities to do the state's local work.

There are a couple of concepts that are critical to supporting that principle. First, local officials know best how to govern their cities. Unlike state legislators, who are elected from districts that include portions of cities or may include entire cities along with other disparate areas, city officials are tasked with representing only those within the city limits, who form unique and well-defined communities of interest. As such, city officials and city employees perform all of their work with the goal of bettering the city in a way that is aligned with the vision of city residents. As the government closest to those residents, there is a level of local accountability in city government that simply doesn't exist at higher levels of government.

Secondly, the principle recognizes the inherent value of the partnership between the state legislature and city governments. Because the state legislature isn't in an optimal position to tackle local issues, they should consider policies (or reject policies) with an eye towards preserving local officials' discretion in addressing issues in a way that makes sense for each unique community. Doing so ensures that cities are in the best position to help carry out the common vision shared with the state legislature on moving the state forward. Doing so also places value on a bottom-up regulatory scheme that reflects local priorities, instead of top-down uniform regulation that fails to account for different city-specific challenges.

Put a different way, how does a legislator from the Panhandle know what's best for a city on the Gulf Coast? How could a person who grew up in the deserts of far West Texas know what's best for the Piney Woods of deep East Texas? Is a state representative from a city under 1,000 population in the best position to make decisions for those living in some of the biggest cities in the country? Texas' size and diversity doesn't lend itself easily to broad-strokes regulation from Austin.

Some lawmakers disagree. It's been commonplace to hear legislators decry the proverbial "patchwork quilt" of regulation from city to city over the last decade or so. Some legislators frame their assault on local control as a "protection of liberty" or in furtherance of property rights. Texas cities have seen this justification for a number of proposals over the years and many are mentioned throughout these materials.

While legislation that is harmful to local governments is not new, whether it be unfunded mandates, local preemption, or otherwise, perhaps the nadir for the concept of local control occurred following the 2017 regular session and into the 2019 session. When the dust settled on the 2017 regular session, many anti-city measures failed to secure final passage. This prompted the governor to order a special session, and his agenda for the special session focused on concepts that had long garnered opposition from Texas cities. Of the 20 topics added to the special session call, several would have restricted or preempted Texas cities. The city-related topics added to the call included:

- Property tax revenue caps
- Spending caps for cities equal to population growth plus inflation (this bill was not filed during the regular session)
- Annexation reform
- Tree ordinance preemption
- City permit vesting reform
- City permit streamlining
- Cell phone/texting preemption

Ultimately only annexation reform passed during the 2017 special session, but the anti-city rhetoric during the special session set the stage for a 2019 session that focused, in part, on harming local governments, by the express admission of some high-level state legislators. The 2019 session saw the passage of legislation effectively ending non-consent annexations in Texas, legislation that further limited the amount of property tax revenue cities could generate, legislation that preempted cities' ability to regulate building materials, and legislation that mandated a shot-clock on all subdivision plat and plan approvals. At the same time as the legislature passed these bills, there was a push for legislation that would prevent cities from using lobbyists or associations to engage in the state legislative process, including the ability to educate city officials on state legislation that impacts their cities.

Single-Issue Preemption

Dozens of preemption bills have been filed over the last several legislative sessions, ranging from preemption of citizen-initiated oil and gas drilling ordinances, to preemption of ride-sharing regulations, to the prohibition of local regulations related to plastic bags and payday lending. Enough preemption bills have passed in recent years to markedly shift authority on many issues from city councils to a more centralized state government in Austin.

2021 saw a number of issue-specific preemption bills pass. Two that received the most publicity were H.B. 1900 by Representative Goldman and H.B. 1925 by Representative Capriglione. H.B. 1900 prohibited cities with populations over 250,000 from adopting budgets that reduce the appropriation to local police departments. If a city is found by the governor's office to have lowered the police appropriation in the budget, the city is subject to numerous penalties, including among others, a property tax revenue cap, possible disannexation of territory from the city, and withholding of sales tax revenue.

H.B. 1925 effectively prohibited a city from allowing homeless individuals to camp on public property in the city limits. The bill generally makes it a Class C misdemeanor for a person to camp on public city property, and preempts any local ordinances that are not as stringent as state law. H.B. 1925 passed in direct response to the City of Austin's repeal of a homeless camping ban within the city.

Other less-controversial preemption bills passed in 2021, as well. For instance, S.B. 398 by Senator Menendez prohibited cities from prohibiting or restricting the installation of a solar energy device by a residential or small commercial customer, with certain exceptions. H.B. 17 by Representative Deshotel prohibited a city from adopting or enforcing an ordinance, resolution, regulation, code, order, policy, or other measure that has the purpose, intent, or effect of directly or indirectly banning, limiting, restricting, discriminating against, or prohibiting natural gas connection for residential or commercial properties. This preemption bill passed even though there was no evidence of any Texas city seeking to pass such an ordinance. A preemptive preemption bill, of sorts.

Most of the legislature's preemption bandwidth was dedicated to H.B. 2127 in 2023, discussed in more detail below. That said, the legislature still found the time to pick off city regulatory authority regarding a few topics.

S.B. 784 by Senator Birdwell preempted a city from enacting or enforcing an ordinance or other measure that directly or indirectly regulates greenhouse gas emissions. S.B. 1017, also by Senator Birdwell, would prohibit a city from adopting regulations that limit access to an energy source along with regulations that directly restrict the use of an engine based on its fuel source. Finally, S.B. 1860 by Senator Hughes prevents a city from holding an election for voter approval of a charter provision establishing a comprehensive rule or policy statement addressing climate change or the city's environmental impact unless the legislature adopts a resolution approving the proposed provision or amendment. This concept of cities asking the legislature for permission to take certain charter provisions to the city's voters is an altogether novel form of legislative paternalism for Texas cities.

A handful of preemption bills passed in 2025, though the number of high-profile, issue-specific preemption bills was less than previous sessions. This decrease may be explained by the fact that broad preemption in the form of H.B. 2127 passed in 2023, perhaps leading some to believe that single-issue preemption was not necessary due to the new preemption framework. Nevertheless, city preemption bills passed specifically limiting city authority in certain fields regulated to varying degrees by the state, ranging from the regulation of food trucks (H.B. 2844) to the regulation of artificial intelligence systems (H.B. 149), the operation of delivery network companies like Favor, DoorDash, and Uber Eats (H.B. 4215) to the registration of solar retailers (S.B. 1036).

Preemption attempts are so prolific that it often doesn't make sense to have individual topic defensive positions (e.g., paid sick leave, payday and auto title lending, etc.). A comprehensive position better serves League staff in their advocacy efforts.

Super Preemption

Attempts have been made in recent sessions to bypass piecemeal approaches to preemption and pass broadly-worded legislation that would seriously hinder home rule authority for cities in Texas. This could be viewed as a "super preemption" of sorts. Those efforts culminated with the passage of H.B. 2127 by Representative Burrows in 2023.

Before getting to H.B. 2127, it's worth pointing out that super preemption legislation is not new. The first major attempt at super preemption in recent legislative history was S.B. 1172 in 2017. The bill dealt, innocently enough, with preemption of local agricultural seed regulations. However, when the bill was being considered on the House floor, an amendment was added that would have authorized a person to file suit to enjoin the enforcement of a city ordinance if the person was required to obtain a license, permit, or registration issued by the state. Needless to say, the floor amendment went well beyond preemption of seed ordinances and would have essentially prevented the application of most city ordinances to state-licensed businesses (and buried that broad preemption language in a little-known provision in the Texas Agriculture Code, no less). Fortunately, city opposition eventually led the House sponsor to remove the offending language before the bill finally passed.

Several similar "super-preemption" bills were filed in 2019, with S.B. 1209 by Senator Hancock getting voted out of the Senate before stalling in the House. In 2021, the concept was refiled as H.B. 610 by Representative Swanson. Despite overwhelming opposition to the bill in committee, the bill was reported out of committee before the clock ran out on the bill in the House. Further attempts were made to sneak the super-preemption language to a less controversial bill in the form of a floor amendment, but cities were able to thwart that effort. The bill was filed once again in 2023 (H.B. 2266 by Representative Leach) and passed the House before stalling in the Senate, this after H.B. 2127 passed.

With H.B. 2127, the legislature took a very different approach to the topic of super preemption, blending some specific express preemption provisions with a new field preemption concept that largely delegates preemption determinations to the courts. The end result, at least on the field preemption provision, is that cities and city residents have no real direction from the Texas legislature on what is and isn't preempted, just a new framework to open cities up to legal challenge based on undefined concepts in the bill.

The origins of H.B. 2127 begin with the failure of S.B. 14 by Senator Creighton during the 2021 regular session. That bill would have specifically preempted the local regulation of employment benefits and policies, targeted primarily at paid sick leave ordinances adopted by three Texas cities. The bill passed both chambers in different forms and was ultimately derailed in the final days of session before the conference committee report could be adopted by the House.

The failure S.B. 14 led a collective of statewide business associations—the Alliance for Securing and Strengthening the Economy in Texas (ASSET)—to mobilize in support of the passage of similar legislation in 2023 focused on preempting cities' on local employment regulations. The ASSET bill in 2023 ended up being H.B. 2127, which went far beyond the basic employment regulation preemption from S.B. 14 the session prior.

As mentioned above, H.B. 2127 combined express preemption and field preemption. On the express preemption side, the bill would preempt cities from adopting or enforcing five types of regulations: (1) regulations of employment leave, hiring practices, breaks, employment benefits, scheduling practices, and any other terms of employment that exceed or conflict with federal or state law for employers other than the city; (2) new or amended predatory lending regulations; (3) regulations impeding a business involving the breeding, care, treatment, or sale of animals or animal products, including a veterinary practice, or the business's transactions if the person operating the business holds a state or federal license to perform such actions or services; (4) new or amended regulations relating to the retail sale of dogs or cats; and (5) regulations involving evictions.

If the bill were limited to those five specific preemption provisions, the bill would still be objectionable for many cities, but also somewhat in line with past specific-issue preemption legislation. It's the new field preemption provisions, usually reserved for state-federal regulation interactions, that takes the bill in the uncharted territory from both a policy and a legal perspective.

H.B. 2127 applies the field preemption concept to city and state regulatory interactions by providing that "unless expressly authorized by another statute, a [city] may not adopt, enforce, or maintain an ordinance or rule that regulates conduct in a field of regulation that is occupied by a provision of this code." Any ordinance or rule that violates this provision would be void and unenforceable.

Many questions about the extent of field preemption remain, even a few years after the bill's passage. When does the state occupy a field of regulation? Is a field occupied if a state code merely mentions a particular topic? What if state statute authorizes some governmental entities to act but not cities? Could a field be occupied if the legislature chooses not to regulate certain conduct?

The bill doesn't answer these questions, and it isn't designed to do so. Instead, the bill sets up a system by which a person or a trade association representing a person may sue a city for an actual or threatened injury caused by a city adopting or enforcing an ordinance in any of the codes or statutes preempted under H.B. 2127. But before a plaintiff can file a suit, it must first provide the city with at least three months' notice of their claim, including reasonably describing the injury claimed and the ordinance or rule that is the cause of the injury. In short, the bill delegates the preemption question for untold issues (now and in the future) to the courts to figure out.

In July 2023, The City of Houston (later joined by the cities of San Antonio and El Paso as intervenors) filed a lawsuit in Travis County to have H.B. 2127 declared unconstitutional. Among other things, the cities argued that H.B. 2127 violates the home rule amendment of the Texas Constitution, is unconstitutionally vague, and impermissibly delegates the Texas Legislature's policy-making authority to the courts.

In August 2023, after a two-hour hearing and arguments from both sides, Travis County District Court Judge Maya Guerra Gamble granted Houston's Motion for Summary Judgment and denied the State's Motion to Dismiss. Further, the court declared H.B. 2127 to be unconstitutional in its entirety. The attorney general appealed to the Austin Court of Appeals, which reversed the trial court ruling in July 2025 on the procedural grounds of the state not being the proper defendant.

In October 2025, the City of Dallas was sued by three residents arguing that the new law preempts roughly 83 specified ordinances adopted by the city. That case is currently pending, and may provide additional guidance on the scope of H.B. 2127.

No major changes were made in 2025 to the new preemption framework put in place by H.B. 2127, though there were serious efforts made to expand the reach of the bill and increase cities' legal exposure to the preemption lawsuits. S.B. 2858 would have added the Election Code, Penal Code, and Health and Safety Codes to the list of preempted fields. Additionally, the bill would have allowed the attorney general to file lawsuits against cities if the attorney general believed that a city ordinance was preempted under the new field preemption standards. Upon the attorney general's filing a lawsuit against a city under the bill, the city would not receive any sales tax revenue until a final judgment on the lawsuit, which could ultimately take years. If the city prevailed in the suit, sales taxes would be reimbursed. If the city lost, the state would sweep all withheld city sales taxes into the state's general fund. Additionally, during litigation cities would be barred from: (1) adopting a property tax rate above the no-new-revenue rate; (2) approving a budget exceeding the previous year's expenditures; or (3) receiving grant funds. Despite the League's opposition and opposition from many cities, S.B. 2858 passed the Senate was voted from a House committee before time ran out on the bill in 2025.

The speaker has charged the new House Select Committee on Government Oversight to conduct a full-scale review of local ordinances repealed or modified since the effective date of H.B. 2127, including an evaluation of other "regulatory areas where local governments have sought to supplant the state as the exclusive or primary regulator." This interim work leading into the 2027 session will likely shape the legislature's approach to the issue next session.

The TML Legislative Program provides that the League oppose legislation that would: (1) erode municipal authority in any way, impose an unfunded mandate, or otherwise be detrimental to cities; and/or (2) provide for state preemption of municipal authority in general.

REVENUE AND FINANCE

Revenue Caps

Finally, after more than a decade of failed attempts to adopt a revenue cap on city and county tax rates, the legislature adopted Senate Bill 2 in 2019. Rooted in the so-called Taxpayer Bill of Rights, versions of which have been enacted in other states, a revenue cap prevents a city from raising more property tax revenue than it raised in the previous year without first conducting a popular election, with some allowances made for population growth and/or inflation. S.B. 2, also known as the Texas Property Tax Reform and Transparency Act of 2019, reformed the system of property taxation in three primary ways: (1) lowering the tax rate a taxing unit can adopt without voter approval and requiring a mandatory election to go above the lowered rate; (2) making numerous changes to the procedure by which a city adopts a tax rate; and (3) making several changes to the property tax appraisal process.

Generally speaking, S.B. 2 lowered the rollback tax rate from 8 percent to 3.5 percent, in addition to renaming the rate the "voter-approval" tax rate and providing for a slightly different rate calculation methodology. Cities with populations of 30,000 or more must hold an automatic election on the November uniform election date if they adopt a tax rate exceeding the voter-approval tax rate. Cities under 30,000 population are given some additional tax rate calculation flexibility regarding the revenue cap. These cities calculate what is known as the "de minimis" tax rate, which essentially is the rate necessary to bring in the same amount of maintenance and operations revenue as last year, plus the rate necessary to generate an additional $500,000 in property tax revenue. If the de minimis rate exceeds the voter-approval rate, a city under 30,000 population needs to hold an automatic election in November only if it adopts a tax rate exceeding the de minimis tax rate. Still, there are circumstances where a city under 30,000 population would be subject to a petition for an election on the May uniform election date even if the city's rate does not exceed the de-minimis rate.

Disaster Calculation

Making matters more complicated following the bill's passage in 2019 was the fact that the bill contained an exception to calculating the voter-approval rate using a 3.5 percent multiplier if any part of a taxing unit is located in an area declared a disaster by the president or governor. Every county in Texas was included in the governor and president's disaster declarations for the coronavirus issued on March 13, 2020. As a result, the Tax Code gave city councils the discretion to direct the designated officer or employee to calculate the voter-approval tax rate at up to 8 percent, instead of 3.5 percent. Some city councils opted to calculate an 8 percent voter- approval rate, whether to keep options open or in early acknowledgment the toll the coronavirus took on those cities' revenue streams. Others considered resolutions to use an 8 percent voter-approval rate, only to have those resolutions rejected by council. Others simply did not consider any resolution, thus leaving the voter-approval tax rate at 3.5 percent.

In response to local action on this disaster exemption within S.B. 2, the legislature passed S.B. 1438 in 2021, which was signed into law. The primary goal of S.B. 1438 was to eliminate the ability of a taxing unit, including a city, to opt into greater flexibility in calculating and adopting a tax rate during a pandemic. S.B. 1438 clarified that in order for a taxing unit to calculate the voter-approval tax rate at eight percent due to a disaster declaration, there needs to be physical damage to property within the taxing unit's jurisdiction. The way the legislature decided to measure whether or not there is physical damage to property was to authorize the ability of a taxing unit to opt into the higher rate calculation only if a person within the taxing unit is granted a temporary property tax exemption for property that is physically damaged in a disaster. This means that, moving forward, a city may not use the higher eight percent calculation due to a disaster that does not cause physical damage to property.

In addition to S.B. 1438's modifications to existing statutory provisions governing tax rate setting following a pandemic, the bill also added a couple of new provisions that could impact cities in a more general sense. First, the bill created a new negative adjustment to a city's voter-approval tax rate if the city does opt-in to an eight percent voter-approval rate during a disaster. Under S.B. 1438, if a city decides to calculate an eight percent voter-approval rate due to a disaster, in the first year following last year for calculating voter-approval rate in manner provided for special taxing unit, voter-approval rate is reduced by the "emergency revenue rate". The emergency revenue rate is essentially the difference between the previous year's adopted rate and the voter-approval rate calculated as if the taxing unit adopted the 3.5 percent voter-approval rate at each opportunity during the disaster.

In 2025, the passage of H.B. 30 brought on additional reforms related to adoption of a tax rate following a disaster. Following H.B. 30 taking effect, now if any part of the city is located in an area declared a disaster area, a city council may direct the designated officer or employee to calculate the voter-approval tax rate to be the lesser of: (1) the voter-approval tax rate calculated in the manner provided for a special taxing unit (8 percent); or (2) the voter-approval tax rate plus the "disaster relief rate." The "disaster relief rate" is a tax rate that factors in the total amount of a city's share of certain services provided during a disaster, including debris removal and the following forms of essential assistance: (1) emergency sheltering of individuals; (2) overtime and hazardous duty compensation provided to first responders; (3) water testing and treatment; (4) provision of essential supplies; (5) search and rescue efforts; (6) evacuation services; (7) medical care and transport; and (8) security measures and services. Additionally, H.B. 30 repealed the provision authorizing cities to adopt a property tax exceeding the voter-approval rate without holding an election following a year in which a disaster occurred.

The result of the many changes to the law on disaster calculation is that while cities could continue to opt-into higher voter-approval rate calculation following a disaster in which property is damaged for the purposes of funding disaster relief, doing so is almost like taking out a loan to recover from the disaster that a city will "pay back" later in the form of a voter-approval rate reduction once the impact of the disaster has passed. As a result, cities should consider the future impact to property tax revenue prior to deciding to opt into a higher voter-approval rate calculation due to a disaster.

Other Efforts to Modify S.B. 2 Framework

Other than S.B. 1438, only a small handful of bills were filed in 2021 that would have significantly modified the new S.B. 2 framework. One bill, H.B. 1391 by Middleton, would have provided that if voters reject a proposed tax rate at an election, the rate defaults to the no-new-revenue rate, instead of the voter approval as allowed under current law. H.B. 2966 by Tinderholt, would have eliminated the flexibility for a city with a population of less than 30,000 from adopting a tax rate higher than the voter-approval rate but lower than the de minimis tax rate. Neither of these bills made it out of committee.

New versions of these bills were back in 2023 and 2025. In 2023, S.B. 978 received a hearing in the Senate Local Government Committee but was not voted out. The bill would have repealed provisions providing for the calculation and application of the de minimis rate. From a city perspective, the de minimis rate is designed to provide a small degree of flexibility to cities under 30,000 population. S.B. 978 would have eliminated that flexibility, making it more difficult for small communities to finance necessary services and infrastructure.

When the concept of the de minimis rate was adopted as part of S.B. 2 in 2019, many referred to it as the "fire truck" provision. The de minimis rate is the amount necessary to generate an additional $500,000. In smaller taxing jurisdictions, the 3.5 multiplier in the voter-approval rate calculation may only increase the property tax revenue for the city by a few hundred or a few thousand dollars. This means that if a city needed to buy a new fire truck, for instance, and wished to do so with maintenance and operation property tax revenue, it wouldn't be able to do so without holding an election. (It should be pointed out, however, that the cost for a ladder truck in 2026 exceeds the de minimis amount of $500,000 by a healthy margin.) In some cases, the cost of holding the election may exceed the amount of money generated by the proposed tax rate in a small town.

2025 Push to Lower Voter-Approval Rate Multiplier

2025 brought a renewed focus on city property tax rates, due, at least in part, to the state's focus on reining in school property taxes through increased homestead exemptions and school tax rate compression in the previous sessions. In his 2025 State of the State address, Governor Abbott made property tax relief an emergency item, stating in his speech that "no taxing entity should be able to raise your property taxes without a two-thirds approval by voters."

This concept presumably would require cities to hold an election for any proposed tax rate that exceeded the no-new-revenue rate, with a two-thirds supermajority of the electorate needed to approve the increased rate. Bills applying supermajority votes to elections on tax rates exceeding the voter-approval rate were filed in 2025 (for example, H.B. 217 and H.B. 5490) but none was seriously considered by the legislature. The Senate passed a bill that put a slightly different spin on the concept. S.B. 2529 would have required a 60 percent vote of the *city council* in order to adopt a tax rate exceeding the voter-approval rate for the tax year following a year in which the voters rejected a tax rate at an election. The bill did not pass the House but represented a tempered approach to balancing the need to fund city services with the push for more property tax relief.

The 2025 special session brought on the most significant run at revenue caps since 2019. During the 2025 regular session, property tax relief efforts once again coalesced around reducing school district property taxes. Though many significant bills were filed that would have impacted city property taxes during the regular session, none garnered much momentum with the focus on school districts.

That changed suddenly when the governor called two special sessions in the summer of 2025. The governor's agenda included property tax relief and S.B. 10 by Senator Bettencourt was prioritized as the primary vehicle during the second special session. As is customary during a special session, S.B. 10 progressed quickly, passing the Senate on an 18-12 vote four days after being initially filed. As it passed the Senate, S.B. 10 would have lowered the voter-approval tax rate multiplier for cities over 75,000 population from 3.5 percent to 2.5 percent. The bill would have directly impacted roughly 55 Texas cities.

S.B. 10 arrived to the House floor in the same form, but was significantly amended before it passed. The House voted to lower the voter-approval tax rate multiplier all the way down to 1 percent and apply the lowered amount to all cities regardless of population. Additionally, the House added a tax rate adjustment for "public safety expenditures," essentially allowing for a positive adjustment to the voter-approval tax rate calculation to account for increased public safety expenditures year-over-year. However, due to a drafting error, the public safety adjustment only applied to cities over 75,000 population; smaller cities would receive no positive tax treatment for their public safety expenditures.

Ultimately both chambers rallied around their approved versions of S.B. 10 and refused to compromise. Senator Bettencourt saw the public safety adjustment tacked on in the House as allowing unlimited property tax increases for public safety expenditures. He and the other conferees took that language out of the conference committee report, along with the moving the multiplier back up to 2.5 percent and the House refused to agree to the original Senate version of the bill. When the dust settled on the special session, the 3.5 percent multiplier for the voter-approval tax rate remained in effect.

S.B. 10 may represent a starting point for property tax reform in the 2027 session. In late 2025, both the governor and the lieutenant governor released their property tax relief plans heading into their campaigns for reelection and the 2027 legislative session. The governor's plan highlights various reforms, including continued supermajority vote requirements for tax rate elections, expenditure limitations, appraisal caps, and eliminating school district property taxes. The lieutenant governor, meanwhile, has proposed increasing the homestead exemption for school districts, along with expanding eligibility for the senior homestead exemption for school district property taxes by reducing the eligible age from 65 to 55. He's also included among his preferred reforms limits on local government tax increases, while allowing for reasonable growth.

At his press conference laying out his plan. Lt. Governor Patrick said regarding the proposed limits on city and county tax increases: "We have to have growth though. We have to allow our cities and counties to breathe and grow, because the Texas miracle is about growth…we have to build schools, we have to give police officers a raise, and we have to build infrastructure." The question heading into session is whether 3.5 percent represents a reasonable amount of growth for local governments, or if Senate leadership looks to lowering that number in line with S.B. 10 from the special session.

The TML Legislative Program provides that the League oppose legislation that would impose further revenue and/or tax caps of any type.

Appraisal Caps

Since 1997, Texas has operated under an appraisal cap that limits assessed value increases to 10 percent annually for residential homesteads. Legislators have filed bills to expand this appraisal cap in every session since, either by reducing the amount by which the assessed value of a home increases from ten percent to a lower figure, like five percent, or by applying the lowered appraisal cap to all property instead of just residence homesteads. Every one of those attempts met a similar fate, for reasons discussed below, until S.B. 2 passed during the second special session of 2023.

Due to a historic budget surplus, the 88th Texas Legislature entered 2023 with virtually everyone on board with a significant property tax relief bill. Ironing out the details of the bill proved a more difficult task. The Senate focused on school property tax compression and an increase in the school district residence homestead exemption. As the regular session wore on, however, it was clear that the House preferred an expansion of an appraisal cap as the best means for providing property tax relief. The difference in opinion led to a standoff between the two chambers at the end of the regular session and the first special session. The two sides finally agreed on S.B. 2 during the second special session, which contained both the Senate's homestead exemption increase along with a limited appraisal cap that was included at the behest of House leadership. (Note: this S.B. 2 should not be confused with S.B. 2 from 2019, which imposed a revenue cap on Texas cities.)

It should be noted that neither the authors and sponsors of S.B. 2, nor the bill text itself, refer to an appraisal cap. Instead, and likely as part of the compromise between the two sides, the limitation on valuation increases is called a "circuit breaker" instead of an "appraisal cap." Whatever the name, the appraisal cap component of S.B. 2 is significantly pared down from the sweeping appraisal caps filed in previous sessions. Essentially, the S.B. 2 circuit breaker imposes a 20 percent cap on appraised values for non-homesteaded properties that are valued at $5 million and under as a three-year pilot project. Though bills were filed in 2025 to make the circuit breaker permanent, those bills did not pass so the circuit breaker will sunset at the end of 2026.

Before discussing the legislative history in Texas on appraisal caps, it makes sense to look at some of the bigger picture arguments for and against them. Property taxes must, by law, reflect the market value of the property being taxed. When residential home values rise, property taxes rise unless the tax rate is reduced. This situation offends some homeowners, however, and has led to a call for caps on the appraised value of residential homesteads (more accurately, caps on the *assessed value*, as appraisal districts would continue to render theoretically accurate appraisals). One of the first states to experiment seriously with such proposals was California under the infamous Proposition 13.

The effect of artificially limiting appraisals on certain properties is to shift the tax burden to properties that aren't increasing in value and to non-residential properties. Further, this shifting has been shown to be regressive in practice—the low-income and seniors living in aging neighborhoods are harmed by the shift that results from caps on assessed values.

Another negative consequence of assessed value caps is that they favor some residents over their next-door neighbors based simply on the purchase dates of the two homes. A key element of assessment caps is that capped values are permitted to "catch up" upon the sale of a home. This results in situations where identically appraised homes are assessed at very different levels. These negative effects of appraisal caps have been highlighted over the last several sessions in response to appraisal cap legislation by groups such as the Texas Association of Realtors, the Texas Taxpayers and Research Association, and business groups, in addition to cities, counties, school administrators, and others.

Though there is a standard appraisal cap framework that gets introduced every session (lowered amount by which assessed value can increase each year, often application to other properties other than homesteads), there are a number of variations on this basic formula that have been filed over the last two decades. These include appraisal caps that have some local-option component, bills that would limit the frequency of re-appraisals to every two or three years, and more recently, bills that would impose revenue caps on specific types of properties, like low-income housing.

During the 2005 special session, S.J.R. 4 would have amended the Texas Constitution (if approved by Texas voters) to give local governing bodies (cities, counties, and schools) *the option* of lowering the residential appraisal cap from ten percent to any amount between three and ten percent. The legislation provided that, once lowered, a local option appraisal cap could not be changed for five years. The bill did not pass.

The TML membership knew that the idea of a local-option appraisal cap, such as S.J.R. 4 proposed, needed to be examined closely heading into future regular sessions. Clearly, such a concept is what TML traditionally seeks: local decision-making. How can cities oppose something that is a local option, supporters of such a concept will ask? After much debate, the membership voted to take no position on legislation that would authorize a council-option appraisal cap, a position that carried over through 2021. The "council-option" requirement is, however, critical: legislation filed in 2009, H.B. 46 by Riddle, would have permitted the county commissioners court to call a county-wide election on an appraisal cap that would apply to all taxing units, including cities. TML opposed the bill because it did not provide for a city council option.

One of the bills filed in 2011—S.B. 175 by Nichols—introduced yet another variation of an appraisal cap. S.B. 175 would have: (1) reduced the property tax appraisal cap on homesteads from ten percent to five percent; (2) authorized a county commissioners court to call an election to increase the homestead appraisal cap for all taxing jurisdictions in the county back to some percentage between six and ten; and (3) prohibited a subsequent election from occurring for ten years after such an election is held. This bill represented a sort of "reverse county-option" to call an election to raise the cap on appraisals after it would be lowered by law to five percent. Not only would there be no council-option, but the concept behind the bill almost guarantees that the cap on appraised values would remain at five percent across the state, as citizens in a given county would almost certainly not vote to increase the appraisal cap back to ten percent.

The sizeable state fiscal note routinely attached to these bills plays a major role in their demise each legislative session. Take, for example, H.B. 2311 by Representative Krause in 2021. H.B. 2311 would have reduced the appraisal cap on residence homesteads from ten to five percent; and imposed a ten percent appraisal cap on the appraised value of a single-family residence other than a residence homestead. It would have cost the state and cities roughly $800 million over five years. Needless to say, any bill with that kind of fiscal note stands little chance of passage without a very coordinated effort for appraisal cap reform from the outset of the legislative session.

Although many appraisal cap bills were filed in 2019 and 2021, no appraisal cap proposal had a realistic chance of passage. None of the bills were reported from committee, and the ones that were came with significant costs to state and local governments in the fiscal notes. A couple of those bills included some new approaches to appraisal caps. One of which was S.B. 657 by Senator Creighton in 2019 (refiled as S.B. 1096 in 2021). S.B. 657 would have created a two-tiered appraisal cap for residence homesteads – three percent if the value of the homestead was $1 million or less, and five percent if the value of the homestead was over $1 million.

The other newer concept relating to appraisal caps is the appraisal cap that is targeted toward benefiting certain taxpayers. S.B. 1791 by Senator Zaffirini in 2019 would have established a council-option appraisal cap applicable in certain low-income areas within the city. H.B. 1577 by Rep. Yvonne Davis in 2021 would have allowed for a local-option appraisal cap in parts of Dallas, Lubbock, and Harris Counties where major economic development projects have led to gentrification of low-income neighborhoods. Finally, H.B. 3694 by Rep. Shaheen in 2021 would have imposed an appraisal cap on "rapidly appreciating residence homesteads" that had seen their values increase by at least 250 percent since the 2017 tax year by allowing the property to keep the 2017 appraised value for tax purposes. Similar targeted appraisal cap bills were filed in 2023 and 2025.

Despite the passage of an appraisal cap bill in 2023, dozens of appraisal cap bills were filed in 2025. No appraisal cap bill advanced during the session. The reluctance of Senate leadership to support appraisal caps have certainly diminished the prospects of them passing in a broadly-applicable form. Nevertheless, the governor has made a 3% appraisal cap on all properties a priority this interim, along with other appraisal reforms like requiring reappraisals only once every five years. It is possible that with the sunset of the 2023 circuit breaker, in addition to the governor's support of expanded appraisal caps, that appraisal caps will once again receive some consideration in 2027. The Senate's stance on caps does not appear to have changed, though, possibly setting up yet another standoff between the chambers and statewide leaders on the issue.

The TML Legislative Program provides that the League oppose legislation that would negatively expand appraisal caps but take no position on legislation that would authorize a council-option reduction in the current ten-percent cap on annual appraisal growth.

Property Tax Exemptions

In 2000, the TML Legislative Policy Committee on Municipal Revenue and Taxation recommended a change to the League's traditional approach to proposed property tax exemptions. Rather than opposing all property tax exemptions, the committee recommended (and the TML membership agreed) that the League should oppose only those exemptions that substantially erode the property tax base. Accordingly, TML has since taken no position on new exemptions that would be relatively low in cost and would serve some social benefit.

The rationale behind the new approach was that the effective tax rate and rollback tax rate mechanisms (now called the no-new-revenue rate and voter-approval rate, respectively) provide dollar-for-dollar relief for small amounts of lost property tax base. The lost property tax base is simply shifted from exempt to non-exempt properties. Cities are still able to raise the same level of revenue without facing negative property tax consequences. In fact, beginning in 2023 the Legislative Budget Board, the state agency tasked with estimating the fiscal impact of legislation through the issuance of fiscal notes assigned to each bill, included something approximating this language in its fiscal notes to cover the local fiscal impact of a property tax exemption bill in lieu of an actual estimate of impact: "However, the no-new-revenue and voter-approval tax rates as provided by Section 26.04, Tax Code could be higher as a consequence of the additional exemption proposed by the bill."

The downside of new property tax exemptions is that residential property tends to disproportionately bear the shifted burden. While this is a valid concern, it is not a uniquely city concern. In response to most proposed exemptions, legislators are confronted by taxpayer groups who feel that property taxes are high enough already without raising them more to finance subsidies for privileged groups. Further, cities and counties share the property tax base with school districts, most of which are much closer to their maximum gross tax rates than are cities and counties.

In other words, small, socially beneficial tax exemptions must run the full gauntlet of political examination, inquiry, and potential opposition. Because such exemptions must survive that exposure, and because municipal revenue is not harmed since the tax burden is simply shifted, TML committees recommended that the League take no position on minor property tax exemptions in the thirteen regular legislative sessions spanning from 2001 – 2025. Those thirteen sessions resulted in the enactment of only a few new property tax exemptions that affected cities (other than the senior tax freeze and Super Freeport), and many of those contained local option provisions.

In order to determine whether a property tax exemption "substantially erodes" the tax base, League staff have typically looked at two primary factors. First, what is the bill's overall cost to cities as reflected in the fiscal note prepared for the bill by the Legislative Budget Board? Although there is not necessarily a threshold cost above which any property tax exemption legislation would be considered to "substantially erode" the tax base, an exemption bill that would cost Texas cities tens of millions of dollars in revenue would almost certainly be opposed by the League under the standard position.

Secondly, the League looks at whether the exemption has wide applicability to a broad range of cities of various sizes and in various parts of the state. Taking both of these criteria together, League staff elected not to oppose S.B. 163 and H.J.R. 62 in 2013, the constitutional amendment that would exempt the residence homestead of the surviving spouse of a member of the armed forces who was killed in action. The fiscal note showed a fiscal impact to roughly 1,200 Texas cities at approximately $90,000 per year in the aggregate. The low cost to cities, coupled with the fact that residence homesteads eligible for an exemption under the new legislation are relatively rare was enough to satisfy League staff that the exemption did not "substantially erode" the property tax base. On the other hand, proposals to exempt senior citizens from paying any increase in property taxes would likely cost cities across the state millions of dollars, and would be opposed by the League because it would substantially erode the tax base.

2023 saw the passage of a couple of notable property tax exemptions. The first, S.B. 1145 and the accompanying constitutional amendment in S.J.R. 64, began as a generally-applicable property tax exemption for certain child care facilities. Due to the fiscal impact of an absolute property tax exemption, the bill was modified during session to become a pure local-option property tax exemption. The constitutional amendment was approved by the voters in November 2023 by a vote of 65 percent to 35 percent. The new law gives the city council the discretion to adopt a property tax exemption of all or part of the appraised value of the real property a person owns and operates as a qualifying child-care facility or the portion of the real property that a person owns and leases to a person who uses the property to operate a qualifying child-care facility. The city council may adopt the exemption as a percentage of the appraised value of the property, and the percentage specified by the city council may not be less than 50 percent.

The other significant property tax exemption to pass in 2023 was S.B. 2289 and its constitutional amendment S.J.R. 87, which exempts certain tangible personal property used or produced by medical and biomedical manufacturers from property taxation. As mentioned above, fiscal notes on property tax exemption legislation in 2023 did not reflect the full cost of the exemption to Texas cities, but instead just referenced that tax rates may float up to make up for the cost of the exemption. The impact of S.B. 2289 to schools remained in the fiscal note, and showed a roughly $45 million dollar hit to school districts that escalates over the next five years. That's not necessarily an apples-to-apples comparison that can be applied to city impact, but it does signify that there would be a tax burden shift in some cities back onto properties that do not benefit from the exemption.

S.B. 5 in 2023 would have provided an increase to the business personal property exemption from a $2,500 de minimis exemption to a $25,000 exemption. The estimated cost to cities was $75 million. Due to the broad and significant impact of S.B. 5, the League opposed the bill.

Although S.B. 5 didn't end up passing, the bill was a precursor to an expanded version of the concept passing in 2025 in the form of H.B. 9. H.B. 9 provided that a person is entitled to a property tax exemption of $125,000 of the appraised value of income-producing tangible personal property. H.B. 9 represented an agreed-upon priority item of the House, Senate, and governor as part of the overall property tax relief package in 2025. While the fiscal note showed no cost to cities because no-new-revenue and voter-approval tax rates would float upwards as a consequence of the reduced value from the bill, it also stated that if all cities, counties, and special purpose districts did not adopt the higher rates, the cost of the new exemption would be $452 million. The bill went into effect in January 2026, and will impact city tax rates, where applicable, beginning with the 2026 tax rate adoption cycle.

Just like in 2015, 2021, and 2023, legislation (S.B. 4) passed in 2025 to increase the amount of the school homestead property tax exemption, this time from $100,000 to $140,000. The constitutional amendment was approved by the voters in November 2025 and went into effect for the 2025 tax year. Of specific interest to cities, previous bills that increased school homestead exemption also provided that the governing body of a city, school district, or county with a local option homestead exemption adopted for the 2022 tax year may not reduce the amount of or repeal the exemption through the 2027 tax year.

At the 2024 TML Policy Summit, delegates added a position for the League to support legislation that would fully fund the disabled veterans homestead exemption property tax relief program to assist those cities that are disparately impacted by the exemption due to high concentrations of disabled veterans living in the city. Several bills were filed that would have expanded the program in different ways. H.B. 2894 by Representative Hickland passed and was signed into law. H.B. 2894 expands the eligibility criteria for a disabled veteran assistance payment from the state and increases the funding amount for certain cities. Unfortunately, nothing passed to fully fund the disabled veterans homestead exemption property tax relief program.

The TML Legislative Program provides that the League oppose legislation that would impose new property tax or sales tax exemptions that substantially erode the tax base.

The TML Legislative Program provides that the League support legislation that would fully fund the disabled veterans homestead exemption property tax relief program to assist cities uniquely impacted by high concentrations of disabled

veterans homestead exemptions, enabling them to more effectively manage property tax rates.

Sales Taxes Exemptions

For many years, organized interest groups have descended upon the legislature attempting to obtain exemptions from sales taxation, just as many groups have attempted to obtain property tax exemptions. That effort intensified after 1987 when the legislature adopted a massive tax bill that increased the state tax rate and broadened the sales tax base to include custom computer software, local telephone service, data processing, garbage collection, janitorial and cleaning services, non- residential repairs and remodeling, landscaping, lawn services, surveying, exterminating, security services, and a variety of additional services.

At the urging of the Texas Municipal League, lawmakers ensured that the broadened base was subject to the local-option sales tax as well as the state sales tax. As a result, the bill generated millions of dollars for Texas cities.

As soon as the sales tax base was broadened, those who were included in the broadening began to seek exemptions. In the first special session in 1991, the legislature once again broadened the sales tax base. Since then, more exemptions have been sought. During each session, some exemptions are passed while many more fail.

A number of sales tax exemption bills were filed in 2011, although none of them passed. The proposals included a sales tax exemption for personal property used at a "data center" (H.B. 3479 by Christian), an exemption for precious metal coins (H.B. 3104 by Simpson), an exemption for textbooks purchased by college students during a ten-day period prior to each semester (S.B. 52 by Zaffirini), and an exemption for guns and ammunition (H.B. 181 by S. Miller).

One bill, H.B. 2237 by Representative Lyne, would have reclassified all-terrain vehicles, off-road motorcycles, and golf-carts as "motor vehicles," thus subjecting them to the motor vehicle sales tax, which does not include a local component. Although this bill was not a sales tax exemption in the traditional sense, it would have greatly reduced sales tax receipts in those cities where these particular off-road vehicles sold. H.B. 2237 was reported from the House, but luckily did not get voted out of committee in the Senate. TML strongly opposed the idea.

A handful of small sales tax exemptions passed in 2013, including exemptions for the sale of various types of coins, food products sold by an elementary or secondary school, and certain snack items. H.B. 800 by Murphy was a more substantial sales tax exemption bill that passed, which exempts certain personal property used in research and development activities. The fiscal note for H.B. 800 estimated a cost of roughly $24 million per year to cities, while costing the state approximately $150 million per year.

In 2015, a total of six sales tax exemption bills passed. The bill with the most significant cost to cities was S.B. 1356 by Hinojosa, which exempts the sale of a water-conserving or WaterSense product from sales and use taxes if the sale takes place on Memorial Day weekend. According to the bill's fiscal note, the bill will cost cities a total of roughly $800,000 per year for the first five years.

No sales tax exemption bills of any significance passed in 2017. One minor exemption that did pass, H.B. 4054 by Murphy, highlights exactly how specific some sales tax exemptions get. H.B. 4054 exempts from sales taxes certain baked goods regardless of whether the items are heated by the consumer or seller and sold at certain locations without plates or other eating utensils. The fiscal note showed no significant impact to local governments.

In 2019, many sales tax exemptions were filed, but few passed. Of those that did, including bills exempting certain sales at county fairs and sales in connection with certain touring theatrical productions, none showed a significant cost to the state or to cities.

In 2021, the only sales tax exemption with a measurable impact on city sales tax collections that passed was S.B. 313 by Huffman. S.B. 313 exempts certain firearm safety equipment from sales taxes, and the estimated cost to cities per year is under $200,000 per year statewide.

With a large state budget surplus in hand, the legislature was finally able to push across the finish line in 2023 a sales tax exemption for feminine hygiene products, along with other family care items like diapers, baby wipes, wound care dressings, maternity clothing, baby bottles, and breast milk pumping products. The legislation was a top priority of Speaker Phelan, and also supported by Governor Abbott, Comptroller Hegar, and Senator Huffman, who chaired the Senate Finance Committee and authored the version of the bill that ultimately passed. The bill also received the support of some Texas cities. Public sentiment and state leadership was aligned in support of the bill, which passed the House and the Senate overwhelmingly. The fiscal note showed a cost revenue loss of roughly $130 million per year to the state, and an estimated loss of roughly $25 million per year to cities.

Since 2007, the TML approach to sales tax exemptions has been similar to the flexible approach taken with property tax exemptions: the League opposes only those sales tax exemptions that substantially eroded the sales tax base. Smaller, socially beneficial exemptions such as children's school backpacks and school supplies were largely ignored under the theory that if the state can tolerate the minuscule loss of tax base, so can local governments.

The TML Legislative Program provides that the League oppose legislation that would impose new property tax or sales tax exemptions that substantially erode the tax base.

Local Sales Tax Sourcing

In June 2018, the United States Supreme Court in *Wayfair v. South Dakota* held that a South Dakota state law requiring certain remote sellers to collect sales taxes on goods shipped to customers living in South Dakota is constitutional. In doing so, the Court overturned decades of legal precedent and set the stage for a significant sales tax debate during the 2019 session of the Texas Legislature and beyond.

For over 25 years, the 1992 United States Supreme Court decision in *Quill. v. North Dakota* represented the law of the land regarding collection of state and local sales taxes on remote sales. *Quill* provided that a business could not be required to collect and remit sales taxes to a state if it had not established a physical presence there. State sales tax laws, Texas's included, were modified years ago to account for the *Quill's* physical presence test.

Writing for the five-four majority in *Wayfair* Justice Kennedy rejected the previous holdings of the Supreme Court as outdated and incompatible with the technological realities of a twenty-first century economy. According to Kennedy, simply relying on physical presence to determine whether or not a company can be required to collect sales taxes ignores the fact that companies now have websites accessible in every state. Those company websites might save cookies to customers' hard drives, have apps that can be downloaded anywhere, and may store data that is located in any number of states. In short, South Dakota's law was upheld because it established a clear connection between out-of-state retailers and the state based on both economic and virtual contacts.

In order to fully implement the new authority under *Wayfair*, the state legislature passed two bills during the 2019 legislative session – H.B. 1525 and H.B. 2153.

H.B. 1525 required online marketplaces (like Ebay, Amazon, or Etsy) to collect sales taxes on marketplace sales, instead of potentially requiring each individual seller on that marketplace to bear the burden of collecting the sales tax. Additionally, it required the sales taxes associated with marketplace sales to be sourced to the destination to which the marketplace goods are shipped.

H.B. 2153 gave remote sellers the option to either collect and remit the actual sales taxes owed based upon the rate at the shipping destination, or instead collect a simplified "single local use tax rate" of roughly 1.75 percent on all sales. Remote sellers who collect the single local use tax rate send the money collected to the comptroller, who remits the revenue to local taxing entities based upon their existing proportion of the local sales tax base.

The League was neutral on both bills during the 2019 legislative session because of the following provision in the TML legislative program at that time:

> Take no position on Wayfair-related legislation that impacts local sourcing of sales and use taxes, but seek the guidance of the TML executive committee to address any unforeseen issues concerning the statewide implementation of the Wayfair decision.

Additionally, in early 2020 the comptroller proposed amendments to the administrative rules pertaining to local sales and use tax collection in order to harmonize the rules and the statute following the passage of H.B. 1525 and H.B. 2153. Under the proposed rules, sales taxes on intrastate internet orders wouldn't automatically be sourced to the community where the place of business receiving the order is located. Instead, the rules provided that an internet order would not be received at a place of business of the seller, meaning that sales taxes on those orders instead were sourced either to the location where the order was fulfilled, or the location where the purchased items were delivered to the consumer.

The changes made to sourcing of internet orders caused what could be described as a flood of opinions from city officials and state legislators alike, on both sides of the issue. Many city officials expressed their strong opposition to the rule changes, both in written comments and during public hearings on the proposal. Those cities objected primarily on the grounds that the change would deprive them of sales tax revenue that they rely on under the existing sourcing scheme. Other city officials supported the rule changes. Those cities viewed the existing framework as unfairly re-routing sales tax dollars as e-commerce continues to proliferate. The League, acting on guidance from the TML Executive Committee remained neutral on the rule change, as member cities weighed-in on both sides of the debate.

The rule changes were adopted in May of 2020. At that time, the new rule provided that orders received via a shopping website or software application are received at a location that is not a place of business in the state. The ultimate impact of this change is that, under the provisions governing where a sale is consummated, certain internet purchases may change from being sourced to the location where the order was deemed to have been received. The new rule provides that orders are sourced to the location where the order is fulfilled or the location where the order is received by the purchaser, depending on the exact circumstances. By comparison, nothing in the rule changes the sourcing of orders placed in person in Texas; in-person orders at a place of business in Texas are consummated at the place of business, regardless of where the order is fulfilled.

In addition to the new provision on "orders not received by sales personnel," the rule added a new paragraph dealing with "orders received by sales personnel…including orders received by mail, telephone, including voice over internet protocol and cellular phone calls, facsimile, and email." This section provides some clarification for cities with concerns about traveling salespersons and the treatment of orders received via email or voice over internet protocol, but not using an internet shopping website. The location where a salesperson operates will be considered a "place of business" of the seller, for sales tax allocation purposes, only if the location meets the definition of that term on its own, without regard to the orders imputed to that location under this new paragraph.

The adopted rules relating to orders not received by sales personnel were not effective until October 1, 2021. The comptroller, according to the description published in the *Texas Register*, delayed the implementation of this provision in order to give "interested parties an opportunity to seek a legislative change." City officials expected this to be a major issue during the 2021 legislative session.

While multiple bills were filed in 2021 to address the comptroller's rule change on internet order sourcing—both to codify the comptroller's rule and to expressly preempt it—nothing ultimately passed related to local sales tax sourcing. This allowed the internet sourcing rule to go into effect, though now litigation has stalled its implementation (more on that below). Interestingly, the one bill on local sales tax sourcing to progress through the legislative process at all was H.B. 4072 by House Ways and Means Chairman Morgan Meyer. H.B. 4072 would take local sales tax sourcing well beyond the rules implemented by the comptroller and provide for a wholesale switch to destination sourcing to the location where the item is shipped or delivered or where the purchaser takes possession.

Not surprisingly, when H.B. 4072 was heard in the House Ways and Means Committee, city officials again lined up on both sides of the issue. Ultimately the bill was approved by the committee but never received a vote on the House floor.

Later in 2021, six Texas cities sued the comptroller to prevent the rule changes from going into effect. The comptroller and city plaintiffs in two lawsuits agreed to a temporary injunction delaying the effective date of the rule impacting the sourcing of local sales taxes on orders not received by sales personnel, including orders received by a shopping website or shopping software application. Instead of going into effect on October 1, 2021, as originally planned, the effective date of the rule was delayed until there is a final hearing on the merits of the cases or further order from the court.

In August 2022, a district court judge preliminarily sided with the six cities finding, among other things, that in adopting the rule on internet orders, the comptroller's office failed to comply with proper administrative procedure. The judge remanded the internet order provision to the comptroller's office for revision and readoption through established procedures. In January 2023, the comptroller readopted the sourcing rules with slightly modified language from the previous adoption on the internet sourcing question. According to the new language, a facility without sales personnel is not a place of business of the seller, nor is a computer that operates an automated shopping cart software. Though the rule was readopted, the internet sourcing provision still remained ineffective due to the pending litigation.

The House Ways and Means committee considered a shift to destination sourcing at an interim committee hearing in April 2022. At that hearing, city testimony was again mixed on the concept, but this time there was a significant amount of opposition from business owners and business interest groups on the grounds that such a monumental policy shift would come with an administrative burden on local businesses to keep track of the local sales tax rate in jurisdictions where the taxable item is shipped.

In 2023 Chairman Meyer once again filed his bill to shift local sales tax sourcing to a destination system, this time with changes from the previous session's version likely to address some of the criticism of the concept during the interim hearing. H.B. 5089 would have exempted small businesses—those with fewer than 20 employees and total combined gross receipts of less than $500,000 in the preceding twelve months—from the destination sourcing requirement. It also would have provided that a retailer with an active economic development agreement with a city that has a single place of business in the state could continue to source local sales taxes to the single place of business until December 31, 2028, effectively preserving existing sales tax incentive agreements for five years. The bill was reported from the House Ways and Means committee, despite numerous cities and businesses testifying against it. H.B. 5089 was not considered on the House floor.

In January 2024, the comptroller adopted yet another rule change, this time to address sourcing when an order is received by a fulfillment warehouse. In adopting the rule, the comptroller acknowledged the ongoing litigation involving the six city plaintiffs in which the cities claim that the location where an order is received should be the location where the vendor forwards the order for fulfilment, rather than the location where the order is received from the customer. According to the comptroller, "the legislative history indicates that the legislature did not intend a fulfillment warehouse to be the location where the order was received unless the fulfillment warehouse received the order directly from the customer."

The litigation over the comptroller's rule adoption effectively ended in December 2024 when a Travis County district court largely found in favor of the city plaintiffs, permanently enjoining the comptroller from enforcing key portions of its local sales tax sourcing rule. The court's final judgment essentially halted the comptroller's efforts to reform sales tax sourcing through the administrative rulemaking process, leaving legislation as the only viable method of substantially reforming the sourcing rules.

Once again, Chairman Meyer filed a bill to modify local sales tax sourcing in 2025. H.B. 134 was very similar in concept to H.B. 5089 from 2023. And just like in 2023, there was significant opposition in committee, the bill was reported from committee, but never heard on the House floor. Given the recent legislative and legal history, a change to local sales tax sourcing does not appear imminent.

Sales tax sourcing issues have always presented scenarios where some cities win and other cities lose. Because of this dynamic, the League has traditionally remained neutral on sourcing issues, which is reflected in the current legislative position.

The TML Legislative Program provides that the League take no position on legislation that would impact local sourcing of sales and use taxes.

Economic Development Incentives

For decades, cities have maintained the authority to offer economic development incentives in order to attract and retain business development. The ability for city councils to use these incentives plays an important role to the development of sustainable local economies, especially when used to complement the provision of vital services and strategic planning to promote a strong quality of life for city residents. City efforts on this front have helped drive the recent influx of people and jobs that make several Texas regions amongst the fastest growing in the nation.

In recent legislative sessions, there have been some signs that legislators' support for economic development incentives in general may be waning. In 2019, local property tax abatement authority was set to expire, as the statute was drafted to include a "sunset" clause for every ten years. Unless the legislature passed a bill to extend the life of the statute authorizing local property tax abatement authority, the authority would terminate.

A bill did pass to extend property tax abatement authority in Chapter 312 of the Tax Code in 2019. H.B. 3143 by Representative Jim Murphy extended the ability to enter into tax abatement agreements until 2029. The bill had the backing of several business associations, chambers of commerce, economic development corporations, and many local governments. However, due to some of the common concerns with economic development incentives—mainly limited transparency and governments not holding businesses accountable for meeting goals on things like job creation—the bill couldn't pass as just a stand-alone extension of the sunset date. Instead, a few additional reforms needed to be added to the bill.

In addition to the expiration date extension, H.B. 3143 also: (1) required the governing body of a taxing unit to hold a public hearing before it adopts, amends, repeals, or reauthorizes property tax abatement guidelines and criteria; (2) required a taxing unit that maintains an Internet website to post the current version of the guidelines and criteria governing tax abatement agreements on the website; (3) provided that the public notice of a meeting at which the governing body of a taxing unit will consider the approval of a tax abatement agreement with a property owner must contain: (a) the name of the property owner and the name of the applicant for the tax abatement agreement; (b) the name and location of the reinvestment zone in which the property subject to the agreement is located; (c) a general description of the nature of the improvements or repairs included in the agreement; and (d) the estimated cost of the improvements or repairs; and (5) required the public notice of the meeting to be provided at least 30 days before the scheduled time of the meeting.

Following the extension of property tax abatement authority in Chapter 312 of the Tax Code in 2019, attention shifted in 2021 to the extension of Chapter 313 of the Tax Code, a chapter that authorizes property value limitations for purposes of limiting the burden of school district maintenance and operations property tax on businesses. Because of the sheer size of the program, Chapter 313 has been much more controversial than city and county property tax abatements over the years. Still, most observers probably expected Chapter 313 to be renewed just as Chapter 312 had been the previous legislative session.

To the surprise of many, Chapter 313 was not renewed in 2021. This was not for a lack of trying. Extension of the program was the top priority of many influential business groups during the 2021 session. The failure to extend Chapter 313 represented one of the first major indications that growing populism in Texas politics has risen to the level necessary to prevail over business priorities in the Texas Legislature. Both the Democratic and Republican party platforms called for the elimination of Chapter 313, and two influential interest groups on the political right and left joined forces to oppose the extension of the program.

Chapter 313 also fell victim to the unique structural concept of an expiration provision in the statute. The program's demise was aided by the fact that it would disappear unless the legislature could actually pass a bill extending it. This affirms the political truism that it is exponentially more difficult to thread the needle and pass legislation than it is to kill it.

It's worth noting that H.B. 2404 by Representative Meyer passed in 2021, which requires cities to report 380 agreements to the comptroller's office to be included in a statewide database. The League supported H.B. 2404.

The business community didn't have to wait long to see Chapter 313 reincarnated. In 2023, the legislature passed H.B. 5 as a successor program to Chapter 313 incentives, this time codified in Chapter 403 of the Texas Government Code. H.B. 5 establishes a ten-year, 50 percent limitation on school district maintenance and operations taxable values. The limitation only applies to large-scale manufacturing, utility, natural resource development, research and development, and critical infrastructure projects. Conspicuously absent from the list of qualifying business projects was anything relating to renewable energy. Renewable energy projects were excluded from eligibility as a political concession to get the bill passed. Under this latest incentive program, school districts have far less discretion over the terms of the deal, as the comptroller and governor's economic development office maintain the responsibility to structure the deal.

Going into the 2023 session, all signs pointed to the legislature considering amendments to Local Government Code Chapter 380 to address perceived city abuses of the incentive program under that chapter. These signs included a high-profile newspaper article critical of the lack of transparency and limitations for Chapter 380 incentives, as well as an interim report from the Senate Committee on Natural Resources and Economic Development on the topic. The report included recommendations: (1) to require public notice prior to an agreement being granted under Chapter 380, similar to the new provisions governing approval of property tax abatement agreements; (2) to limit the number of years a Chapter 380 agreement can last; and (3) to prevent property taxes from being rebated under a Chapter 380 agreement.

Senator Birdwell, chair of the Senate Committee on Natural Resources and Economic Development, filed S.B. 1419 in 2023 to implement the recommendations from the committee's interim report. The bill was approved by the full Senate on a 27-4 vote but was never heard in House committee. As it was engrossed by the Senate, the bill would have prohibited a city from granting a property tax abatement through a 380 agreement, added transparency requirements to 380 agreements like public hearings, notice requirements, and website posting mandates, required certain performance metrics in any 380 agreement, and placed a ten year duration on any 380 incentive with the ability to renew for up to 25 years.

Chairman Birdwell carried nearly identical legislation in 2025, with the same results. S.B. 878 received city, EDC, chamber, and business opposition in committee, but was sent to the Senate floor nonetheless, where the bill passed on a 27-4 vote once again. And once again, the House didn't consider the bill. Chairman Birdwell did not run for reelection, thus perhaps dimming the prospects of a similar bill impacting Local Government Code Chapter 380 in 2027.

Two other important economic development bills passed in 2023. S.B. 543 by Senator Blanco gives cities the flexibility to transfer real property to a business prospect for economic development purposes when the city has entered into a 380 agreement with the business prospect, with certain transparency and safeguards on the authority. S.B. 1340 by Senator Zaffirini adds property tax abatement agreements to the comptroller's pre-existing 380 reporting database, beginning with any agreements entered into after January 1, 2024.

The TML Legislative Program provides that the League should oppose legislation that would limit the type of incentives available to the city or that would limit any use of incentives by a city.

Type A/Type B Economic Development Sales Tax

The Texas Legislature created economic development corporations (EDCs) in 1979. At the time, the concept of economic development as a legitimate governmental function was in its infancy. In fact, city expenditures to attract business activity were arguably unconstitutional under Article III, Section 52, until a 1987 amendment established economic development pursuits as a public purpose. As a result, early EDCs relied on donations and were largely ineffective.

Legislation passed in 1989 and 1991 gave teeth to EDCs by authorizing the Type A and Type B sales taxes, respectively. (Note: These two types of sales taxes were formerly referred to as "4A" and "4B" due to the section of Vernon's Civil Statutes that authorized the taxes. The relevant statutes are now codified in the Local Government Code.) These sales taxes were initially envisioned by the legislators who created them as vehicles for fostering manufacturing and industrial jobs. After their initial involvement in creating the tax, many of these legislators turned to other matters for the next decade. Meanwhile, each legislative session thereafter brought a gradual expansion of the permissible uses of Type A and Type B taxes. First, Type B EDCs were given general authority to attract commercial and retail businesses. Next, Type B EDCs (and, to a lesser extent, Type A EDCs) were given authority to fund certain municipal improvements, such as parks and city buildings. Finally, Type A EDCs were given the same broad commercial and retail business authority that their Type B cousins possessed.

Prior to the 2003 regular session, some of the legislators who had a hand in the initial EDC sales taxes began to revisit the issue, their focus being alleged "abuses" of the tax. In reality, it is more likely that these legislators were simply shocked by the broad, but legal expansion of the two taxes over the previous decade. Some of these legislators warned that the very existence of the tax was in jeopardy. In a sort of preemptive strike, professional economic development organizations took the lead in drafting legislation designed to placate the irate legislators. The result was H.B. 2912, a revolutionary rewrite of Type A and Type B EDC laws.

The primary feature of H.B. 2912 was that it effectively canceled the authority of both Type A and Type B corporations to engage in direct commercial and retail economic development. For Type A EDCs, the cancellation was straightforward: the phrase "to promote new and expanded business development" was struck from an introductory section of the law that defined eligible projects. It was this section that had essentially granted commercial and retail authority to Type A EDCs in the late 1990s. For Type B EDCs, H.B. 2912 retained language that permits expenditures to "promote or develop new or expanded business enterprises." However, H.B. 2912 limited such expenditures for both Type A and Type B corporations to projects that create "primary jobs." "Primary jobs" was a new concept and was defined in a way that includes jobs mostly related to "blue collar" and financial-type industries. Examples include crop production, animal production, forestry and logging, commercial fishing, support activities for agriculture and forestry, mining, utilities, manufacturing, wholesale trade, transportation and warehousing, information, securities, commodity contracts, certain financial investments and related activities, insurance carriers and related activities, scientific research and development services, and management of companies and enterprises. Conspicuously absent from this list are jobs related to basic commercial, retail, and services industries. Unless a Type A or Type B project created a "primary job," as defined above, the project was likely improper. In summary, Type A and Type B EDCs were no longer permitted to engage in attracting commercial, retail, or service businesses. Fortunately, existing projects were grandfathered.

H.B. 2912 also repealed the authority of Type B corporations to spend sales tax proceeds on learning centers or city buildings. The bill also restricted the ability of any EDC to provide a direct financial incentive to a business prospect (as opposed to preparing land or infrastructure for use by the business), unless done pursuant to performance agreements.

Going into the 2005 session, the TML legislative program was largely silent on the issue of rolling back the effects of H.B. 2912, with one exception. TML supported legislation that would restore commercial and retail authority to corporations in "land-locked" cities. The League's overall neutrality was a function of the fact that some cities without Type A/Type B corporations dislike the broad retail incentive authority possessed by some of their neighbors. This is especially true in urban areas where some cities' entire sales tax discretion is taken up by the sales tax for transit. Such cities feel that neighboring cities with Type A/Type B corporations are able to poach existing retail business by using economic development incentives.

Some cities made a push on their own to roll back the effects of H.B. 2912. Through a combination of several bills that were enacted, commercial and retail incentive authority was restored for Type B Corporations only in either of the following two cases: (1) cities under 20,000 population; or (2) cities with less than $50,000 per year in Type B sales tax revenues. (More narrow changes were enacted for land-locked cities and certain border cities.) The statute has remained relatively unchanged since that time.

For 2013, the membership and TML Board determined, after extensive discussion, that the League would: (1) stay neutral on legislation that would expand EDC authority; and (2) oppose legislation that would limit EDC authority on a statewide level, provided that the League would take no position on legislation that was regional in scope and that was supported by some cities in the region. In other words, attempts to limit EDC authority in certain regions of the state that received support from cities in those regions would not be actively opposed by the League. This position was crafted with an eye on keeping the League out of city vs. city fights concerning EDCs.

Despite the new nuanced position by TML during the 2013 session, very few EDC bills were filed, and even fewer passed. Two bracketed bills passed giving the Port Arthur EDC additional spending authority. Another bill, H.B. 2473 by Deshotel, was signed into law after narrowly being approved by the House on a 70-69 vote. H.B. 2753 broadened the authority of all EDCs to use EDC sales tax revenue for housing facilities at public state colleges.

Only two bills directly affecting EDCs passed in 2015. One was H.B. 157 by Representative Larson, which provided that a city may hold an election to adopt an EDC sales tax in any increment of one-eighth of one percent (among many other things). The other, H.B. 2772 by Representative Martinez, authorized certain EDCs located near the border to spend EDC funds on specified transportation facilities.

In 2017, TML priority legislation passed in the form of H.B. 3045 by Representative Dale that authorized a city to hold an election to reduce or increase the rates of various city sales taxes. Few other bills of any significance were filed that would have affected EDCs, and no other EDC bill was passed into law.

The only bill relating to EDCs that passed in 2019, S.B. 450 by Senator Powell, simply moved the deadline for submitting EDC annual reports to the comptroller from February 1st of each year to April 1st.

One bill that did not pass, but is worth mentioning, was H.B. 1221 by Representative Patterson. H.B. 1221 would have authorized a city to hold an election to spend Type A and Type B EDC revenue on public safety and infrastructure expenses. When the bill was heard in committee, it was opposed by several EDC officials. Meanwhile, the bill author, Representative Patterson provided the following prescient quote at the committee hearing: "This is a new day…. We've heard from a number of cities who have claimed that they will…maybe not be able to hire police and fire as a result of [revenue cap legislation]. This does provide another option for our local communities to use those funds…should they need to."

Representative Patterson refiled his bill in 2021 in the form of H.B. 539, but it did not advance out of committee. One EDC bill that did pass in 2021 was S.B. 1465 by Hinojosa. S.B. 1465 establishes the Texas small and rural community success fund to make loans to EDCs for eligible EDC projects.

In 2023, Representative Patterson once again filed his bill allowing EDC funds to be used for public safety and infrastructure projects. The bill was not heard in committee. Two other EDC-related bills were filed in 2023, though neither passed. H.B. 398 by Representative Shine would have expressly exempted property owned by a Type A or a Type B corporation from property taxation if the property was used for a public purpose. The other, H.B. 4749 by Representative Janie Lopez, would have allowed certain rural cities to use EDC funds for certain water, sewer, and drainage infrastructure projects.

2025 was another quiet session for EDCs. Senator Middleton filed S.B. 2599, which would have expressly subjected EDCs to the competitive bidding statute applicable to Texas cities. H.B. 3291 by Representative Hefner would have exempted certain Type A EDC projects from property taxation during the period the EDC owns projects on behalf of the authorizing city. Neither bill received a committee hearing.

The TML Legislative Program provides that the League: (1) take no position on legislation that would broaden the authority of Type A or Type B sales tax corporations; and (2) oppose legislation that would limit the authority of Type A or Type B sales tax corporations statewide but take no position on legislation that is regional in scope and that is supported by some cities in that region.

Issuing City Debt

Outside of property tax reform, perhaps no issue relating to municipal revenue and finance has generated more attention over the past several sessions than local debt. Although numerous bills had been filed prior to the 2013 session that would have made it more difficult for cities to issue certain debt obligations, the outcry against the perceived endemic growth of local debt reached a fevered pitch starting with the 2013 legislative session. All of this in spite of the fact that state-collected data showed that local government debt (and city debt, in particular) was increasing at a significantly lower rate than was state debt.

Nevertheless, heading into the 2013 legislative session, Comptroller Susan Combs sharpened her focus on the issue by publishing a report on the problems associated with the issuance of local debt. On January 2013, Combs authored an article that ran in the *Wall Street Journal* entitled "Debt Excess Even Lives in Texas" in which she claimed that local elected officials choose to deliberately hide-the-ball from the citizens they represent with regard to debt: "Unchecked and invisible debt and out-of-control spending are putting the nation in real jeopardy, and too many public officials seem happy to keep you in the dark. It's up to you to demand that the lights be turned on—before it's too late."

In 2013, the comptroller had two comprehensive local debt bills filed by the chairman of the Senate Finance Committee and chairman of the House Appropriations Committee — S.B. 14 and H.B. 14. As filed, the bills would have impacted cities in three major ways: (1)

required cities to include various types of financial information on the actual ballot proposition for a bond election, including the total and per-capita amounts principal and interest required to pay all outstanding debt (including non-tax-supported debt), the principal and interest of the bonds to be authorized, as well as other estimations of interest rates and maturity dates for the bonds to be authorized, among other things; (2) required the preparation of an annual financial report that contains information on each city fund as well as information on the city's debt obligations, and required every city to post the report on its website or Facebook page; and (3) imposed limitations on the issuance of certificates of obligation (COs), such as expanded notice when issuing COs, limitations on how often COs could be issued, and lessening the threshold number of voters needed to petition to force an election on the issuance of a CO from five percent of the qualified voters of the city to five percent of the total number of voters that voted in the most recent gubernatorial general election in the city.

The League testified against the bills in committee, but also worked to make beneficial changes to the bills with the sponsors and other interested groups as the bills progressed through the process. By the end of the session, the above provisions of the bills had been modified significantly, and the League no longer actively opposed the legislation. Both bills were ultimately killed on points of order in the Texas House.

A number of other city-debt related bills were filed in 2013, many of them containing individual components of the omnibus local debt bills, H.B. 14 and S.B. 14. The only bill regarding city debt issuance that passed, S.B. 637 by Senator Ken Paxton, contained some similar provisions regarding bond election notice as the two more comprehensive bills. As passed, S.B. 637 required cities to include various types of information in the election order for a debt election, including information on the debt being issued, total outstanding tax-supported debt, tax rates resulting from the debt issuance, and more. In addition, the election order must be posted in each polling place, on the city's website, and in three other public places in the city.

Not surprisingly, several bills were filed in 2015 that would address local debt. Momentum coalesced around H.B. 1378 by Flynn, a debt reporting bill that was ultimately passed and was signed into law. In addition to requiring every city to complete an annual report containing information about issued and outstanding debt, H.B. 1378 also prohibited a city from issuing a CO for a project that was rejected by the voters at a bond election during the preceding three years.

One new approach in 2017 to combat local debt issuances was legislation that provided a debt election was not valid unless a certain percentage of registered voters showed up to vote. The only such bill to receive a committee hearing was S.B. 702 by Huffines. As filed, S.B. 702 would have required turnout of 33 percent of the registered voters of a political subdivision in order for a bond election to take effect. The threshold was amended to 15 percent after the committee hearing. The bill was voted from committee but moved no further. The irony of this idea is that it comes from legislators who appeared to be very concerned with local government spending, yet they were willing to author legislation that could waste taxpayer dollars on invalid elections.

The 2019 session was an active one for local debt bills. H.B. 440 by Representative Murphy passed and was signed into law. Though H.B. 440 affected school districts more than cities, the bill contained one generally-applicable provision requiring a political subdivision that maintains a website to include a sample ballot for their debt election on the website for the 21 days before the election. It also provided that a political subdivision may not issue general obligation bonds if the weighted average maturity of the bonds exceeds 120 percent of the reasonably expected weighted average economic life of the improvements and personal property financed with the issue of the bonds.

Another bill that passed, S.B. 30 by Senator Birdwell, requires that each single specific purpose for which bonds requiring voter approval are to be issued must be printed on the ballot as a separate proposition. The stated goal of the legislation was to prevent a local government from including an unpopular expenditure with a popular expenditure in the same proposition in order to facilitate the passage of the more unpopular one.

The most city-significant local debt bill that passed in 2019 was H.B. 477 by Representative Murphy. Among other things, H.B. 477 required a political subdivision with a population of at least 250 to create a voter information document for each debt proposition to be voted on at an election. The voter information document must include the ballot language, a table that contains information about the principal and interest (both of the debt to be issued and of all outstanding debt), the estimated maximum annual increase in the amount of taxes imposed on a homestead with a $100,000 value, and any other information the political subdivision considers necessary to explain the information in the voter information document. This language could be seen as a compromise of sorts – more transparency for the voter in a debt election without putting all of the information on the ballot itself to potentially confuse the voter in the voting booth.

H.B. 477 also contained some language related to COs. The bill added contextual information to the notice of intention to issue a CO, extended the timeframe to publish newspaper notice of the intention to issue a CO from 30 days to 45 days before passage of the ordinance, and required the notice to be placed on a city's website for at least 45 days before the passage of the ordinance, as well.

In 2021, the most serious threat to city debt authority was H.B. 1869 by Representative Burrows. As filed, H.B. 1869 would have modified the definition of "debt" for purposes of the debt service property tax rate calculation to only include debt approved at an election. This change would mean that all non-voter approved debt, such as certificates of obligation and tax notes, would have to be financed from a city's maintenance and operations property tax rate instead of the debt service tax rate. This change was deemed necessary by proponents because of perceived abuses by local governments, who were argued to rely heavily on COs because they are not subject to the 3.5 percent voter-approval rate calculation and aren't subject to an upfront election for approval.

Due in large part to the work of city officials and other interested stakeholders, H.B. 1869 was significantly modified as it went through the legislative process. As filed the bill would have essentially taken away COs and other debt instruments as financing options for critical infrastructure, even though they often represent the most cost-efficient form of local debt. The bill would have also effectively eliminated the ability of cities and other local governments from issuing refunding bonds to refinance existing debt. The bill's author showed a willingness to address city concerns in subsequent versions of the bill, making it largely acceptable to most stakeholders by the end of the legislative process.

As it passed, H.B. 1869 did modify the definition of "debt" for purposes of the debt service property tax rate calculation, but the new definition still retained the ability to use certain non-voter approved debt instruments for critical projects, like transportation infrastructure improvements, water, sewer, and telecommunications infrastructure, public safety-related infrastructure projects, updating existing buildings and facilities, vehicles and equipment, and refunding bonds, among other things. Under the new definition, cities are limited in using COs or other non-voter approved debt to finance new non-public safety city facilities, like libraries, and other types of miscellaneous expenditures like public art projects.

In 2023, multiple bills were filed that would have either reversed the authority to use non-voter approved debt for things like designated infrastructure projects, or further built upon the limitations in H.B. 1869. S.B. 976 by Senator Middleton and S.B. 977 by Senator Bettencourt would have once again revamped the definition of "debt" in the Tax Code to only include voter-approved debt, thus reversing many of the permissible uses of debt from H.B. 1869 only a session before. Those bills were heard in the Senate Local Government Committee, but not voted out.

Cities' ability to issue COs was once again targeted in 2023. One bill that didn't pass—H.B. 1489 by

Representative Tepper, would have effectively prohibited the use of COs by cities by only allowing for their use during an emergency or when the city receives official notification that it is out of compliance with a state or federal law. Another, H.B. 3002 by Representative Goldman, would have *actually* repealed the authority to issue a certificate of obligation. It also didn't pass, or even receive a committee hearing.

One CO-related bill did pass in 2023 and was signed into law. H.B. 4082 by Representative Goldman defined "public work" for purposes of issuing both COs and anticipation notes. Things like streets, utilities, parks, libraries, public safety facilities, administrative office buildings all fit the new definition of "public work" in the bill. A CO or anticipation note may be issued for any of improvements included in the new definition, which likely encompasses the vast majority of purposes for which such debt is customarily issued. However, due to the passage of H.B. 1869 in 2021, the improvements being funded with a CO or anticipation note must meet the definition of "public work" in H.B. 4082 and also the definition of "debt" in the Tax Code for a city to be able to dedicate property tax revenue towards paying off the debt. Also of note, H.B. 4082 excluded hotels, professional sports facilities, and certain other structures like arenas, civic centers, and convention centers from the definition of "public work."

The Senate Committee on Local Government included in its interim report prior to the 2023 legislative session recommendations to curtail the usage of anticipation notes following testimony in committee about one city's issuance of anticipation notes for a project for which the voters rejected general obligation bonds at an election. In response, the legislature passed S.B. 2035 by Senator Bettencourt in 2023. S.B. 2035 provided, among other things, that a city may not authorize an anticipation note to pay a contractual obligation if a bond proposition to authorize the issuance of bonds for the same purpose was submitted to the voters during the preceding five years and rejected by the voters. The bill also imposed the same five-year moratorium on COs (currently subject to a three-year moratorium). Governor Abbott ultimately vetoed S.B. 2035 as part of his negotiation of property tax relief legislation during the special session. Senator Bettencourt pursued similar legislation in 2025 in the form of S.B. 1024. S.B. 1024 was approved by the Senate on a 22-8 vote but ran out of time in the House.

In early 2022, Governor Abbott released his plan for a "Taxpayer Bill of Rights" as a way of providing property tax relief. Included within that plan was the following proposal: "Require local government debt be passed by a two-thirds supermajority of the local governing body, and local bond issues not included on the November ballot to pass by a two-thirds supermajority of voters."

Senator Middleton filed S.B. 2337 in 2023, which mirrored the concept from the governor's plan. The bill was not heard in committee. S.B. 2337 would have effectively forced all local bond elections to the November uniform election date under the rationale that there's greater voter participation in November elections as compared to May elections, and that local governments "cherry pick" voters that will approve the bond issuance by holding elections in May instead of November. However, data from the Texas Bond Review Board shows that over the past ten years the passage rate for city bond propositions in May as compared to November is nearly identical, and cities have actually held more bond elections in November than on the May election date over the same time period.

In his 2025 State of the State address, Governor Abbott renewed the call for all bond elections to require a two-thirds supermajority of voters for approval on the November uniform election date. Several bills were filed that would incorporate these concepts, but none as significant as H.B. 19 carried by House Ways and Means Chairman, Representative Meyer. H.B. 19 was an omnibus debt reform bill that would have, among other things: (1) effectively eliminated a city from issuing COs and anticipation notes for most currently authorized projects; (2) moved all debt elections to the November uniform election date; and (3) outright prohibited a city from issuing debt if the resulting annual debt service in a fiscal year for debt payable from property taxes exceeded 20 percent of the average amount of property tax collections for the three preceding years. Local opposition and engagement on H.B. 19 was probably higher than any other single bill filed during the 2025 session, and that opposition effectively stopped the progress of the bill after a contentious hearing in the House Ways and Means committee.

Other debt-related legislation was met with legislative approval in 2025. S.B. 1453 by Senator Bettencourt provides a procedure for a city council to adopt a debt service tax rate that brings in more than the minimum dollar amount required for debt service, thus potentially authorizing a city to pay off debt early. In order to adopt a higher-than-needed debt service tax rate, at least 60 percent of a city council would need to approve doing so, but only if accompanied by a motion stating the difference between the proposed rate and the minimum debt service rate and the purposes for which the additional revenue would be used.

2025 also saw new bond election transparency legislation pass. H.B. 103 requires the comptroller to maintain a database of current and historical information regarding property tax rate elections and bonds issued by each taxing unit in the state. H.B. 3526 requires the Bond Review Board to develop and maintain a searchable database that provides information on each bond proposed or issued by a local government. In both instances, cities are required to submit information to the comptroller and Bond Review Board, respectively.

The TML Legislative Program provides that the League oppose legislation that would erode the ability of a city to issue debt.

Housing Finance Corporations

A housing finance corporation (HFC) is a tax-exempt public non-profit corporation that can provide financial housing assistance to low to moderate-income households on behalf of a city or county. According to the authorizing statute for HFCs – Chapter 394 of the Local Government Code – the purpose of an HFC is to "provide a means to finance the cost of residential ownership and development that will provide decent, safe, and sanitary housing at affordable prices for residents of local governments."

Heading into the 2023 session, news coverage highlighted the actions of a Cameron County-based HFC using the property tax exempt status of HFC-owned property to exempt properties located in several North Texas cities from paying property taxes. This particular HFC bought an existing apartment complex in the City of Euless, which is located more than 500 miles away from Cameron County, leading to a property tax exemption for the complex and a loss to the city of roughly two percent of its annual revenue.

The concept of a special district operating outside its original boundaries under the auspices of promoting affordable housing may be familiar to some city officials. For years, the Texas Legislature has tried to rein in public facility corporations (PFCs) on the exact same issue relating to the ability of a "foreign" PFC to come into a city and purchase properties to pull them off the local tax rolls without consent.

The legislature finally revised the PFC program in 2023, including a prohibition on a PFC owning or operating a development outside the boundaries of the sponsoring entity. H.B. 2071 by Representative Jetton, among other things, provided that a PFC: (1) may only finance, own, or operate multifamily residential developments within the sponsoring entity's jurisdictional boundaries; (2) must meet certain minimum affordable housing metrics, obtain city consent when required, and provide feasibility and other financial analyses to obtain beneficial tax treatment; and (3) provide publicly available annual reports to the Texas Department of Housing and Community Affairs and chief county appraiser.

Much like PFCs, the legislature likely envisioned HFCs to be created by and located within their sponsoring cities and counties. Nevertheless, in 2021, the Dallas Court of Appeals upheld the tax-exempt status of a Dallas County-based HFC's purchase of a property in Collin County. With the subsequent developments relating to the Cameron County HFC, several cities sought legislation to limit the ability of a housing finance corporation to exempt property from property taxation if the property is located outside the boundaries of the local government creating the corporation.

The legislature responded by passing H.B. 21 in 2025. H.B. 21 made wholesale changes to the state's HFC program. In addition to subjecting HFCs to the Open Meetings Act and Public Information Act, H.B. 21 also addressed the travelling HFC issue by requiring HFCs to obtain formal approval from the city council of a non-sponsoring city in order to receive a tax exemption for an HFC development. The bill will address the issue for HFCs moving forward, but also provides that HFCs that existed prior to the passage of H.B. 21 must obtain a resolution approving the HFC to operate in a non-sponsor city by January 1, 2027.

Due to the passage of H.B. 21 in 2025, the two-pronged position on HFCs in the TML Legislative Program is likely no longer needed.

The TML Legislative Program provides that the League support legislation that would: (1) require city consent for a housing finance corporation to operate within the city; and (2) prohibit housing finance corporations from taking action that would remove property from the tax rolls without approval of the governing body of the jurisdiction in which the property is located.

City Audit Compliance Penalty

One of the most significant city-related bills to be signed into law in 2025 was S.B. 1851 by Senator Nichols. S.B. 1851 penalizes a city that fails to complete the annual financial audit and financial statement required under Chapter 103, Local Government Code, by potentially prohibiting the city from adopting a property tax rate that exceeds the city's no-new-revenue rate. The requirement for cities to conduct an annual audit is not a new one. The existing audit requirement has been in state law since 1977, and a legal requirement for cities to complete an end-of-year financial statement has existed in some form since 1875. S.B. 1851 amends the requirement to impose a property tax rate limitation on a city that fails to comply with the audit and financial statement provisions in state law. More specifically, S.B. 1851: (1) authorizes any person to submit a complaint to the attorney general of a suspected violation of the requirement to conduct the audit and file the financial statement; and (2) provides that city a may not adopt a property tax rate that exceeds the city's no-new-revenue tax rate for a tax year if the attorney general determines that a city has not complied with the requirements to: (a) have the city's records and accounts audited; (b) have the city's annual financial statement prepared based on the audit; or (c) file the financial statement and the auditor's opinion on the statement in the office of the city secretary or clerk before the 180th day after the last day of the city's fiscal year.

Traditionally, one of the biggest impediments to city compliance with the annual audit requirement has been the difficulty in finding certified public accountants to conduct a timely audit that is affordable for the city and its taxpayers. In early 2026, many cities experienced this firsthand when seeking to ensure that their audit was complete and finance statement filed with the city secretary prior to the end of March. In many cases, cities were informed by their third-party CPA that the CPA would be unable to meet the statutory deadlines. In other words, in the first year after S.B. 1851's passage, many cities found themselves struggling to comply through no direct fault of their own. Instead, cities' ability to comply with the legal requirements was entirely dependent upon whether or not the city's contracted CPA was able to get the audit and financial statement done in time.

Since the passage of S.B. 1851, the attorney general has sent Public Information Act requests to most Texas cities to gather information about the cities' compliance with the audit statute. In December 2025, the attorney general determined that four cities failed to comply with the audit requirements for their 2024 audits. In May 2026, the attorney general sent letters to 130 cities determining that they failed to comply with the statutory audit requirements for the 2025 fiscal year.

Given the difficulty many small cities have in complying with the new requirement due to a lack of capacity of third-party CPAs, Summit delegates may wish to recommend that TML take a position to advocate in favor of legislation that would make beneficial amendments to S.B. 1851.

REGULATION OF DEVELOPMENT

Annexation

Up until 2017, Texas granted broad annexation power to all home rule cities. That year, S.B. 6 by Senator Campbell passed. With that, municipal annexation as it existed for over a century was over. S.B. 6 required landowner or voter approval of annexations in the state's largest counties (those with 500,000 population or more) and in counties that opt-in to the bill through a petition and election process. The bill became effective on December 1, 2017. On final passage in the House, Representative Huberty proclaimed that, "Citizens have rights, cities don't."

In 2019, H.B. 347 by Representative Phil King completely closed the book on unilateral annexations in every county. The bill ended most unilateral annexations by any city, regardless of population or location. Specifically, the bill made most annexations subject to three consent annexation procedures that only allow for annexation: (1) on request of the each owner of the land; (2) of an area with a population of less than 200 by petition of voters and, if required, owners in the area; and (3) of an area with a population of at least 200 by election of voters and, if required, petition of landowners. However, H.B. 347 did allow for certain narrowly-defined types of annexation (e.g., city-owned airports, navigable streams, strategic partnership areas, industrial district areas, etc.) to continue using a service plan, notice, and hearing annexation procedure.

With the population in the state's largest counties expanding exponentially, the loss of planning and financial control will potentially bring significant challenges to transportation, utilities, and land use planning, as well as financial problems for cities.

One new issue relating to the authority of a city to voluntarily annex property bears mentioning. The reforms in 2017 and 2019 made annexing across a road impossible in some instances, even when the property owner requested annexation.

For property to be eligible to be annexed it must be in a city's extraterritorial jurisdiction and touch the existing city limits. Most agree that a city may not annex "islands" of municipal territory. However, it is very common that a petitioner's property is across a road or a short distance from the existing city limits. For over a century, this was never a problem. Home rule cities could include the road pursuant to its unilateral annexation authority granted by its charter, and Local Government Code Sec. 43.103 allowed general law cities to include the road as part of an annexation. H.B. 347 took both away.

Heading into the 2021 session, the Texas Department of Transportation indicated that it would not petition a city to include a state highway, except in very limited circumstances. Whether county commissioners courts across the state would do so was unclear.

In 2021, the legislature passed TML priority legislation aimed at fixing this issue by authorizing a city to annex across a state or county highway to reach an otherwise eligible property owner requesting annexation. Specifically, S.B. 374 by Senator Seliger provided that, for voluntary annexations, a city may also annex with the area the right-of-way of a street, highway, alley or other public way or of a railway line spur, or roadbed that is: (1) contiguous and runs parallel to the city's boundaries; and (2) contiguous to the area being annexed. But a city may only annex such a right-of-way if the city provides written notice of the annexation to the right-of-way owner of the right-of-way within 61 days before the date of the proposed annexation, and the owner does not submit a written objection before the date of the proposed annexation. S.B. 374 passed with very little controversy, perhaps giving some hope that the legislature is willing to consider common-sense reforms to the annexation statute, so long as such reforms don't backtrack on the consent requirement that is now a fixture of the process.

During the 2023 session, the legislature broadened the right-of-way annexation authority by allowing cities, under certain circumstances, to annex part of a roadway connecting an annexed property to the city limits. H.B. 586 by Representative Ed Thompson, which passed the legislature and was signed into law, allows a city to annex a roadway if the roadway: (1) is contiguous to the city limits or the area being annexed; (2) connects the boundary of the city to an area being simultaneously annexed by the city or to another point on the boundary of the city; and (3) does not result in the city's boundaries surrounding any area that was not already in the city's extraterritorial jurisdiction immediately before the annexation of the roadway.

While the legislature granted cities some additional small-scale, common-sense authority to annex, members also introduced several bills that would have both: (1) automatically disannexed areas within the city limits if the city failed to provide full municipal services to the area; and (2) required mandatory disannexation elections for any property annexed between March 2015 and May 2019.

In 2023, Senator Campbell filed S.B. 369 which would have automatically disannexed any area, lot, or tract within the city limits if the city did not provide full municipal services to the area by December 31, 2023. Under Local Government Code Sec. 43.141, a majority of qualified voters of an annexed area can petition a city to be disannexed if the city fails or refuses to provide full municipal services. Similarly, under Local Government Code Sec. 43.056, a property owner can request disannexation if a city fails to fulfill its obligations under an annexation service plan.

Under S.B. 369 as filed, the term "full municipal services" was defined to include: (1) police protection; (2) fire protection, including fire hydrants; (3) emergency medical services; (4) certain solid waste collection services; (5) water and wastewater facilities; (6) street lighting; and (7) street and road maintenance. The only exceptions were areas where the city was not required to provide such services under a service plan or had entered into an agreement waiving or extending the time for the city to provide such services.

Despite strong city and county opposition, S.B. 369 passed the Senate on an 18-13 vote. In passing, a floor amendment was adopted to eliminate the automatic disannexation provision and replace it with a process by which a property owner could file a complaint that the city was not providing full municipal services, and require cities to respond to the complaint within 60 days with a statement that services are being provided or an action plan to provide the services within a year (or three years for a major infrastructure project). The amendment also would have allowed a property owner submitting a complaint to bring an action against the city to enforce the new complaint framework. In response to such a lawsuit, the court would be required to order the city to hold an election on the question of disannexing the area if the court found that the area was not receiving full municipal services or if the city failed to provide a plan of action or implement a plan of action. On top of all of that, the bill would have waived governmental immunity and allowed a property owner to recover attorney's fees and court costs resulting from bringing the lawsuit.

Floor amendments were adopted to exempt areas from the disannexation provision that are: (1) served by a holder of a certificate of convenience and necessity that was not the city; (2) served by a private septic system or individual water well; or (3) located in certain areas in or around an airport.

After passage in the Senate, S.B. 369 was quickly taken up by the House Land and Resource Management committee. Despite opposition from cities and counties, the bill was voted out of committee on a 6 to 1 vote. It was placed on the House calendar, but a key calendar deadline effectively killed the bill for the session.

As filed, H.B. 3053 by Representative Dean would have required mandatory disannexation elections for any area annexed by a city between March 3, 2015 and December 1, 2017. According to the bill analysis for H.B. 3053, the bill was needed because of concerns that cities rushed to annex areas between the time that annexation reform bills were proposed in the legislature and when the reforms went into effect. H.B. 3053 was eventually bracketed to only apply to certain areas annexed by the City of Austin during the 2015 to 2017 timeframe. The bill passed in that form, and the City of Austin held the mandatory election in May 2024.

In April 2024, Lt. Gov. Patrick issued an interim charge to the Senate Local Government Committee to "study issues related to the implementation of... House Bill 3053 and make recommendations to secure and enhance the protection of landowners' property rights."

In 2025, the legislature allowed a city to annex across a railroad track under certain circumstances. It passed S.B. 250 by Senator Flores, which permits annexation if: (1) the railroad track is contiguous and runs parallel to the city limits; (2) the track connects the annexed area to the city limits; and (3) each owner of the additional area consents. The legislature passed a similar bill in 2023 (H.B. 2956 by Representative Shine). However, Governor Abbott vetoed the bill as part of his negotiation to pass property tax relief.

The legislature passed legislation that allows property owners to petition for disannexation for a city's failure to provide certain municipal services in 2025. S.B. 1844 by Senator Paxton provides additional grounds for a property owner to petition for disannexation if three conditions are met: (1) a majority of the properties in the disannexed area do not receive existing city water and wastewater services; (2) the area was not annexed into the city pursuant to the non-consent annexation procedures found in Subchapter C of Chapter 43 of the Local Government Code; and (3) the disannexed area is adjacent to a navigable waterway.

Unlike S.B. 369 in 2023, S.B. 1844 does not provide for automatic disannexation. Instead, it simply adds grounds to petition for disannexation if the three conditions are met. S.B. 1844 also does not define "navigable waterway." Texas law generally defines a navigable stream as a waterway that averages 30 feet in width from the mouth upward, measured bank-to-bank, not just the flowing water. Texas courts have also long considered a waterway "navigable in fact" if it can be used for commercial activity or waterborne travel, even if it does not meet the statutory width requirements.

The TML Legislative Program provides that the League should oppose legislation that would erode municipal authority related to development matters, including with respect to the following issues: (1) annexation; (2) eminent domain; (3) zoning, including legislation limiting a city's ability to regulate accessory dwelling units; (4) regulatory takings; (5) building codes; (6) tree preservation; (7) short-term rentals; (8) the extraterritorial jurisdiction (ETJ); (9) manufactured housing; (10) parkland dedication ordinances; and (11) impact fees.

Extraterritorial Jurisdiction (ETJ)

With the severe curtailment of city unilateral annexation authority over the past few legislative sessions, questions have arisen about what becomes of city regulatory authority in the ETJ.

The ETJ is defined by statute as "the unincorporated area that is contiguous to the corporate boundaries of the municipality." The geographical extent of any city's ETJ is contingent upon the number of a city's inhabitants, ranging from half a mile (fewer than 5,000 inhabitants) to five miles (100,000 or more inhabitants). Under state law, a property must be located within the city's ETJ to be eligible to be annexed.

In addition to regulating annexation authority and procedures, the Municipal Annexation Act created the concept of ETJ in 1963. The policy purpose underlying the concept of the ETJ is described in Section 42.001 of the Texas Local Government Code:

The legislature declares it the policy of the state to designate certain areas as the extraterritorial jurisdiction of municipalities to promote and protect the general health, safety, and welfare of persons residing in and adjacent to the municipalities.

Cities have very limited authority to enforce city regulations and engage in economic development efforts in the ETJ. The following are examples of state laws that authorize cities to regulate in the ETJ:

- Health & Safety Code § 713.009 – Cemeteries
- Local Government Code Chapter 43 – Annexation
- Local Government Code § 212.003(a) – Subdivision and Platting Regulations
- Local Government Code §§ 216.003, 216.902 – Signs
- Local Government Code § 217.042 – Nuisances within 5,000 feet (home rule city only)
- Local Government Code § 341.903 – Policing City-Owned Property (home rule city only)
- Local Government Code § 552.001 – Utility System
- Water Code § 26.177 – Pollution Control and Abatement

Some believe that the only policy justification for city regulation in the ETJ was that property in the ETJ would one day be annexed into the city. Because the future inclusion of the territory in the city limits is less of a sure thing now following annexation reforms, the same people argue that cities should no longer be able to extend enforcement of any regulation into the ETJ. To bolster their point, proponents of limiting city authority in the ETJ claim that because ETJ residents do not live within city limits and therefore cannot vote in city elections, they should not be subject to city regulations.

There are many reasons why it still makes sense for cities to have some regulatory authority in the ETJ. For one, annexation can still take place with property owner consent. Additionally, after years of annexation across the state, a city's ETJ is not just territory located miles away from the city center. In many cases now, there are areas located in the ETJ that are surrounded by the city limits, and distinguishing between what is and isn't in the ETJ is a task that can only truly be accomplished by a land surveyor. This underscores the state legislature's policy justification mentioned above – those living in the ETJ often are in close proximity to those that live in the city limits and there are valid health and safety reasons why some limited degree of regulation should apply in the ETJ for the protection of both parties. Further, in many cases cities provide vital services to ETJ residents because of their proximity to the city.

In 2021, several bills were filed that would have altered the city's relationship with its ETJ. One of the more notable examples was H.B. 1885 by Representative Cody Harris. As filed, H.B. 1885 would have, with certain exceptions, prohibited a city from regulating an activity or structure in an area in which the residents are ineligible or have only limited eligibility to vote in municipal elections. As the bill was revised during the legislative process, it became clear that the bill was being pushed by the billboard industry who wanted to eliminate city sign regulations in the ETJ. But instead of simply stating that city sign regulations could not apply in the ETJ, the committee substitute for H.B. 1885 took a different approach. The bill continued to state that a city couldn't regulate in the ETJ, but expanded the list of exceptions to include virtually every possible thing a city could currently regulate in the ETJ, except for signs. H.B. 1885 eventually passed the House, but only after sign regulations were added to the list of exceptions, along with some other safeguards. The bill stalled in the Senate.

S.B. 1992 by Senator Bettencourt and the companion bill, H.B. 3519 by Representative Deshotel, would have gone far beyond limiting certain types of city regulation in the ETJ and all but eliminated the concept of ETJ in many cases. The bills would have required the release of property from the ETJ if a city received a valid petition from residents living the ETJ asking for it. Both bills were heard in committee but received significant city opposition and neither advanced further.

One bill that did pass in 2021 related to the ETJ was S.B. 1168 by Senator Campbell. S.B. 1168 provided that, in an area in a city's ETJ that had been disannexed under certain law or for which the city has attempted and failed to obtain consent for annexation, a city could not impose a fine or fee on a person on the basis of an activity that occurs wholly in that area or the management or ownership of property located wholly in that area. However, the new prohibition did not apply to water, sewer, drainage, or other related utility services. While S.B. 1168 was somewhat narrow in scope, it opened the door to further erosion of city authority in the ETJ.

In December 2021, the Texas Public Policy Foundation (TPPF), a conservative interest group, published a memo arguing for the abolition of the ETJ entirely. According to the memo:

> Many Texans decide to live in an unincorporated land to avoid municipal regulation and taxation. As such, municipalities should not be expected to 'promote and protect the general health, safety, and welfare of persons' who reside outside of their city limits. Unincorporated residents must not be subject to regulation or taxation without representation. The concept of extraterritorial jurisdiction no longer serves its intended purpose and should be abolished.

In April 2022, Lieutenant Governor Patrick charged the Senate Local Government Committee to: "Study issues related to municipal extraterritorial jurisdictions and annexation powers, including examining possible disannexation authority…[and] determine whether extraterritorial jurisdictions continue to provide value to their residents and make recommendations on equitable methods for disannexation." After hearing testimony, the committee issued a report recommending that the legislature explore a way to reconcile conflicting city and county land development regulations in the ETJ and consider adopting a statewide city disannexation process.

The legislature ramped up attacks on cities' ETJ authority during the 2023 session. Several bills were filed but did not pass that would erode cities' ETJ authority. H.B. 1279 by Representative Tepper would have significantly reduced the size of the ETJ down to 250 feet in some cases. H.B. 4175 by Representative Cody Harris, which passed the House, would have required that the city provide full municipal services for any property for which the city had denied a permit application or prohibited an activity on that property. S.B. 2037 by Senator Bettencourt, which passed the Senate, would have prohibited a city from regulating a component of lot density on a tract of land in the ETJ, including minimum size of a lot, minimum width of lot frontage, and minimum distance a lot must be set back from the road or property line. H.B. 2232 by Representative Spiller, which passed the House, would allow a county to cancel existing city platting upon a property owner's request.

While these bills, if passed, would have significantly eroded a city's authority in its ETJ, the legislature's most significant attack on the ETJ concept was successful. S.B. 2038 by Senator Bettencourt provides that a city must release an area from its ETJ if it receives a valid petition from more than 50 percent of the registered voters or a majority in value of the titleholders of land in the area. Several cities across the state have received hundreds of property owner petitions requesting to be released from the ETJ. S.B. 2038 has resulted in the unplanned, piecemeal removal of small lots within many cities' ETJs.

S.B. 2038's ETJ release provisions do not apply to the following five areas: (1) an area within five miles of a military base boundary where active training occurs; (2) an area within 15 miles of an active military base in San Antonio's or Houston's ETJ; (3) certain areas that were voluntarily annexed into cities' ETJ in Hays County; (4) property located in an industrial district; and (5) property subject to a strategic partnership agreement as defined in Chapter 43 of the Texas Local Government Code.

When negotiating the bill, the League submitted language to exempt several additional areas from the petitioned-removal requirements of the bill. These included: (1) areas in which a city is required to provide water or wastewater services pursuant to a certificate of convenience and necessity; (2) areas subject to a development agreement under Local Government Code Sec. 212.172; (3) areas located in a fire control, prevention, and emergency medical services district under Local Government Code Chapter 344; (4) areas located in a public improvement district under Local Government Code Chapter 372; and (5) areas located in a municipal development district under Local

Government Code Chapter 377. Unfortunately, none of these exemptions were added to the bill.

The legislature resolved two main questions about S.B. 2038 in 2025. H.B. 2512 by Representative Geren, exempted two specific areas from S.B. 2038 and made changes to the S.B. 2038 release process. H.B. 2512 requires a city that receives a valid release petition to notify all residents and landowners in the affected area within seven business days. Individual landowners in the released area who prefer to remain in the city's ETJ can now opt out of the release. Most significantly, H.B. 2512 confirms that city council consent is not required to reduce an ETJ to comply with a release by petition or election. This modified a key provision at issue in a lawsuit filed by several cities regarding S.B. 2038, which was later dismissed.

S.B. 1566 by Senator Bettencourt, addressed the issue of whether the city can continue to provide water and wastewater service to properties that are released from the city's ETJ under S.B. 2038, but are otherwise still geographically located within the city's certificate of convenience and necessity (CCN). Following passage of S.B. 2038, there was a question about whether a city could still legally provide such services. S.B. 1566 resolves this question by clarifying that a city may continue to provide water and wastewater service to properties released from their ETJ, even if the property is still physically located within the city's CCN.

The legislature also considered, but did not pass, bills that would further erode city authority within its ETJ. Specifically, legislators considered bills to essentially eliminate all city authority within the ETJ, eliminate city subdivision ordinance authority in the ETJ, and allow a property owner to request that the county cancel city subdivision plats in the ETJ. Several of these bills were heard, with some advancing out of committee and one even passing one chamber.

In May 2022 attorneys at TPPF filed a lawsuit against the City of College Station in *Elliot v. City of College Station*. In the original petition, TPPF argues that College Station violated, and continues to violate, art. I, Sec. 2 of the Texas Constitution which pledges to preserve a republican form of government, by enforcing city regulations in the ETJ, but not allowing ETJ residents to vote in city elections. The trial court quickly dismissed the case. TPPF appealed. The Sixth Court of Appeals in Texarkana affirmed the trial court's dismissal in August 2023. TPPF has asked the Texas Supreme Court to review the appellate court's ruling.

Near the end of the 2025 legislative session, the Texas Supreme Court rendered an opinion in the *Elliott v. City of College Station* case. The Court asked the plaintiffs for additional briefing regarding the impact of the passage of S.B. 2038 on the case. The Texas Supreme Court vacated the lower courts' rulings, explaining that the plaintiffs' claims were now moot given that property owners can now unilaterally remove their properties from a city's ETJ. The decision also addressed whether a city may deny a valid ETJ release petition under state law, stating:

> The Local Government Code imposes a mandatory duty on City officials to *immediately release* an area described in a release petition, and if that does not happen within a specified timeframe, release is effectuated *as a matter of law*. Any purported denial of a [release] petition is legally ineffective to avoid the statutory fail-safe. . . . No city ordinance or policy statement can override an express legislative command or supersede what has occurred by operation of law.

For now, cities may regulate in the ETJ as allowed by state law. However, the Texas Supreme Court emphasized that decisions about local government structure belong to the Texas Legislature. City officials should expect more attempts to limit or eliminate city authority in the ETJ during the 2027 legislative session.

The TML Legislative Program provides that the League should oppose legislation that would erode municipal authority related to development matters, including with respect to the following issues: (1) annexation; (2) eminent domain; (3) zoning, including legislation limiting a city's ability to regulate accessory dwelling units; (4) regulatory takings; (5) building codes; (6) tree preservation;

(7) short-term rentals; (8) the extraterritorial jurisdiction (ETJ); (9) manufactured housing; (10) parkland dedication ordinances; and (11) impact fees.

The TML Legislative Program also provides that the League oppose legislation that would reduce or abolish the concept of the ETJ.

The TML Legislative Program also provides that the League should support legislation that would make beneficial amendments to S.B. 2038 (2023), the ETJ release bill.

Eminent Domain

Background

Cities and other governmental entities must acquire land for a variety of reasons. If a city is unable to negotiate with a property owner for property acquisition, the city may condemn the property through the process of eminent domain. The city must strictly follow legal procedures. The city must make a determination of public use (see discussion of limitations on eminent domain for economic development purposes, below), and it must engage in good faith negotiations with the property owner to acquire the property. If negotiations fail, the city must file, in court, a petition for condemnation. The court then appoints three special commissioners.

The commissioners hold a hearing, during which the city and other parties appear and present evidence as to the compensation to be paid. The commissioners make a written determination of the compensation to be paid. If the award is less than what was offered by the city, the property owner pays all costs. If the award is more than what was offered by the city, the city pays all costs. The commissioners must determine the market value of the property at the time of the hearing. If only a portion of the tract is being condemned, the effect on the remaining property is included in the compensation. If either party is dissatisfied with the award, objections must be filed with the court. If objections are filed, the award is appealed, and a new trial is conducted by a court in a judicial proceeding.

Modern eminent domain reform came after a handful of highly-publicized condemnations, followed later by the U.S. Supreme Court's opinion in *Kelo v. New London* in 2005, grabbed the attention of the legislature. In these condemnations, cities condemned property to sell to private businesses for economic development.

Under current law, before a city can condemn property, the city council must determine that the condemnation serves a public use. The council's decision has always been subject to judicial review, and local officials have always maintained that deciding what constitutes a public use should be done by the city council, the elected officials closest to the people, rather than by the state. TML knew that condemnations for economic development would eventually result in legislation designed to curtail that authority. Nothing of interest happened during the 2005 regular session, but the following special sessions – and nearly every session since – led to a firestorm of controversy regarding the issue. The following sections discuss different parts of eminent domain reform.

Kelo: Eminent Domain for "Economic Development Purposes"

In 2005, the United States Supreme Court issued its opinion in *Kelo v. City of New London, Connecticut.* Under that opinion, the decision to use eminent domain authority for economic development was left to local officials, and those officials were authorized to determine whether using that authority serves a "public use."

Many newspaper reports led readers to believe that cities would use this "new" authority to "seize" property, "bulldoze" homes, and "grab" everything that stands in the way of increased tax revenue. In reality, the *Kelo* case was about community leaders trying to save the economic viability of their city and its residents.

In 2005, S.B. 7 became the first vehicle for restricting eminent domain for economic development. That bill, which passed during a special session, restricted the use of eminent domain authority to provide that neither a governmental nor private entity may take private property through the use of eminent domain if the taking: (a) confers a private benefit on a particular private party; (b) is for a public use that is merely a pretext to confer a private benefit on a particular private party; or (c) is for economic development purposes, unless the economic development is a secondary purpose resulting from community development or municipal urban renewal activities to eliminate an existing affirmative harm to society from slum or blighted areas.

However, S.B. 7 also established numerous exceptions to the prohibitions listed above, including: (a) transportation projects, including but not limited to railroads, airports, or public roads or highways; (b) ports, navigation districts, and certain conservation and reclamation districts; (c) water supply, wastewater, flood control, and drainage projects; (d) public buildings, hospitals, and parks; (e) the provision of utility services; (f) certain sports and community venue projects; (g) the operations of certain common carriers and energy transporters; (h) waste disposal projects; or (i) libraries, museums, and related infrastructure.

Eminent Domain Process Reform

In 2006, an interim legislative committee studying the eminent domain process concluded that "Senate Bill 7 provided a good beginning for eminent domain reform in Texas. The diligent work of interim committee members and other parties has provided a solid foundation for comprehensive eminent domain legislation in the 80th Legislature."

Following the interim committee report, legislators filed more than twenty eminent domain-related bills and joint resolutions (proposing constitutional amendments) during the 2007 session. Many of these bills were combined into an omnibus eminent domain bill – H.B. 2006. That bill, which was vetoed by the governor, would have made numerous changes to eminent domain laws.

Governor Rick Perry vetoed H.B. 2006 because he claimed it would have cost the state and certain counties up to $1 billion for future highway projects. The governor's veto message stated:

> It is important to balance the rights of Texas landowners whose land is acquired through eminent domain against the needs of the greater taxpaying public. In essence, the state and local government would be over-paying to acquire land through eminent domain in order to enrich a finite number of condemnation lawyers at the expense of Texas taxpayers.

In 2009, the legislature passed a constitutional amendment that attempted to define "public use." H.J.R. 14, approved by the voters in November 2009, provided that no person's property shall be taken, damaged, or destroyed for or applied to a "public use" without adequate compensation being made, unless by the consent of such person, and only if the taking, damage, or destruction is necessary for: (1) the ownership, use, and enjoyment of the property, notwithstanding an incidental use, by the state, a political subdivision of the state, or the public at large or an entity granted the power of eminent domain under law; or (2) the elimination of urban blight on a particular parcel of property. H.J.R. 14 also provided that a "public use" does not include the taking of property for transfer to a private entity for the primary purpose of economic development or the enhancement of tax revenues, and that on or after January 1, 2010, the legislature may enact a law granting the power of eminent domain to an entity only with a two-thirds vote of all members elected to each house.

In 2011, the legislature passed a significant eminent domain "process reform" bill. S.B. 18, among other things, established the Truth Condemnation Procedures Act which clarified the process that a city or other governmental authority must follow when condemning a property using eminent domain. The bill also outlined specifics regarding the bona fide offer process, the petition process, the special commissioners' process, and a property owner's right to repurchase the property if the condemning entity does not make "actual progress" on the project for which the property was condemned.

In 2015 and 2016, legislators began focusing on the amount of money a property owner receives when the government, a pipeline company, a railroad, or a utility acquires property. One idea received the most attention. It came in the form of H.B. 3339 (Burkett), H.B. 3065 (Fallon), and S.B. 474 (Kolkhorst), which would have provided that, if the amount of damages awarded by the special commissioners is at least 10 percent greater than the amount the condemnor offered to pay before the proceedings began or if the commissioners' award is appealed and a court awards damages in an amount that is at least 10 percent greater than the amount the condemnor offered to pay before the proceedings began, the condemnor shall pay: (1) all costs; and (2) any reasonable attorney's fees and other professional fees incurred by the property owner in connection with the eminent domain proceeding.

Those bills did not pass, but the Senate State Affairs Committee was charged with studying the issue of property owner compensation during the 2016 interim.

Invited witnesses included representatives from the Texas Department of Transportation, Texas Farm Bureau, electric utilities, gas pipelines, and various landowner groups. Testimony focused on the amount landowners receive when their land is taken using eminent domain. As one would expect, landowners testified that awards should be higher, and condemning entities testified that the process is working as it should.

League staff was also asked to testify and pointed out that – according to U.S. Census numbers – the more than 1,000 people per day added to the Texas population in 2014-2015 didn't move to rural areas. They moved to cities. And that this movement means that cities will need to judiciously use eminent domain for streets, utilities, and other vital public infrastructure.

City officials absolutely want the process to be fair, but they also can't allow it to become so expensive as to be useless.

Reformers argue that a condemnor, including a city, should pay the landowner's attorney fees and costs if the final award is some percentage greater than the initial offer. (This is what the 2015 proposed bills mentioned above would have required.)

Those familiar with eminent domain practice know that to be a difficult change for cities. A city's initial offer is – by law – based upon an appraisal obtained by the city. The fair market value and final award are then determined by negotiating or submitting the issue to a special commissioners hearing. The fact that a city "negotiates up" to avoid litigation doesn't necessarily mean that its initial offer was "lowballed."

A coalition of reformers (including the Farm Bureau and the Texas and Southwestern Cattle Raisers Association) continued to press hard for more compensation to landowners. But no substantive bills were passed during the 2017 or 2019 legislative sessions.

In December 2019, Speaker Bonnen issued two eminent domain-related interim charges to the House Land and Resource Management Committee. The first directed the committee, in conjunction with the attorney general, to review the "landowner's bill of rights to determine whether any changes should be made to "enhance the landowner's understanding of the condemnation process" and make the bill of rights "user friendly." The second directed the committee to study property owners' rights regarding repurchase of property acquired by eminent domain which has remained unused by the condemnor.

Legislation on both of those subjects was introduced and passed in 2021. Most significantly, H.B. 2730 by Land and Resource Management Chairman Joe Deshotel passed. The bill was a negotiated bill between landowner groups and a coalition of entities with eminent domain authority called the Coalition for Critical Infrastructure (CCI), of which TML is a member.

H.B. 2730 made several transparency reforms to the eminent domain process, including clearer statement of rights in the existing landowner bill of rights document, procedural reforms to appointment of special commissioners, and a clarification of the written documents needed in an initial offer to a property owner in order to make it a bona fide offer. The League supported the bill in its adopted form.

With regard to the right to repurchase, S.B. 726 by Senator Schwertner passed in 2021. S.B. 726 makes it more difficult for a condemning entity to demonstrate that it is making "actual progress" toward the public use for which the property was originally condemned, increasing the likelihood that the original property owner will have the right to repurchase the property.

The legislature considered two eminent domain-related bills in 2023 – S.B. 1512 and S.B. 1513 by Senator Schwertner. S.B. 1512 would have made the condemning entity liable for a property owner's reasonable attorney fees related to the condemnation if the entity did not disclose all required appraisal reports for the property. S.B. 1513 would have, among other things, amended the "Landowner's Bill of Rights" to include additional information about the condemnation process, the property owner's rights and options in the process, and the parties' rights regarding surveying the property. While both bills made it out of the Senate, they did not receive a hearing in the House.

The legislature did not seriously consider any eminent domain-related bills in 2025.

The TML Legislative Program provides that the League should oppose legislation that would erode municipal authority related to development matters, including with respect to the following issues: (1) annexation; (2) eminent domain; (3) zoning, including legislation limiting a city's ability to regulate accessory dwelling units; (4) regulatory takings; (5) building codes; (6) tree preservation; (7) short-term rentals; (8) the extraterritorial jurisdiction (ETJ); (9) manufactured housing; (10) parkland dedication ordinances; and (11) impact fees.

Zoning

Zoning is the division of a city into districts that permit specific land uses, such as residential, commercial, industrial, or agricultural. Zoning authority empowers a city to protect residential neighborhoods, promote economic development, and restrict hazardous land uses to appropriate areas of the city. It is designed to lessen street congestion; promote safety from fires and other dangers; promote health; provide adequate light and air; prevent overcrowding of land; and facilitate the provision of adequate transportation, utilities, schools, parks, and other public facilities.

Chapter 211 of the Texas Local Government Code contains many procedural requirements that must be followed when a city zones property, including strict notice and hearing provisions. The requirements ensure that city and neighborhood residents have a strong voice anytime a zoning change is considered. In addition, Chapter 211 provides for the creation of a planning and zoning commission to make recommendations on the adoption of the original regulations, as well as to hear proposed amendments. Also, a board of adjustment may be appointed to hear requests for variances from the regulations.

Zoning authority is often demanded by the residents of cities. Citizens, acting through neighborhood and preservation groups, generally support it. In essence, zoning grants a city the authority to prohibit detrimental uses and to promote beneficial uses. For example, zoning authority allows a city to prohibit lead-smelting plants or junkyards from being located in or near residential areas, thereby protecting quality of life and property values for residents. In modern times, zoning has changed to include mixed-use developments designed to lessen traffic congestion and increase quality of life.

The power to zone is best exercised by the level of government that is closest to the people. For example, most would agree that a person from a small town in the Panhandle knows little about what type of zoning is best for a large coastal city. Despite this, over the past few sessions, the legislature has considered several bills in the past that would have overturned the zoning decisions of individual cities.

In the 2000s, a handful of cities – in response to "teardown" development in established neighborhoods – have enacted ordinances to restrict the size and shape of new homes in certain areas of the city. The ordinances are enacted to preserve the character of existing communities. These ordinances are commonly referred to as "McMansion ordinances." In response to the ordinances, lawmakers in 2007 debated two bills that would have essentially overruled the ordinances. H.B. 1732 and H.B. 1736 would have limited the ability of a city to preserve the character of existing communities through McMansion ordinances. Neither bill passed, but each was designed to undermine local planning.

In another situation in 2007, a state representative from the Houston area filed a bill to force a central Texas city to rezone a specific parcel of property. The city had rejected the rezoning application of a prominent developer. The bill was left pending in committee. Similar bills (e.g., H.B. 3397 in 2009) were filed in subsequent sessions, but nothing passed. Another detrimental bill, considered in 2009 (H.B. 4144), would have provided, among many other things, that a landowner may petition the *county commissioners court* to overturn a city's zoning decisions. This concept reappeared in 2013 and 2015, but neither bill made it out of committee.

While these bills did not pass, they marked the start of the state wading into local zoning decisions.

In 2019, a local zoning-related bill regarding the process by which a city designates local historic landmarks did pass. H.B. 2496 by Representative Cyrier prohibited a city that has established a process for designating places or areas of historical, culture, or architectural significance through zoning regulations from designating a property as a local historic landmark unless: (a) the owner of the property consents to the designation; or (b) the designation is approved by three-fourths vote of the city council and the zoning, planning, or historical commission, if any. The bill also required a city to provide a property owner a statement describing certain impacts that a local historic landmark designation may have on the owner and the owner's property no later than the 15th day before the date of the initial hearing on the designation and allow the owner of a property to withdraw consent at any time during the local historic landmark designation process. Additionally, a city could only designate a property owned by a qualified religious organization as a local historic landmark if the organization consents to the designation.

The framework put into place by H.B. 2496 in 2019 was amended by S.B. 1585 by Senator Hughes in 2021. S.B. 1585 extended the supermajority vote requirement to apply to the decision to include property within the boundaries of a local historic district. It also provides that a city that has more than one zoning, planning, or historical commission shall designate one of those commissions as the entity with the exclusive authority to approve the designations of properties as local historic landmarks.

In 2021, H.B. 1475 by Representative Cyrier passed and was signed into law. H.B. 1475 codified certain factors that a board of adjustment may consider in determining when a variance may be warranted because literal enforcement of a zoning ordinance would cause "undue hardship" to a property owner. These factors can now include certain purely financial considerations, whether compliance would result in the structure not being in compliance with another city ordinance, and whether the structure is considered a nonconforming use. While the bill adds some structure to the variance-granting process, it's yet to be seen the full impact of the change. Because the "undue hardship" considerations are discretionary for a board of adjustment, there was little city opposition to H.B. 1475.

In 2021, two bills dealing with city notice about zoning changes were also filed. H.B. 4005 by Representative Romero would have required the notice of a public hearing associated with a city-initiated zoning classification change to: (1) be mailed to each owner of real property within 500 feet of the properties for which the change in classification is proposed (up from 200 feet under current law); and (2) be delivered by telephone call, text message, e-mail, or mail. The bill was approved by the House Land and Resource Committee over city objections, but did not make it to the House floor for a vote.

H.B. 2989 by Rep. Cyrier (companion bill was S.B. 1120 by Senator Johnson) would have done a couple of different things as it relates to the zoning process. First, it would have required newspaper notice and a public hearing when a city adopts an initial zoning regulation and zoning district boundaries, a comprehensive revision of the regulations or boundaries, or an amendment of a regulation that applies uniformly across boundaries or areas of a city. It also would have provided that citizens' right to protest a zoning change only applies to an individual lot or a limited area of contiguous properties. Homebuilders and affordable housing groups testified in favor of the bill. However, many homeowners strongly opposed it.

H.B. 2989 stemmed from a lawsuit involving the City of Austin's rewrite of its land development code, where the city argued that a wholesale rewrite of a zoning ordinance was not subject to the same notice and public hearing requirement as something like a rezoning of a particular parcel. In March 2022, an appellate court rejected the city's argument, holding that the city violated property owners' procedural rights by failing to notify property owners of their right to protest and failing to hold public hearings on the changes.

Relatedly, in 2023, the legislature passed S.B. 929 by Senator Parker which now requires cities to provide written notice to certain nearby property owners about a public hearing for any proposed zoning text or map changes that could result in an existing property becoming a nonconforming use.

A nonconforming use is a property use that existed before the adoption or revision of a zoning ordinance governing the use of the property. Generally, a property owner may continue to use the property in the same manner so long as the owner does not change or expand the use. A city has generally been able to unilaterally terminate a nonconforming use. However, it was unclear what compensation the city must provide to a property owner for terminating the previous nonconforming use.

S.B. 929 clarifies that a property owner is entitled to compensation for the loss of a nonconforming use. If a city unilaterally terminates a nonconforming use, a property owner is entitled to:

1. payment equal to the costs directly attributable to stopping the nonconforming use (including relocation, lease termination, mortgage discharge, or demolition costs) plus the greater of: (a) the property's current market value the day before the nonconforming use was terminated, or (b) the diminution in value of the property's current market value; or
2. continuing the nonconforming use until the property owner or lessee recovers the amount determined under (1) above as determined by generally accepted accounting principles.

The League and several cities opposed the bill. Specifically, the League opposed the bill's notice requirement because it did not provide any guidance about when a proposed zoning change could create a nonconforming use and thereby trigger the property owner notice requirement.

The legislature revisited nonconforming uses again in 2025. H.B. 2149 by Representative Tepper would have made significant changes to city authority related to nonconforming uses. Most importantly, it would invalidate several portions of S.B. 929 adopted during the 2023 legislative session. Specifically, it would have removed a city's ability to unilaterally terminate a nonconforming use for reasons other than abandonment. S.B. 929 specifically clarified that a city can unilaterally terminate a nonconforming use for any reason, provided that the city provides certain compensation to the owner for the loss of the use. H.B. 2149 would have provided that a city could only terminate a nonconforming use for reasons other than abandonment if it enters into an agreement with the owner. Under the bill, if an owner refused to agree, a city would be legally unable to terminate the nonconforming use. The bill would also invalidate the compensation provisions in S.B. 929, instead leaving the required compensation up to the parties as part of the agreement.

In addition to the significant changes to the law as amended by S.B. 929, it would also greatly expand a property owner's rights regarding the required continuous use and repair or expansion of the nonconforming use. First, under H.B. 2149, a property owner would have up to five years to resurrect a nonconforming use to avoid it being deemed abandoned. This would mark a significant extension of the typical six-month or one-year time limit in most cities. Second, under the bill a property owner would have the right to repair, modify, or even expand the use, if doing so was necessary to continue the nonconforming use of the property or protect the health and safety of the property or occupants. Under current law, a property owner may make certain repairs to a nonconforming use, but they are generally prohibited from otherwise modifying or expanding the nonconforming use.

H.B. 2149 passed the House during the 2025 legislative session and was heard in Senate Local Government committee, but the session ended before it received a hearing in the Senate.

In 2021, the legislature considered a handful of bills that would provide that a city or other political subdivision must treat an open-enrollment charter school the same as a school district for purposes of zoning, permitting, licensing, and other regulations. These bills were filed following a June 2021 attorney general's opinion, KP-373, in which the attorney general opined that a court would likely conclude that the zoning authority of a city is subservient to the reasonable exercise of an open-enrollment charter school in choosing a building location, just as city zoning authority is currently limited when it comes to independent school districts.

In 2023, the legislature passed a bill that would allow an open-enrollment charter school to be treated the same as an independent school district for certain purposes. H.B. 1707 by Representative Klick mandated that an open-enrollment charter school may be considered the same as an independent school district if the charter school certifies in writing that no charter school administrator, officer, employee, or governing body member will derive any financial benefit for a school real estate transaction. If the charter school does so, then a city must treat it the same as an school district for the purposes of: (1) zoning; (2) permitting; (3) platting; (4) subdivision regulations; (5) construction and site development; (6) land development regulation; (7) application processing and timelines; (8) regulation of architectural features; (9) business licensing; (10) franchises; (11) utility services; (12) signage; (13) posting bonds or securities; (14) contracting; and (15) fees and assessments. A city must also treat a charter school the same as a school district for development agreements between a city and a school in an area annexed for limited purposes and may not take any action that would prohibit a charter school from operating a public school campus, educational support facility, athletic facility, or administrative office that it could not take against a school district. But a city may not consider a charter school the same as a school district for purposes of collecting impact fees.

National Trend Towards Increased Density

In 2022, the House Land and Resource Management Committee was charged with studying the impact of zoning regulations on housing supply. Specifically, the Committee was asked to:

> Study the effect of governmental land-use regulations and controls on the availability and affordability of residential housing in Texas, including land use and zoning restrictions and related factors that slow or hinder housing development and improvement. Identify viable, free market solutions in lieu of governmental regulation to help Texas meet the current and future housing demands of a growing statewide population.

At the same time that the legislature began studying the impact of zoning laws on housing availability in Texas, the Biden Administration published a housing report that proposed to incentivize cities to loosen zoning regulations by tying certain federal grant funding to cities that have proposed updating zoning regulations to allow for more uses. According to the report:

> One of the most significant issues constraining housing supply and production is the lack of available and affordable land, which is in large part driven by state and local zoning and land use laws and regulations that limit housing density. Exclusionary land use and zoning policies constrain land use, artificially inflate prices, perpetuate historical patterns of segregation, keep workers in lower productivity regions, and limit economic growth. Reducing regulatory barriers to housing production has been a bipartisan cause in a number of states throughout the country. It's time for the same to be true in Congress, as well as in more states and local jurisdictions throughout the country.

Zoning reform has become a bipartisan rallying cry to help ensure affordable housing options in cities, in Texas and across the country. Accordingly, in 2022, the League adopted a resolution from the City of Manor to support legislation and additional state appropriations for affordable and workforce housing across the state.

As housing prices continue to rise, legislators across the country have advocated for greater density and loosening zoning restrictions to increase available housing stock to create more affordable housing. Several states like California, Oregon, Montana, and Maine have outlawed single-family residential zoning. Other states have: (1) allowed certain multifamily structures in single-family zoning districts; (2) allowed the construction of alternative dwelling units (ADUs) by right; (3) eliminated or significantly reduced minimum lot size requirements; and (4) eliminated setbacks, building height restrictions, and off-street parking requirements.

While the legislature did not propose eliminating single-family zoning during the 2023 session, it did consider several density-related bills. H.B. 3921 by Representative Goldman and S.B.1787 by Senator Bettencourt would have prohibited cities from establishing minimum lot sizes greater than 1,400 square feet, significantly reduce setback requirements, limit building height restrictions, and eliminate off-street parking requirements. S.B. 1412 would have allowed ADUs by right in any residential zoning district.

H.B. 3921 and S.B. 1787 were far-reaching bills that would have applied to any city located wholly or in part in counties with more than 300,000 people. Under these bills, a city could not establish or enforce minimum lot sizes that were: (1) greater than 1,400 feet; (2) wider than 20 feet or deeper than 60 feet; or (3) or set a ratio of fewer than 31.1 dwelling units per acre. The bills would also prohibit cities from adopting or enforcing front/back setback requirements greater than ten feet, side setback requirements greater than five feet, certain parking requirements and impervious cover regulations, and building height restrictions less than three stories, on any residential lots less than 4,000 square feet. The bills expressly would not affect city water and sewer requirements but would otherwise be mandatory for all included cities. However, the bills would not affect any homeowner association rules or deed restrictions.

The House Land and Resource Management Committee made several amendments to H.B. 3921. Specifically, the committee substitute would have: (1) limited the bill to cities with a population of 85,000 or more; (2) increased the minimum lot size from 1,400 square feet to 2,500 square feet; (3) allowed a property owner to seek an exception to the above requirements; and (4) allow a property owner to file suit against a city to enforce the bill.

The committee reported H.B. 3921 favorably on May 2, 2024, and it was set on the House calendar on May 11, 2024. However, the bill was never brought to the floor for a vote.

S.B. 1787, on the other hand, passed the Senate almost unchanged. It did not include any of the committee amendments to H.B. 3921. The Senate passed the bill on May 11, 2024. A week later, the House Land and Resource Management Committee reported S.B. 1787 favorably, and it was set on the House calendar for May 23, 2024. However, it also did not make it to the House floor.

Many legislators have also advocated for allowing property owners to build accessory dwelling units on their properties. S.B. 1412 by Senator Hughes would have allowed a property owner to build an ADU on a property on any lot zoned for single-family or duplex uses. It would also prohibit a city from requiring a minimum lot size or greater setback requirements for ADUs, regulating the design of ADUs, or applying any local growth or density restrictions to limit or restrict ADUs. However, a city could apply zoning regulations generally applicable to residential developments, as well as local historic preservation rules. S.B. 1412 passed the Senate almost unanimously but failed in the House by two votes (68-70).

While these bills were unsuccessful, each came very close to passing. The League anticipates similar bills being reintroduced next session.

In April 2024, Lt. Gov. Patrick issued an interim charge to the Senate Local Government Committee to:

[s]tudy issues related to housing, including housing supply, homelessness, and methods of providing and financing affordable housing[ ] . . . [and] [m]ake recommendations to regulatory barriers, strengthen property rights, and improve transparency and accountability for public programs for housing.

There is a lack of consensus on how to best address the affordable housing issue. Some cities believe reducing density restrictions will help address a lack of available housing stock and encourage more affordable housing. Other cities disagree, stating that ample housing stock exists and local infrastructure cannot adequately handle unfettered density. If nothing else, it has become clear zoning reform has become a bipartisan rallying cry as a method of ensuring affordable housing options in cities, both in Texas and across the country.

The 89th Legislature and Zoning Reform

The 89th Texas Legislature was one of the most density-focused legislative sessions in the state's history. The legislature considered several bills designed to increase density during the 2025 session. It passed several bills, that taken together, curtail local authority over residential density, development standards, and the scope and pace of growth.

Successful Attempts

Tiny Lots

The first part of the 89th legislature's density-focused zoning reform was S.B. 15 by Senator Bettencourt, or the "tiny lot bill." The final version caps the minimum lot size for residential lots at 3,000 square feet (or 30 feet wide by 75 feet deep) on undeveloped tracts of land five acres or greater intended for residential use (also called "greenfields"). S.B. 15 also imposes certain restrictions on "small lots," defined as lots of 4,000 square feet or less on a greenfield, including limiting setback, parking, and open space requirements, as well as building height restrictions less than three stories. Unlike the failed tiny lot legislation from the previous session, S.B. 15 only applies to lots in greenfields and does not impact local minimum lot size regulations for infill development.

S.B. 15 only applies to cities with a population greater than 150,000 located wholly or partly in a county with a population greater than 300,000 — a threshold that, based on the 2020 U.S. Census, includes 19 cities.

Mixed Use and Multifamily Developments in Non-Residential Areas

The second piece of the legislature's density-focused zoning reform efforts was S.B. 840 by Senator Hughes, which addresses large-scale residential developments. S.B. 840 allows mixed use residential and multifamily residential developments by right in any zoning district that already permits office, commercial, retail, warehouse, or mixed-use development without requiring a zoning change, variance, conditional use permit or any other separate approval. The bill also limits local density, setback, and parking requirements, and prohibits building height restrictions lower than 45 feet for such developments. However, the bill does not affect a city's authority to enforce its short-term rental regulations to such developments.

In addition to allowing mixed use and multifamily residential developments in certain non-residential areas, S.B. 840 also allows developers to convert offices, retail buildings, or warehouses that are at least five years old to mixed use or multifamily residential developments by right. The bill also prohibits cities from requiring traffic studies, traffic mitigation measures, additional parking requirements, or design standards more stringent than the city's adopted version of the International Building Code for such conversions. Lastly, a city may not charge or increase an impact fee on the development unless the building being converted had already been subject to an impact fee.

Like S.B. 15, S.B. 840 currently only applies to cities with a population greater than 150,000 located wholly or partly in a county with a population greater than 300,000 — a threshold that, based on the 2020 U.S. Census, includes 19 cities.

Given the legislature's continued focus on housing affordability, it is very likely that both bills could be revised during the 2027 session. This includes increasing or removing the population thresholds, reducing the minimum lot size cap, or allow for less city discretion or more zoning- or design standard-related exceptions.

Zoning Protest Threshold

The last piece of the legislature's density-focused zoning reform efforts involves changes to the zoning protest threshold.

In 2021, several cities expressed interest in having the League take a position on modifying or clarifying the zoning protest provisions in the state zoning statute. Under Local Government Code Section 211.006(d), a zoning change requires at least three-fourths vote of all members of the governing body if the owners of at least twenty percent of the impacted area protest the change. In 2022, the League adopted a resolution from the City of Fate to increase the protest threshold to trigger a super majority vote for a zoning change from 20 percent up to 50 percent. Two bills to this effect were filed in 2023. Unfortunately, neither bill received a hearing.

In 2025, H.B. 24 by Representative Orr took a similar approach – at least for certain types of zoning changes. Specifically, for zoning changes that would increase residential density, the bill increases the percentage of adjacent property (within 200 feet of the zoning change) owners necessary to trigger the supermajority requirement to approve the change and reduces the supermajority requirement from three-quarters to the majority of the entire governing body. For greater density residential zoning changes, it now takes at least 60% of adjacent property owners to trigger the supermajority approval requirement, and the new supermajority requirement is only a majority of the entire council, not three-quarters of the voting members. In addition to the zoning protest changes, the bill also states a city must publish zoning change hearing notices in the newspaper and on the city's website (if it has one). However, it also clarifies that while the city still must mail written notice of a zoning change application to all property owners within 200 feet of the change, it does not have to provide citywide mailed notice for "proposed comprehensive zoning changes." Lastly, in home rule cities with zoning commissions, the zoning commission must place a physical sign providing notice of the zoning change on or near the affected property at least 10 days before the zoning hearing.

H.B. 24 only applies to residential zoning changes. It does not change the protest threshold or supermajority requirements for any other types of zoning changes.

Shortly after H.B. 24 passed, the attorney general issued KP-0498 regarding whether an adjacent property owner within 200 feet of the proposed zoning change counts toward the zoning protest threshold if they are located outside of the city's limits. The attorney general opined that a landowner does not need to appear on the city's tax rolls to count toward the zoning protest threshold. However, the opinion also suggested that the city's obligation to notify adjacent property owners of a proposed zoning change only applies to property owners within the city limits. In other words, a city does not necessarily need to mail notice to adjacent property owners outside the city limits, but if they do protest the zoning change, their protest counts toward the supermajority approval threshold.

Relatedly, the legislature also passed H.B. 4506 by Representative Bonnen, which allows cities to provide zoning hearing notices by email if the recipient opts in to receive such email notices through an online city portal.

Other Narrowly Tailored Bills

The legislature also passed two more narrowly drawn bills addressing specific multifamily residential development design requirements and occupancy issues in certain college towns. S.B. 2835 by Senator Johnson granted cities the discretion to allow single-stairway apartment buildings up to six stories subject to specific fire code-related conditions.

The legislature also passed a tightly bracketed bill that would prohibit certain home rule cities from imposing or enforcing occupancy restrictions based on age, familial status, occupation, or occupant relationship status. S.B. 1567 applies to home rule cities with a population of less than 250,000 that contain or are adjacent to an institution of higher education with a student enrollment of more than 20,000. Although S.B. 1567 prohibits certain occupancy restrictions, it expressly preserves a city's right to impose or enforce a limit on the number of people who may occupy a dwelling based solely on other applicable health and safety standards.

Unsuccessful Attempts

Accessory Dwelling Units (ADUs)

The legislature once again considered, but failed to pass, a bill that would allow property owners the right to build ADUs on any lot zoned for single-family or duplex use by right. S.B. 673 by Senator Hughes was very similar to the 2023 ADU bill (S.B. 1412). In addition to allowing ADUs by right, it would prohibit cities from establishing primary dwelling unit owner-occupancy requirements, as well as limiting local density and setback requirements, ADU size or height restrictions, and impact fees. Like S.B. 1412 in 2023, the bill overwhelmingly passed the Senate but ultimately died in the House.

Mixed Use and Multifamily Developments on Religiously Owned Land

The legislature also considered but failed to pass a bill that would allow developers to build a mixed use or multifamily residential development by right on land owned by a religious organization regardless of the land's zoning designation. S.B. 854 by Senator Middleton would have required cities to permit mixed use or multifamily residential developments by right on land owned or held under a long-term lease by a religious organization, without requiring a zoning change, variance, conditional use permit, or any other separate approval. Like S.B. 840, it would also have limited local height, setback, parking, and density standards applicable to such developments.

While S.B. 854 did not pass, it reflects a broader national trend of "religious land use" legislation intended to facilitate affordable housing production on underutilized institutional property. Similar legislation has been introduced or adopted in several other states.

The House Land and Resource Management and Senate Local Government Committees will hold interim hearings monitoring the implementation of several of these density-focused zoning reforms and the importance of property rights on housing affordability. The House Land and Resource Management Committee has been charged to review the impact of H.B. 24, S.B. 15, and S.B. 840. The Senate Local Government Committee has been charged to review the impact of S.B. 15.

The TML Legislative Program provides that the League should oppose legislation that would erode municipal authority related to development

matters, including with respect to the following issues: (1) annexation; (2) eminent domain; (3) zoning, including legislation limiting a city's ability to regulate accessory dwelling units; (4) regulatory takings; (5) building codes; (6) tree preservation; (7) short-term rentals; (8) the extraterritorial jurisdiction (ETJ); (9) manufactured housing; (10) parkland dedication ordinances; and (11) impact fees.

The TML Legislative Program also provides that the League should support legislation that would: (1) allow for the expansion and preservation of diverse, affordable housing in cities, including additional appropriations; (2) raise the threshold for the ¾ super majority requirements triggered by the opposition of landowners close to proposed zoning changes from 20 percent of property ownership interest within the notification area, to 50 percent, and/or lower the super majority vote requirement; (3) clarify notice requirements for zoning classification changes; (4) limit or regulate the acquisition of single-family homes by institutional investors; and (5) ensure cities maintain their authority to determine lot sizes, parking, and density requirements in the city limits and these planning and zoning regulations are left to the individual cities, not the legislature.

Institutional Investors

The rise of housing costs in Texas has also been tied to large corporate or "institutional" buyers of single-family homes. Some argue that these institutional buyers often purchase homes with cash and hold them as short- or long-term rentals, thereby pushing out or reducing the supply of available housing for everyday homebuyers.

The legislature first attempted to address the issue in 2023. S.B. 1979 by Senator Hughes, as filed, would have required any "institutional buyer" defined as a business entity that purchases or acquires more than 10 single-family homes in the state within a calendar year to file an annual report with the Texas Real Estate Commission (TREC). The report would include how many single-family homes they purchased in the last calendar year, how many they sold during that time, how many are being used as rental properties, and the value and location of each home. TREC, in turn, would post these reports on its website and compile a statewide report on institutional buyers each year.

The Senate State Affairs Committee amended the bill, removing the reporting requirements and instead directing the TREC to conduct an annual study of institutional buyer purchases and sales of single-family homes using existing available data and deed records. TREC would then create a statewide report analyzing trends and patterns in institutional single-family home purchases, the impact of such purchases on housing costs, and any market advantages that institutional buyers may have over individual homebuyers.

S.B. 1979 passed both chambers with overwhelming bipartisan support (Senate 29-2; House 142-4). However, Governor Abbott vetoed the bill as part of his veto of over seventy bills to encourage the legislature to pass property tax relief.

But the issue did not go away. In April 2024, Lt. Gov. Patrick issued an interim charge to the Senate State Affairs Committee to, among other things, "evaluate large-scale purchases of single-family homes by domestic entities and their impact on housing affordability for Texas families." Speaker Phelan issued a parallel charge to the House Committee on Business & Industry to "[e]valuate the impact on housing prices and rent caused by institutional buyers to determine whether policy changes are needed to ensure families and individuals are not unfairly priced out of homeownership."

The House Committee held a hearing on the charge on September 12, 2024. The committee made three recommendations:

- Consider ways to improve the collection and analysis of data on institutional investment in the housing market to better understand the impact on housing affordability and homeownership rates;
- Examine ways to increase housing stock of affordable homes in the state; and
- Monitor the usage of the eviction process by institutional investors to see if there is

> an increase in filings compared to smaller mom and pop landlords [and] [c]onsider tenant protections if necessary.

Around the same time, the TML membership approved a resolution at the TML Business Meeting from the City of Rowlett to support legislation that would limit or regulate the acquisition of single-family homes by institutional investors.

Similar bills addressing institutional investors were filed during the 2025 legislative session, but none of those bills received a hearing.

A separate measure, H.B. 2968 by Representative Talarico, would have required corporate owners of single-family rental homes to register with the Secretary of State and provide information about the corporate owner and the number of single-family homes the owner held in the state. The Secretary of State would maintain a searchable public registry of that information, with civil penalties for noncompliance. H.B. 2968 was referred to the House Committee on Trade, Workforce, and Economic Development and left pending.

While none of these bills passed, the issue of institutional buyer activity in the Texas housing market remains a continuing topic of legislative interest and may be revisited in future sessions.

On the federal level, the 21st Century ROAD to Housing Act includes a provision that would prohibit large institutional investors (defined as for-profit entities that own 350 or more single-family homes) from purchasing additional homes, subject to limited exceptions. If passed, the bill would not apply retroactively, meaning current institutional investor portfolios would not be affected. Civil penalties for violation could reach up to $1 million per violation or three times the home's purchase price, whichever is greater. The Act, which combines omnibus House and Senate housing-related bills, was originally passed by the House, then later amended by the Senate. The House passed an amended version and sent the bill back to the Senate. At the time of publication, both chambers were still in negotiations on the bill.

While none of these bills passed, the issue of institutional homebuying activity remains a continuing topic of legislative interest and may be revisited in future sessions.

The TML Legislative Program provides that the League should support legislation that would limit or regulate the acquisition of single-family homes by institutional investors.

Regulatory Takings

The regulatory takings issue was first debated in 1995 and returned in 2005 when the legislature debated two bills that would have been problematic for most cities. H.B. 2833 and its companion, S.B. 1647, were known as the "takings" bills, and they would have subjected cities to the Texas Private Real Property Rights Preservation Act (Act).

The Act, first adopted in 1995, was designed to protect rural property owners from unnecessary governmental actions, by requiring that the state and certain political subdivisions (excluding cities) consider whether a proposed regulation might be a "taking" of private real property. Under the Act, a "taking" is an action that would reduce the value of a property by more than 25 percent. The Act's definition of a "taking" is different from how both the Texas and United States Supreme Courts define a "regulatory taking" as applied to cities. With respect to cities, courts examine whether a regulation prohibits all use or value of a property to determine whether the regulation constitutes a "regulatory taking."

More simply, the Act is known as a "pay or waive" law. That means a governmental entity subject to the Act has three choices when presented with a claim of reduced value from a landowner: (1) pay the alleged damages; (2) waive the regulations; or (3) litigate the claim. Disastrous experiments in other states with similar laws have shown that cities can't afford to litigate or pay bogus claims, and thus waive their regulations.

Cities are exempt from the law as a matter of public policy. People move to cities with the expectation that their property will be protected for the good of the city as a whole. Because of that expectation, cities regulate private real property in many ways, such as by zoning and platting; by regulating nuisances, sexually oriented businesses, setbacks, and landscaping requirements; and by adopting building codes.

Nevertheless, the legislature considered several bills between 2005 and 2015 that would subject cities to the Act, though interestingly there has not been legislation to do so since 2015. Over the years, certain groups tried to frame these bills as protecting rural residents. But quite the contrary, these proposals strike at the very reason cities are incorporated in the first place: to protect the property values and the health and safety of those living near one another.

The legislature has not introduced any such bills since 2015.

The TML Legislative Program provides that the League should oppose legislation that would erode municipal authority related to development matters, including with respect to the following issues: (1) annexation; (2) eminent domain; (3) zoning, including legislation limiting a city's ability to regulate accessory dwelling units; (4) regulatory takings; (5) building codes; (6) tree preservation; (7) short-term rentals; (8) the extraterritorial jurisdiction (ETJ); (9) manufactured housing; (10) parkland dedication ordinances; and (11) impact fees.

Relocation Assistance for Code Enforcement Actions

State law requires a city or other governmental entity that acquires private property through eminent domain to provide relocation assistance to any displaced person or entity comparable to the assistance required by the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. This statute includes property acquired through eminent domain, as well as persons or entities displaced as a direct result of code enforcement, rehabilitation, or demolition actions.

Prior to 2011, state law permitted cities and other governmental entities to provide such assistance. In 2011, the legislature, as part of an omnibus eminent domain-related bill, required cities and governmental entities to provide such assistance. This new mandate requires cities (and city taxpayers) to pay for relocation assistance when a person allows its property to become substandard and unfit for human use and habitation, thus requiring code enforcement action.

In 2024, the League adopted a resolution proposed by the City of Friendswood asking the League to support legislation to remove the requirement that cities provide relocation assistance to persons and entities that allow their property to become substandard and unfit for human use or habitation, and simply allow a city to do so if it determines that such assistance would promote a public purpose and is an appropriate use of public funds.

Representative Tepper filed H.B. 1723 in 2025 which would have repealed the provision of the Property Code requiring cities to pay relocation costs if a person is required to move as a direct result of code enforcement, rehabilitation, or a demolition program. Unfortunately, the bill was never heard in committee.

The TML Legislative Program provides that the League should support legislation that would eliminate required relocation assistance to persons and entities that allow their property to become substandard and unfit for human use or habitation and allow cities to provide such assistance in order to promote a public purpose with an appropriate use of public funds.

Building Codes/Building Permit Fees

Building Codes

Uniform building codes can make construction and inspection easier and more cost-effective. However, uniform codes often do not take into account the different needs and challenges faced by communities with different climates, topography, and other geological features. For example, soil properties and conditions in North Texas differ greatly from soil conditions in the Valley. The flat topography of the Panhandle poses different challenges than the Hill Country in Central Texas. Because of this, cities must be allowed to amend mandatory uniform building codes to best meet their individual needs and challenges.

Before 2001, Texas did not have any statewide standards for residential or commercial buildings. Each city chose which, if any, building codes to apply within the city. The most common building codes were the Uniform Building Code and the Southern Standard Building Code. And cities would often amend these codes to best meet their local needs.

In 2001, in response to a strong push by homebuilders, the legislature passed S.B. 365. This bill adopted the International Residential Code (IRC) and the National Electrical Code as the standard building codes for all residential construction in the state, including all Texas cities, starting January 1, 2002. However, S.B. 365 also allowed cities to adopt local amendments to these codes to address local needs.

That same year, the legislature passed S.B. 5, which adopted the Energy Efficiency Chapter of the IRC for all single-family residential construction, and the International Energy Conservation Code (IECC) for all other residential, commercial, and industrial construction in the state. Cities were required to establish procedures for the administration and enforcement of these new codes by September 1, 2001. And similarly to S.B. 365, cities could adopt local amendments to these codes to address local needs.

During the 2003 session, the legislature passed S.B. 283, which required any city that adopts a building code other than the International Residential Code to adopt and enforce prescriptive provisions for the rehabilitation of buildings or the rehabilitation code that accompanies the city's building code.

Before 2005, other than certain IECC provisions, no standard building code existed for new commercial construction. Many cities still used the Uniform Building Code or the International Building Code for commercial construction, while others adopted the newly-developed International Building Code.

In 2005 the legislature passed S.B. 1458, which adopted the International Building Code as the municipal building code in Texas for commercial and multi-family construction. The bill also provided that a city that had adopted a more stringent commercial building code before January 1, 2006, did not have to repeal that code and could adopt future editions of that adopted code. And like similar bills, a city could adopt local amendments to the code.

S.B. 1458 also provided that the National Electrical Code applied to all commercial buildings that were built on or after January 1, 2006, and to any alteration, remodeling, enlargement, or repair of those commercial buildings.

In 2009, a bill was filed that would have mandated extensive public notice and hearing requirements before a city could consider amendments to any of the adopted national building codes. The League, and other parties, were able to get several amendments incorporated into the bill, resulting in a negotiated compromise that all parties could live with.

As amended, S.B. 820 required cities with more than 100,000 people, on or before 21 days before taking action to consider, review, adopt, or amend a national model building code to: (1) publish notice of the proposed action on the city's website; and (2) make a reasonable effort to encourage public comment by those affected by the proposed change. On the written request of five or more people, to hold a public hearing on the proposed action at least 14 days before the city takes such action.

S.B. 820 also provides that if a city adopts or amends a national model building code ordinance, it must delay implementing and enforcing it for at least 30 days after adoption, unless such a delay would cause imminent harm to public health or safety.

The bill did contain one exception to these requirements. If a city had established an advisory board or substantially similar entity to obtain public comment on the proposed adoption of, or amendments to a national model building code, the above requirements did not apply.

In 2009, despite strong city opposition, the legislature passed another building code-related bill regarding state plumbing license requirements. S.B. 1410 made various changes to the requirements to obtain a state plumbing license. Of interest to cities, the bill prohibited cities, after January 1, 2009, from requiring fire sprinkler systems be installed in new or existing one- or two-family dwellings. However, the bill did allow multipurpose residential fire protection specialists to offer to install, and install, a fire sprinkler system in a new or existing one- or two-family dwelling.

In 2015, the legislature considered S.B. 1679 by Senator Huffines, which would have required cities to prepare a cost-benefit analysis and hold two public hearings before being able to adopt any proposed amendments to the International Building Code. S.B. 1679 passed the Senate, but died in the House.

During the 2017 session, the legislature again considered new building code restrictions. S.B. 636 would have reduced the population threshold for the building code amendment notice requirements in S.B. 820 in 2009 from 100,000 to 40,000 people. The bill would require cities prepare a cost-benefit analysis for any building code amendments and scientific evidence supporting the need for amendments addressing existing or potential harm to public health or safety. Essentially the same bill was filed during the 2017 special session. Neither bill passed.

A significant piece of building code legislation passed in 2021 – H.B. 738 by Representative Paul. For more than two decades, state law referenced the older, 2001 and 2003 edition of the International Residential Code and International Building Code. H.B. 738 updated the law to require cities to use at least the 2012 versions of these codes. A city can still establish procedures to adopt local amendments “that may add, modify, or remove requirements” set by the codes, but only if the city holds a public hearing on the local amendment and adopts it by ordinance.

During the 2021 session, the legislature also passed S.B. 1210 by Senator Johnson, which prohibits the adoption or enforcement of any commercial or residential building code or other building-related requirement that prohibits the use of certain substitutes for hydrofluorocarbon refrigerants authorized under federal law.

One bill of interest that was filed in 2021 but did not pass was S.B. 1947 by Senator Springer. S.B. 1947 would have prohibited cites from: (1) denying a building permit solely because the city is unable to comply with the 45-day time period for granting or denying a building permit; or (2) requiring that a building permit applicant waive the 45-day building permit time period. The bill would also have repealed the statute allowing a city and applicant to reach a written agreement to provide an alternative deadline. S.B. 1947 passed the Senate, but it was never heard in a House committee.

In 2023, the legislature passed H.B. 3526 by Representative Raymond, which prohibits cities from applying any local building code to the construction or renovation of a solar pergola.

Building Permit Fees

Building permit fees vary widely based on several factors, including the number and type of inspections and the sophistication of the city’s permitting process. But while there are no statutory permit fee caps, court cases have held that cities are prohibited from making a large profit from building permit fees. Under the common-law interpretation of a city’s police powers, which include the power to adopt building codes and related fees, a city cannot charge more than is reasonably related or necessary to administer such powers. If a city does so, the fee may be deemed an unconstitutional tax.

In 2019, the legislature passed H.B. 852 by Representative Holland, which prohibited cities from basing their residential building permit fees on the cost of the proposed structure or improvement. A city may also not require an applicant disclose information related to the value of or cost of constructing or improving a residential dwelling as a condition to obtaining a building permit except as required by the Federal Emergency Management Agency for participation in the National Flood Insurance Program. New residential building permit and inspection fee determination options include square footage-based fees, a flat fee schedule, or any other non-cost-based and reasonable calculation.

The legislature passed two substantive bills related to city building permit fees during the 2023 legislative session.

The first bill – H.B. 1922 by Representative Dutton – requires a city to reauthorize or adopt new building permit fees at least once every ten years. If a city fails to do so, the building permit fee is deemed abolished. While this bill may sound substantial, it is unlikely to have much of a practical effect. Many cities already renew most cities fees every year as part of their annual budget process. Presumably, if a city's building permit fees are abolished for failing to timely reauthorize or adopt them, a city can simply reestablish the abolished fees at a subsequent meeting.

The second bill, H.B. 3492 by Representative Stucky, limits the amount of city permit fees for public infrastructure projects included as part of a subdivision development. H.B. 3492 prohibits a city from asking about or basing a permit or inspection fee for a public infrastructure project on the value of the infrastructure project. Instead, a city may only base its permit or inspection fees on a good faith estimate of the city's costs to process the application or conduct the inspection. This could include internal city employee costs or the cost for the city to hire a third party to perform the review or inspection. If the city uses internal employees to do so, it must also publish the fee and hourly rates it used to determine the fees in the local newspaper at least once a year. H.B. 3492 also prohibits a city from asking the applicant about the value of a public infrastructure project as a condition for approving a permit or inspection.

It is important to note that H.B. 3492 does not affect how much a city may charge for a commercial building permit. H.B. 3492 is limited to what fees a city may charge for a public infrastructure project as part of a subdivision, lot, or related property development. Similar to H.B. 852 from 2019, which prohibited cities from basing a residential building permit fee on the cost of the proposed structure or improvement, public infrastructure building permit and inspection fee options could likely include square footage-based fees, a flat fee schedule, or any other non-cost-based and reasonable calculation.

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Tree Preservation

Many Texas cities have enacted tree preservation ordinances. In fact, the City of San Antonio was sued regarding its requirements in the extraterritorial jurisdiction and ultimately won its case in 2009. Since, numerous bills have been filed that would limit cities' authority to enact tree preservation ordinances, culminating in a compromise bill passing in 2017.

In 2011, the legislature considered two bills which would have limited a city's authority to regulate tree preservation and removal. H.B. 1388 and its companion S.B. 732 were filed. The bills would have prohibited a city from regulating the planting, clearing, or harvesting of trees or vegetation or other uses of trees or vegetation on a particular tract of land in the city's extraterritorial jurisdiction. S.B. 1741, meanwhile, would have provided that if a city requires a permit applicant to pay the city or a third party a tree mitigation fee, the tree mitigation fee must be roughly proportionate to the impact the permitted activity would have on the public. None of the bills passed.

In 2013, the legislature took another shot at limiting city tree preservation authority. H.B. 1858 by Representative Workman would have allowed a property owner to cut down a tree on their property if the property owner believed the tree posed a fire risk, even if a municipal ordinance prohibited the cutting.

H.B. 1377 by Representative Kolkhorst would have gone much further. H.B. 1377 stated that a "landowner owns all trees and timber located on the landowner's land as real property until cut or otherwise removed from the land, unless otherwise provided by a contract, bill of sale, deed, mortgage, deed of trust, or other legally binding document."

At first glance, this language may seem innocuous: all landowners do, in fact, own the trees on their property. When the bill was considered by a House committee, the author claimed that the bill simply codified the current common law (i.e., court cases) in Texas. But from a legal standpoint, it actually did the opposite, and would have radically changed longstanding common law relating to trees and property value.

For constitutional "regulatory takings" purposes, trees can be one factor included when determining the value of land, but for compensation purposes, the value is decided based on the *total market value* of the land. A tree preservation ordinance that prohibits a person from cutting down one or even several trees will not usually rise to the level of a regulatory taking that requires compensation, because it doesn't render property valueless or unreasonably interfere with the use of property.

H.B. 1377 would have radically changed that. The "ownership provision" would make *each individual tree* subject to a regulatory takings analysis. So, a city could potentially have to pay an owner for the value of each tree affected by its tree preservation ordinance, or else waive its regulation. Because most cities cannot afford to make such payments, the bill would have forced most cities to waive their tree preservation regulations.

The Georgia Supreme Court considered a similar argument from the Greater Atlanta Homebuilders several years ago. The homebuilders lost, and the court sensibly explained why:

> [T]he Tree Ordinance does not destroy [a developer's] ability to develop its land; it only regulates the way in which new and existing trees must be managed during the development process. [Developers] have failed to show that the Tree Ordinance destroys its ability to develop land…While the Tree Ordinance may impose some additional costs and thus diminish the ultimate value of [developers'] land, "[m]any regulations restrict the use of property, diminish its value or cut off certain property rights, but no compensation for the property owner is required.

League staff and a number of city officials testified in opposition to H.B. 1377 at the committee hearing. Ultimately neither bill filed in 2013 passed, but the issue was back in 2015. H.B. 1442 by Representative Workman would have provided that a city, county, or other political subdivision may not enact or enforce any ordinance, rule, or other regulation that restricts the ability of a property owner to remove a tree or vegetation on the owner's property that the owner believes poses a risk of fire to a structure on the property or adjacent property, with certain exceptions. The bill was heard in committee, but never voted out.

In 2017, the legislature considered several bills designed to preempt city tree preservation ordinances. Senator Campbell also requested an attorney general's opinion about whether current law prohibits cities from protecting trees.

One way the League sought to counter this tree preservation ordinance preemption trend was to enlist the help of a nationally-recognized law professor to submit comments on Sen. Campbell's attorney general opinion request. In a letter to the attorney general, Professor John Echeverria of Vermont Law School stated that his "legal research has revealed that courts across the country have so far been unanimous in their judgment that municipal tree preservation ordinances do NOT result in a taking or otherwise unconstitutionally impair private property rights."

The attorney general released KP-155 roughly a month after the request was submitted. KP-155 summarized the relevant law, but because of the complexity of the regulatory takings analysis and application of that analysis to different fact patterns, the opinion mostly stated the obvious:

> If a municipal tree preservation ordinance operates to deny a property owner all economically beneficial or productive use of land, the ordinance will result in a taking that requires just compensation under article I, section 17 of the Texas Constitution.

While most of the tree preservation bills died, the legislature did ultimately pass one bill. S.B. 744 by Senator Kolkhorst, shepherded by Representative Dade Phelan, was a compromise bill negotiated between homebuilders, cities, environmentalists, and others. Governor Abbott vetoed the bill stating: "I applaud the bill authors for their efforts, but I believe we can do better for private property owners in the upcoming special session." The governor added the issue to his special session agenda in the summer of 2017.

Representative Phelan stuck with the version he and stakeholders had worked so hard on during the regular session. The legislature passed the exact same bill in the special session, and the governor did not veto it this time around. H.B. 7 provided, among other things, that a city could generally impose a tree mitigation fee for tree removal on a person's property or allow a person to apply for a credit for tree planting to offset the amount of the fee. The bill provided that a city may not prohibit the removal of a tree or impose a tree mitigation fee for certain diseased, dead, or dangerous trees. And importantly, the bill did not outright preempt cities' tree preservation ordinances.

Interestingly, the legislature did not file any bills that directly addressed city authority to adopt a tree preservation ordinance in 2019 or 2021.

In 2023 Representative Troxclair filed H.B. 2239, which would have prohibited cities from preventing a property owner or resident from removing an Ashe juniper tree (commonly known as a cedar tree) on a residential property that is less than five acres and contains an existing one or two-family residential dwelling. The bill passed the House and was reported favorably from the Senate Local Government Committee. However, the full Senate never considered the bill.

S.B. 1927 by Senator Adam Hinojosa in 2025 closely mirrored H.B. 2239. Like the previous bill, S.B. 1927 was reported favorably out of committee and passed the first chamber, but was ultimately not considered by the other chamber.

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Short-Term Rentals

Cities nationwide have experienced issues with short-term home rentals (STRs), largely due to the proliferation of websites such as Airbnb and VRBO. These problems range from uncollected hotel taxes to STR guests that disrupt the neighborhood environment. Many cities have adopted ordinances to try to address these problems.

The legislature first considered STR legislation in 2015 in the form of H.B. 1792 by then-Representative Springer, which would have treated STRs like commercial lodging establishments and expressly authorized more stringent city regulation. The next session, some STR companies began promoting legislation to prohibit or preempt any city regulation of STR properties. In particular, S.B. 451 by Senator Hancock would have preempted a city's authority to regulate STRs.

For a time, the City of Austin was at the forefront of local STR regulations. After revamping its STR ordinance in February 2016, several STR owners, represented by attorneys from the Texas Public Policy Foundation (TPPF), sued the City of Austin. TPPF's petition claimed that:

> [T]he City's STR Ordnance violates a host of rights arising under the Texas Constitution — including property owners' rights under the equal protection and due course of law clauses of the Texas Constitution, as well as tenants' rights to the freedom of movement, privacy, and assembly. In addition, the STR Ordinance exceeds the City's zoning powers. The STR Ordinance prohibits short-term rentals in previously-permitted residential areas, phases out existing, lawfully operating short-term rental properties, restricts the number of people allowed to step foot on any short-term rental property, dictates the movement and association of "assemblies" in short-term rentals, and sets a bedtime for tenants. The City cannot carpet bomb the constitutional rights of short-term rental owners and lessees under the auspices of zoning or code enforcement. Such regulations violate the Texas Constitution and must be struck down.

In 2019, the legislature considered H.B. 3773 by Representative Button, which the STR industry characterized as creating "guardrails" for city regulation. The bill included numerous provisions, some of which even expressly granted authority to cities. The key feature of H.B. 3773 was a preemption clause that provided that a city may not: (1) adopt or enforce an ordinance, rule, or other measure that: (a) prohibits or limits the use of property as a STR unit; or (b) is applicable solely to STR units, or STR unit providers, short-STR unit tenants, or other persons associated with STR units; or (2) apply a municipal law, including a noise restriction, parking requirement, or building code requirement, or other law to STR units or STR unit providers, STR unit tenants, or other persons associated with STR units in a manner that is more restrictive or otherwise inconsistent with the application of the law to other similarly situated property or persons.

This provision essentially meant a city would be unable to regulate STRs. After much negotiation and a long committee hearing, the bill died.

After the 2019 session, the Third Court of Appeals in Austin held that certain portions of the City of Austin's STR ordinance were unconstitutional. The ordinance provided for the eventual elimination of certain STRs in residential neighborhoods and prohibited certain types of gatherings. It was these last provisions that were subject to legal challenge.

The Court specifically struck down a provision terminating all "type-2" rentals in residential areas by 2022. (Under the Austin ordinance, a "type-2" rental is a single-family residence that is not owner-occupied and is not associated with an owner-occupied principal residential unit.) The Court also struck down provisions limiting certain conduct and assembly at STR properties, including prohibiting any assemblies between the hours of 10:00 p.m. and 7:00 a.m., prohibiting outdoor assemblies of more than six adults between 7:00 a.m. and 10:00 p.m., and prohibiting more than six unrelated adults or ten related adults from being present on the property at any time.

What did this opinion mean for Texas cities? It certainly calls into question a city regulation that either: (1) bans STRs to any degree, in particular those existing at the time the regulation is adopted;

or (2) limits the ability of people to assemble at STR properties.

An STR ordinance is a perfect example of a local decision that is best made at the local level. Not every city has an issue with STRs. But in high-tourist areas and neighborhoods, city councils are the first ones to hear from residents about any potential problem. City councils don't adopt STR ordinances on a whim. They so after numerous complaints and after hours of deliberation and testimony from STR owners, renters, and neighbors alike. This includes testimony from citizens about de-facto hotels in the form of STRs locating in otherwise quiet family neighborhoods. The ordinances that are ultimately adopted represent tailored responses to a uniquely local issue.

The same STR legislation was refiled in 2021 in the form of H.B. 1960 and H.B. 1961, both by Representative Beckley. According to the bill's author, these were refiled as placeholders for city-friendly STR legislation that would be substituted for the original language in committee. However, because the bills never received a committee hearing, that plan never came to fruition.

The only STR bill to receive a hearing in 2021 was H.B. 2515 by Representative Shaheen, which was supported by a number of cities. H.B. 2515 would have, among other things provided that: (1) upon receiving notice of a third violation of a municipal ordinance within a one-year period involving a STR unit that is listed by a STR unit listing service, the listing service shall remove the unit from the listing service's Internet website, application, or other online platform for at least 30 days; (2) certain individuals may bring an action for appropriate injunctive relief against the owner of a STR unit that is the subject of three or more violations of city ordinances and the person may seek to recover reasonable attorney's fees and court costs; and (3) a city must provide written notice to a STR unit listing service for a violation of a city ordinance involving a STR unit listed on the listing service.

H.B. 2515 did not make it out of committee, but the fact that this beneficial legislation was the only STR bill to move at all in 2021 was promising. In their written comments to the committee opposing H.B. 2515, a representative of Expedia (who owns VRBO and HomeAway) wrote:

> Local governments currently have the ability to regulate short-term rentals in a manner that meets their unique needs. Expedia Group is proud to partner with municipalities throughout Texas to support sustainable regulations that meet community needs and protect the integrity of neighborhoods while providing a consistent source of vital revenue for Texans, municipalities, and the state.

More recent litigation involving two Texas cities and the City of New Orleans has continued to shape the STR policy debate.

In 2021, the Texas Second Court of Appeals upheld the trial court's ruling that the City of Grapevine's STR ordinance which expressly prohibited STRs anywhere in the city may constitute a regulatory taking that would entitle property owners to compensation for the loss of being able to use their property as an STR. But that same year, the same court also upheld a trial court's ruling allowing the City of Arlington to prohibit STRs outside of a defined STR zone (which effectively prohibited STRs in most residential areas).

In 2022, the Fifth Circuit Court of Appeals struck down part of the City of New Orleans's STR ordinance which required that a person could only receive an STR license if the STR was located on the same lot as the STR owner's primary residence and homestead. The Court held that the residency requirement violated the dormant commerce of the U.S. Constitution by restricting interstate commerce by discriminating against out-of-state STR owners.

Following these cases, statewide STR preemption reared its head again in 2023. H.B. 2665 by Representative Gates would have prohibited cities from adopting or enforcing any local STR regulations that prohibit or limit the operation of an STR, regulate how long somebody may rent out an STR, or impose STR-specific occupancy limits. H.B. 2665 would also prohibit local STR regulations except for registration, tax, and responsible entity-related regulations.

H.B. 2665, as filed, did not make much progress. The bill faced strong opposition from cities and neighborhood-focused organizations. Because of this, the House committee made several changes to the bill, many of which were very city friendly. The bill eventually morphed into a study on statewide STR regulations. H.B. 2665 finally passed the House, but it was not heard in the Senate.

Another bill, H.B. 3169 by Representative Landgraf, was drafted to largely preempt STR regulations in a single small city outside of Austin. The bill made it out of committee but was killed by a point of order on the House floor.

The legislature also addressed an emerging form of short-term property-related rentals – renting out non-sleeping accommodations on a residential property or "residential amenities." Several companies facilitate property owners' temporary rental of their backyards, garages, and swimming pools, among other amenities. H.B. 2367 by Representative Lozano would have preempted cities from prohibiting or limiting property owners from renting out certain residential amenities for less than 15 hours. Strong opposition ultimately defeated H.B. 2367 as well.

At the 2024 TML Policy Summit, delegates recommended that the League support legislation to authorize the use of local hotel occupancy tax revenue from STRs on essential city services provided to short term rentals. That position ultimately went into TML's legislative program. However, no such bill was filed during the 2025 session.

The legislature did not seriously consider any legislation that would preempt city authority regarding STRs in 2025. However, the legislature did consider two STR-related bills of interest to cities. The Senate passed S.B. 1592 by Senator Blanco, which would have required an accommodations intermediary, or STR platform like Airbnb or VRBO, to collect local hotel occupancy taxes. Under current law the obligation for local hotel occupancy tax collection for STRs falls to the STR owner, which often makes collection efforts difficult. The bill was supported by several cities and Airbnb, but unfortunately did not receive a House hearing. It is very likely this beneficial legislation will be back in 2027 and will once again have broad support.

On the other side of the ledger for cities was H.B. 2767 by Representative Landgraf. The bill would have expressly preempted cities from regulating the operation of an "online global marketplace" (an STR platform) or required an online global marketplace to provide personally identifiable information of its platform users without an administrative subpoena or court order. Though the intent of the bill appears to have been prohibiting city regulation of the online platforms themselves, and not STRs, the bill was drafted in such a way as to leave the door open on the question of whether city regulation of STRs would also be preempted. The League suggested language narrowing the scope of H.B. 2767, but those suggestions were not incorporated into the committee substitute for the bill. Ultimately the bill was reported from House committee, but never made it to the House floor.

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The TML Legislative Program also provides that the League should support legislation that would authorize cities to use local hotel occupancy tax revenue derived from short term rentals on

essential city services provided to short term rentals.

Subdivision Platting

In 2019, the legislature passed H.B 3167 by Representative Oliverson, which made numerous changes to the city site plan and subdivision platting approval process. These changes required most cities to substantially amend their zoning and subdivision ordinances and unified development code approval processes.

Why was the bill needed? The bill analysis for H.B. 3167 stated that:

> Concerns have been raised regarding the process for plat and land development application approval by political subdivisions. It has been suggested that some political subdivisions circumvent statutory timelines for approving an application by simply denying the application with generic comments that do not fully address specific deficiencies with the application. C.S.H.B. 3167 seeks to provide greater certainty and clarity for the process by setting out provisions relating to county and municipal approval procedures for land development applications.

In other words, H.B. 3167 was meant to force cities to speed up the site plan/subdivision plat approval process by imposing a 30-day shot clock, and provide more information when it denies a plan or plat. In some cases, the bill's new framework created more red tape that slows the process down and/or results in substandard planning.

Following the passage of H.B. 3167, the ability of cities to require an administrative completeness review prior to submission of a plat or plan started to get questioned. Because of the new 30-day shot clock, many cities found they could only comply with the shortened timeframe by requiring developers to comply with certain prerequisites prior to accepting a plan or plat application. This includes documents like traffic analyses, drainage studies, utility evaluations, and certain federal permits. In 2020, Senator Hughes requested an attorney general's opinion on whether these completeness reviews were permissible.

In January 2021, the attorney general released KP-349, which addresses a city's ability to require a developer to complete certain prerequisites before the city accepts an application. The attorney general opined that there's nothing within the statutory framework created by H.B. 3167 that prevents a city from requiring a developer to complete certain prerequisites prior to acceptance of a plan or plat application:

> Subsections 212.009(a) and 232.0025(d) require the local authority responsible for approving plats to approve, approve with conditions, or disapprove a plan or plat within 30 days after the date the plan or plat is filed. A court is unlikely to construe the language of those provisions to prohibit local authorities from requiring reports or studies to be completed prior to the submission of a plan or plat.

In response to both KP-349, as well as to fix some of the unintended consequences of H.B. 3167 (including state-mandated red tape and an endless cycle of application denials and resubmissions) developer groups filed a handful of bills in 2021. H.B. 4447 by Rep. Oliverson would have, among other things, prohibited a city planning commission or the city council from requiring a person to submit or obtain approval of a required planning document or fulfill any other prerequisites or conditions before the person files a copy of the plan or plat with the entity. The bill was substituted before its committee hearing to go even further and apply to all "land development applications" and not just plat or plan applications. There was a significant amount of city opposition to the bill, and though it was voted out of committee, the bill did not make it to the House floor.

The Senate also tried to address the conclusion reached in KP-349 by adding a floor amendment to another land-use related bill. S.B. 1947 by Senator Springer would have prohibited a city planning commission or city council from requiring a person to submit or obtain approval of any document or fulfill any other prerequisites or conditions before the person filed a copy of the plan or plat with the city planning commission or city council. The Senate version of the bill was never heard in House committee. Legislators attempted to file a similar bill during 2021 special sessions as well, but because the shot clock issue was not on the governor's special session agenda, the legislature could not legally consider the issue.

In addition to testifying against many of the above bills last session, city officials also proposed several solutions to address many of the issues that cities and developers jointly face due to the one-size-fits-all nature of H.B. 3167. These compromises included allowing cities and developers to jointly agree to extensions of time when necessary to consider a plat or plan application and other related documents. Cities also proposed allowing city councils to delegate plat or plan approval to city staff to help streamline the rigid process in H.B. 3167. While there was no indication that those proposals were acceptable to the bill authors, these types of proposals (among others) represented good faith attempts to give cities the flexibility to work with the development community and served as a jumping off point for legislation in 2023.

In response to complaints by cities and builders, the League and the Texas Association of Builders worked together to propose changes to the permitting and platting shot clock. These changes included: (1) removing plans from the shot clock requirement; (2) allowing cities to delegate plat approval to staff; and (3) authorizing a city and applicant to extend the shot clock by agreement for multiple 30-day periods. Representative Oliverson incorporated these proposed changes into H.B. 866 filed during the 2023 legislative session.

In the final days of session, the negotiated provisions in H.B. 866 were incorporated into H.B. 3699 by Representative Wilson, which ultimately passed and was signed into law. The final version of H.B. 3699 represents a bit of a mixed bag when it comes to improving the plat review process. H.B. 3699: (1) expressly removed plans from the thirty-day shot clock; (2) allowed cities to delegate plat approval to city staff; (3) authorized cities and applicants to agree to extend the shot clock for multiple 30-day periods; and (4) allowed cities to use application submission calendars to help align application review with city planning commission or city council meeting schedules.

On the other hand, H.B. 3699 also prohibits cities from requiring an analysis, study, document, agreement, or similar requirement to be included in or as part of an application for a plat, development permit, or subdivision of land that is not explicitly allowed by state law. However, it is important to note, that the bill does not prohibit a city from requiring certain documents for approval, but only prohibits a city from requiring such documents before an applicant may file an application. A city still retains the authority to deny an application if it determines that the applicant failed to provide sufficient information to approve an application.

One additional bill to note that passed in 2023 was H.B. 14 by Representative Cody Harris, which dealt with third party review of plan and plat applications. H.B. 14 provides that if a city fails to approve, disapprove, or conditionally approve a development document by the 15th day following a date prescribed by a provision of the Local Government Code for the approval, conditional approval, or disapproval of the document, the review may be completed by a qualified third party. What statutory deadlines are being referred to in the bill? The most well-known example is the 30-day shot clock for plat approvals under Local Government Code Section 212.009. Another 45-day shot clock exists for the issuance of city building permits in Sec. 214.904 of the Local Government Code. If a city misses either of these statutory deadlines, and still is unable to process the development document for another 15 days, then the applicant could engage a qualified third party to conduct the review.

It is unclear what, if any, effect H.B. 14 will have on plat application reviews because, under Local Government Code Sec. 212.009, an application is deemed approved by law if a city does not deny the application within 30 days of filing.

Additionally, the bill also creates a third-party inspection process for "development inspections" required as part of a project to develop land or construct improvements to land. Echoing the review process, if a city fails to conduct a required development inspection by the 15th day following a statutory deadline, the inspection may be conducted by a qualified third-party. One difference from the development document review process, however, is that the Local Government Code contains no statutory deadline for conducting a development inspection. This raises questions about how the third-party inspection process could be triggered under the bill. If there's no statutory shot clock or other deadline in the Local Government Code for conducting a city development inspection, then arguably a third-party inspection could never be initiated under the bill.

In 2025, the legislature seriously considered a bill that would remove the statutory deadlines entirely. H.B. 23 by Representative Cody Harris would have allowed applicants to seek third-party review for development documents and inspections at any point during the process. The bill was reported favorably by the House Land and Resource Management Committee. However, several amendments were added on the House floor. Many of these amendments were favorable to cities, including allowing a city to overrule a third-party reviewer's approval of an application, as well as allowing a city to still perform a final review before issuing a certificate of occupancy.

Following adoption of these amendments, the bill stalled in the Senate Local Government Committee and never made it to the Senate floor.

The House Land and Resource Management Committee will hold an interim hearing to study methods to expedite the safe permitting of construction projects to increase housing supply, including the evaluation of third-party review and pre-approval of residential building plans.

The TML Legislative Program provides that the League should support legislation that would make beneficial amendments to H.B. 3167 (2019), the subdivision platting shot clock bill.

Building Materials

H.B. 2439 by Representative Dade Phelan passed in 2019. The bill garnered much negative attention from city officials and residents. It generally provided – with some exceptions – that a governmental entity, including a city, may not adopt or enforce a rule, charter provision, ordinance, order, building code, or other regulation that: (1) prohibits or limits, directly or indirectly, the use or installation of a building product or material in the construction, renovation, maintenance, or other alteration of a residential or commercial building if the building product or material is approved for use by a national model code published within the last three code cycles that applies to the construction, renovation, maintenance, or other alteration of the building; or (2) establishes a standard for a building product, material, or aesthetic method in construction, renovation, maintenance, or other alteration of a residential or commercial building if the standard is more stringent than a standard for the product, material, or aesthetic method under a national model code published within the last three code cycles that applies to the construction, renovation, maintenance, or other alteration of the building. A rule, charter provision, ordinance, order, building code, or other regulation adopted by a city that conflicts with the bill is void.

According to the Texas House Business and Commerce Committee Report, H.B. 2439 was necessary to help boost housing supply:

> There have been concerns raised regarding the elimination of consumer and builder choice in construction through overly restrictive local municipal zoning ordinances, building codes, design guidelines, and architectural standards. Critics argue that these restrictive ordinances, codes, guidelines, and standards create monopolies, increase the cost of construction, and ultimately price thousands of Texans out of the housing market. C.S.H.B. 2439 seeks to

> address these concerns and eliminate the ability of a governmental entity to enact overly restrictive, vendor-driven building regulations.

The suggestion was that cities were enacting ordinances that required builders to use products available from only one or a few sources to benefit those vendors. Of course, the bill goes significantly further than prohibiting just that. Since the bill's passage, legislators have heard from city officials about the bill's detrimental effects.

A 2021 attorney general's opinion addressed the question of whether a whether a city was prohibited by Section 3000.002 of the Government Code (the ban on city regulation of building standard or aesthetic method that is more stringent than a standard in a model code) from adopting paint color and pattern requirements. In KP-370, the attorney general opined that a court could consider this to be an aesthetic method standard, but that the model codes' silence as to color palette and pattern could mean that the requirement is allowed. The attorney general determined that an "aesthetic method" concerns procedures or processes to satisfy considerations of beauty or appearance in building construction, renovation, maintenance, or other alterations. The attorney general ultimately concluded that whether such a requirement was prohibited was a fact question that could not be addressed in the opinion process.

While cities can continue to adopt amendments to their building codes that don't conflict with the prohibitions adopted by H.B. 2439 and can have limited control over building materials or construction methods if done pursuant to a written agreement, the reality is that cities now have much less authority over building materials and aesthetic methods than they did prior to 2019.

In 2021, the legislature passed S.B. 1090 by Senator Buckingham expanding certain exceptions to the restriction on city regulation of building materials. Specifically, the bill broadened an exception for Dark Sky Communities to allow those cities that have adopted a resolution stating the city's intent to become certified as a Dark Sky Community to regulate outdoor lighting in a manner required to become certified. In addition, the bill created an exemption for a city that implements a water conservation plan or program that requires a standard for a plumbing product, or if the Texas Water Development Board (TWDB) requires the use of a standard for a plumbing product as a condition for a TWDB program.

In 2021 Representative Murr filed H.B. 233, which would have exempted all cities under 25,000 from the prohibition against city regulation of building materials and methods. H.B. 233 getting filed was a welcome sight for many small cities in Texas. Unfortunately, the bill never received a committee hearing.

The lack of progress for any wholesale revisions to the restrictions on city regulation of building materials wasn't surprising given that the author of H.B. 2439 in 2019, Representative Dade Phelan, ascended to Speaker of the House in 2021. Nevertheless, the passage of S.B. 1090 in 2021 indicates a willingness of the legislature to pass sensible exemptions to the prohibitions from H.B. 2439 when warranted.

When tornadoes swept through Central Texas in March 2022, an editorial in the *Austin-American Statesman* called for legislation authorizing local governments to reinstate certain building standards necessary to protect city residents against extreme weather events. Addressing H.B. 2439 directly, the article stated: "State and local lawmakers should ask themselves if they are unnecessarily forsaking safety to appease developers who want to save money on construction costs. With a booming construction industry and strong economy, Texas should be able to produce affordable homes that don't skimp on safety."

In 2023, S.B. 2453 by Senator Menendez would have allowed cities to require new construction builders to comply with state-approved energy codes and energy and water conservation design standards, including using code and design standard-compliant building materials. After being approved by the Senate and House State Affairs committee, S.B. 2453 advanced to the House floor. It was there that a very good floor amendment was added to the bill. Representative Donna Howard proposed exempting single-family residential homes in cities with a population under 20,000 from the building materials preemption statute. The House approved the amendment 78 to 62 on second reading. Unfortunately, the House came back the next day and removed the amendment on third reading so as to ensure the bill's final passage.

In the end, removing the House floor amendment didn't help the bill's prospects. Governor Abbott ultimately vetoed S.B. 2453. The governor's veto was part of his veto of over seventy bills to encourage the legislature to pass a property tax relief bill. The governor's veto message did not challenge the bill's substance but instead simply stated that:

> While Senate Bill No. 2453 is important, it is simply as important as property taxes. At this time, the legislature must concentrate on delivering property tax cuts to Texans. This bill can be reconsidered at a future special session only after property tax relief is passed.

Unfortunately, Governor Abbott did not include S.B. 2453 in the call of any of the 2023 special sessions.

In 2025, the legislature passed a bill that slightly relaxes the state's preemption on local building material requirements. S.B. 783 by Senator Menéndez, in part, exempted building materials and methods approved by building energy performance standards in an energy code adopted by the State Energy Conservation Office (SECO), or energy and water conservation design standards established by the SECO.

The TML Legislative Program provides that the League should support legislation that would make beneficial amendments to H.B. 2439 (2019), the building materials bill.

Parkland Dedications

Parks are core city infrastructure. Like streets, water lines, and sewer lines, cities build and maintain them for city residents. New residential developments have long been asked to pay their proportionate share of the streets, water, wastewater, and drainage infrastructure that they will use. Similarly, many cities require new residential developments to either dedicate a portion of the land for park use or pay a fee in lieu of dedicating land. As new residents move into a development, they will use the city's park system. Parkland dedication serves to cover the cost of expanding the parks system to serve the new residents, rather than the existing taxpayers.

Parkland dedications are handled through the platting and site plan approval processes under Chapter 212 of the Texas Local Government Code. Just like any other impact assessment, a parkland dedication must be roughly proportional to the impact of the proposed development on the city's park system. Cities generally calculate this based on the size of the development, the number of dwelling units, the development's location, and the existing level of park service in that area.

In 2023, the legislature significantly limited certain cities ability to impose parkland dedication fees. H.B. 1526 by Representative Cody Harris, among other things, caps the parkland dedication fee for multifamily, hotel, and motel developments in cities over 800,000 in population, at ten percent of the gross site area of the property. The bill also establishes a statutory formula for calculating the parkland dedication fee.

At the 2024 TML Business Meeting, the Texas Recreation and Parks Society submitted a resolution for the League to oppose efforts to further erode city parkland dedication authority. That position was added to the TML legislative program in advance of the 2025 legislative session due to concerns that the limitations from H.B. 1526 in 2023 would be expanded to apply to more cities. The legislature did not seriously consider any further parkland dedication-related bills during the 2025 legislative session, but the issue remains a continuing point of legislative interest.

The TML Legislative Program provides that the League should oppose legislation that would erode municipal authority related to development matters, including with respect to the following issues: (1) annexation; (2) eminent domain; (3) zoning, including legislation limiting a city's ability

to regulate accessory dwelling units; (4) regulatory takings; (5) building codes; (6) tree preservation; (7) short-term rentals; (8) the extraterritorial jurisdiction (ETJ); (9) manufactured housing; (10) parkland dedication ordinances; and (11) impact fees.

Texas Commission on Environmental Quality Permitting of Rock Crushing Operations

Section 382.05195 of the Texas Health and Safety Code authorizes the Texas Commission on Environmental Quality (TCEQ) to issue a standard permit for certain activities, including rock crushing operations, cement crushing operations, and other projects within a city's corporate limits or extraterritorial jurisdiction (ETJ) without the city's consent and without a contested case hearing.

In the late 2010s, cities across the state began to see a proliferation of rock crushing operations permitted by TCEQ within a city's corporate limits and ETJ without the city's consent.

In 2021, Representative Wilson filed H.B. 1912, which would have required TCEQ to notify a city of a TCEQ hearing if they are considering a permit for a rock crushing or concrete crushing plant within a city's corporate limits or ETJ. The bill would have also prevented TCEQ from issuing or renewing a permit for a facility if the requirements of that notice had not been met. Unfortunately, H.B. 1912, and other similar bills did not pass.

Several similar rock and concrete crushing plant-related bills were filed in 2023. But only one such bill passed. S.B. 1399 by Senator Schwertner required TCEQ to conduct a protectiveness review of any permanent concrete plant permit for plants that perform wet batching, dry batching, or central mixing, at least once every six years. The review must include reviewing available information regarding the background concentrations of air pollutants. After this review, TCEQ may decide whether to allow the facility to continue to operate, amend the permit requirements, or halt operations. If TCEQ decides to amend the permit after the protectiveness review, it must provide the facility with a reasonable time to comply with the new requirements. The facility may continue to operate as before until such a deadline.

Unfortunately, Gov. Abbott vetoed the bill claiming that it "appears to add more bureaucracy and cost."

But the legislature made some progress on this issue as part of the TCEQ sunset bill. The TCEQ sunset bill – S.B. 1397 by Senator Schwertner – contained several provisions, including extending TCEQ for another ten years, and made several changes to certain TCEQ notice requirements, permit review procedures, and enforcement protocols. One of these changes was to establish a new standard permit for temporary concrete batching plants that perform wet batching, dry batching, or central mixing for a public works project. The bill also stated that any such plant must be directly related to a public works project and be located within or contiguous to the right-of-way of the public works project. During the House floor debate, Rep. Keith Bell successfully added an amendment to the bill that required TCEQ to develop a manual of best practices for aggregate production operations (which include concrete batch plants) regarding dust control, water use, and water storage. TCEQ is required to make this manual available on its website.

In April 2024, Lt. Gov. Patrick issued an interim charge to the Senate Natural Resources and Economic Development Committee to:

> [e]xamine the impact of permanent concrete production plants on local communities[] . . . [and] [m]ake recommendations to ensure they are strategically situated and uphold community standards while also fostering economic development.

Shortly after, Lt. Gov. Patrick sent a letter to TCEQ Chairman Jon Niermann asking TCEQ to "immediately pause the permitting process for all permanent cement production plants statewide until the legislature can weigh in." He explained that "[d]uring the upcoming legislative session, beginning in January 2025, the legislature must be able to provide guidance on the permanent cement production plant permitting process and the location of new plants."

Dozens of bills were once again filed in 2025 to address permitting and the location of concrete batch plants, as well as to offer new avenues for public input. The bills that passed in 2025 included S.B. 763 by Senator Alvarado, which increased the frequency of TCEQ protectiveness reviews for concrete plants, and S.B. 2351, also by Senator Alvarado, which would authorize TCEQ to require each concrete plant facility operator to update facility plans in accordance with any amended standard permit if the construction of the plant were delayed following the initial TCEQ approval.

The health hazards posed by concrete batching plants remain a key issue for many legislators on both sides of the aisle. City officials should anticipate additional legislation to strengthen city and public input on when and where these plants may be located.

The TML Legislative Program provides that the League should support legislation that would require city consent before TCEQ is authorized to issue a standard permit for a rock crushing operation, cement crushing operation, or any similar activity that may be authorized under a standard air permit from TCEQ within the corporate limits or ETJ of a city. Alternatively, or in addition, such legislation that may: (a) authorize a city to restrict, prevent, or regulate the location of such activities in the city's corporate limits or ETJ in other manners, such as imposing minimum distance from such operations and schools, hospitals, churches, and residences; (b) require TCEQ to provide notice of applications for standard permits to cities for activities proposed in the city's corporate limits or ETJ and require TCEQ to address any and all comments received from the city as required by Sec. 382.112 of the Texas Health and Safety Code; or (c) prohibit TCEQ from issuing a standard permit for activities proposed in the city's corporate limits or ETJ unless the city verifies that the proposed activity is authorized under the city's zoning ordinance or comprehensive plan to locate at the proposed location.

HUD-Code Manufactured Homes

In 2023, the legislature considered another approach to help address rising home costs – allowing for more flexible placement of HUD-code manufactured housing. H.B. 2970 by Representative Guillen would have required a city to allow the placement of a HUD-code manufactured home in any zoning district that allows detached single-family or duplex dwellings if the owner elects to treat the manufactured home as real property. A city also could not adopt a regulation that imposes any requirements on a manufactured home that is more stringent than those that apply to new single-family or duplex dwellings at that location. However, a city could adopt regulations that required a HUD-manufactured home to: (1) comply with the city's site requirements for a single-family dwelling; (2) be securely placed on a permanent foundation; and (3) have compatible exterior features and a value equal or greater than the median value of all single-family dwellings within 500 feet.

The bill's supporters claimed that expanding where people may place HUD-code manufactured housing would provide homebuyers a less expensive alternative to traditional single-family homes.

State statute currently requires cities to permit the installation of a HUD-code manufactured home for use as a dwelling in any area determined appropriate by the city. City decisions on appropriate areas for HUD-code manufactured housing are made after receiving input from professional planning staff and city residents. Allowing manufactured homes in almost all residential zoning districts by right would completely disregard these important planning considerations. And while the bill did allow for some city regulations to help address concerns, the permissible city regulations in the bill likely would not go far enough in many communities to preserve local decision making.

H.B. 2970 passed the House by more than 100 votes. However, it stalled out in the Senate Local Government Committee.

In February 2024, *The Texas Tribune* published an article detailing the policy considerations facing a small East Texas town that decided to ban mobile homes and HUD-code manufactured homes in the city limits. The article highlighted mobile homes and HUD-code manufactured homes as an important component of affordable housing, especially in rural communities.

In 2025, the legislature adopted two bills related to HUD-code manufactured homes. The first bill, S.B. 1341 by Senator Hancock amended the definition of "manufactured home" to expressly track the definition of "manufactured home" to federal law. Prior to passage of S.B. 1341, state law provided a specific text definition of manufactured home. S.B. 1341 amends that definition to simply reference the Code of Federal Regulations citation for "manufactured home." The bill automatically amends the state law definition to remain consistent with the federal law definition.

The second bill, S.B. 785 by Senator Flores codified several court cases and an attorney general opinion (LO-97-002) that provided that a city may not entirely prohibit HUD-code manufactured homes within city limits. To that end, S.B. 785 updates state law to expressly provide that a city with zoning must allow HUD-code manufactured homes in at least one zoning district within city limits (either within a residential zoning district or a specific HUD-code manufactured home district). A city is also prohibited from requiring a specific use permit or other similar permit for a HUD-code manufactured home that has been constructed in accordance with state and federal law, and the city does not require such a permit for other residential property in the same zoning classification.

The TML Legislative Program provides that the League should oppose legislation that would erode municipal authority related to development matters, including with respect to the following issues: (1) annexation; (2) eminent domain; (3) zoning, including legislation limiting a city's ability to regulate accessory dwelling units; (4) regulatory takings; (5) building codes; (6) tree preservation; (7) short-term rentals; (8) the extraterritorial jurisdiction (ETJ); (9) manufactured housing; (10) parkland dedication ordinances; and (11) impact fees.

Municipal Utility Districts

A municipal utility district (MUD) is a property owner-initiated political subdivision created to provide utility services, usually water and sewer, to a specific area. A MUD can be established either by special legislation or by the Texas Commission on Environmental Quality (TCEQ). The process to establish MUDs through TCEQ has sometimes proved contentious for cities over the years. State statute provides that land within the corporate limits of a city or within the ETJ of a city may not be included in a district unless the city grants its written consent. Nevertheless, it is possible for the MUD to be created by TCEQ in a city's ETJ over the city's objection upon a showing that the city does not have the ability to provide utility services to the area.

The TCEQ first appoints the initial five-member MUD board of directors. MUD board members serve unpaid four-year terms. State law requires that initial board members reside in or adjacent to the county where the MUD is located, subject to certain conflicts of interest requirements. However, these requirements may be waived if TCEQ cannot find eligible candidates. Residents of the district later vote in elections for the five positions.

MUDs may exercise most of the same powers as a political subdivision, including eminent domain. MUDs are also subject to the Open Meetings Act and Public Information Act. MUDs must hold regular public meetings. MUD meetings may be held outside of the MUD district, but the MUD board must provide notice in a public place within the district.

In 2022, the League adopted a couple of new MUD-related positions. One position came out of the Policy Summit and directed TML to support legislation that gives cities more input in the MUD development process within the city limits and the ETJ, including legislation that promotes additional transparency in the process for cities and city residents. TML also adopted a resolution from the City of Fate to support legislation that adds safeguards to the formation of new MUDs through the Texas Commission on Environmental Quality process, limits MUDs administrative costs, requires MUDs to meet in the cities they tax from, coordinate with local cities or counties on MUD board elections, and provide additional financial information to citizens in an open and transparent manner.

The legislature filed several MUD-related bills during the 2023 legislative session. For example, H.B. 1852 by Representative Holland would have prohibited TCEQ from being able to create several different kinds of special districts, including MUDs. S.B. 1569 by Senator Campbell would have required county commissioner court review for any petition to create a MUD. H.B. 2667 by Representative Rosenthal would have limited MUD tax rates to $1.00 per $100 of taxable value. H.B. 2784 by Representative Holland would have imposed several limits on MUD bonds, including requiring a two-thirds vote to approve a MUD bond. Lastly, H.B. 5222 by Representative Cecil Bell and S.B. 2349 by Senator Bettencourt would have, among other things, shortened the time that a city had to decide whether to consent to creating a MUD, removed the city consent requirement for MUDs in a city's corporate limits, and limited a city's land use authority in MUD districts. None of these bills received a hearing.

Two MUD-related bills did receive a hearing. S.B. 917 by Senator Hall and H.B. 1312 by Representative Vasut would have required that MUDs hold their public meetings at a publicly available location within five miles of the MUD district. Neither bill made it out of committee.

The legislature only passed one MUD-related bill in 2023. H.B. 2815 by Representative Jetton, among other things, allows a city and a MUD to enter into an allocation agreement under certain conditions, and allows a MUD to undertake a road project within the district subject to TCEQ approval.

Several bills were filed in 2025 that would impact MUDs in various ways – from bills governing MUD board meetings, to the composition of boards and qualification of MUD board members, to legislation requiring MUDs to consider water conservation plans, to even legislation that would limit TCEQ's authority to create a MUD. However, no MUD reform bill passed in 2025. The House Land and Resource Management Committee will hold an interim hearing examining the impact of MUDs on housing attainability and affordability, the challenge of managing growth, and reviewing the ways that MUDs are created, governed, and overseen.

The TML Legislative Program provides that the League should support legislation that would: (1) give cities more input in the municipal utility district development process within the city limits and ETJ, including legislation that promotes additional transparency in the process for cities and city residents; and (2) add safeguards to the formation of new municipal utility districts (MUDs) through the Texas Commission on Environmental Quality process, limit MUDs administrative costs, require MUDs to meet in the cities they tax from, coordinate with local cities or counties on MUD board elections, and provide additional financial information to citizens in an open and transparent manner.

The TML Legislative Program also provides that the League should support legislation that would change the municipal utility district (MUD) application and creation process by supporting the following reforms: (a) removing the Texas Commission of Environmental Quality (TCEQ) from the creation process transferring all MUD creation powers to the Texas legislature; (b) requiring MUDs to provide sufficient evidence of the availability of water supply, wastewater capacity, and road infrastructure to meet the needs of MUD developments without depleting resources of existing and entitled city and county developments; (c) requiring MUDs obtain city and/or county acceptance of MUD engineering

and market data analysis, verified by agreed upon third party reviewer, to protect city and county taxpayers from poorly planned MUDs that may potentially harm existing or planned developments or interfere with planned capital improvements; (d) removing a MUD's ability to use powers of eminent domain; (e) requiring proposed MUDs to provide adequate notice, land dedication, and advance funding to school districts accommodating a fast-growing student population; (f) setting new criteria limiting the amount of MUD debt issuance and placing caps on ongoing administrative costs to protect future MUD residents from exorbitant ongoing MUD taxes; (g) requiring MUDs to contract for police, fire, ambulance, animal control, and solid waste removal ensuring services are provided to MUD residents at actual cost and not subsidized by other entities; (h) changing the MUD debt issuance election process to increase transparency and oversight; (i) exempting MUDs from the ability to petition out of a city's ETJ and/or CCN to avoid financial obligations and standards required for responsible land development; and (j) providing for an exception to allow city annexation in lieu of MUD creation if taxes created for proposed MUD financing exceed an adjacent city's stacked tax and city is able and willing to provide all essential services.

Agricultural Operations

In 1981, Texas passed the Right to Farm Act (RFA). The RFA's purpose was to "conserve, protect, and encourage the development and improvement of agricultural land for the production of food and other agricultural products." The RFA sought to achieve this by limiting when agricultural operations were subject to nuisance lawsuits and regulations.

When initially passed, the RFA provided that "agricultural operations" included: (1) cultivating the soil; (2) producing crops for human food, animal feed, planting seed, or fiber; (3) floriculture; (4) viticulture; (5) horticulture; (6) silviculture; (7) wildlife management; (8) raising or keeping livestock or poultry; and (9) planting cover crops or leaving land idle for the purposes of participating in any governmental program or normal crop or livestock rotation procedure.

The RFA prohibited cities from enforcing city regulations against agricultural operations in the city's ETJ. If a city later annexed an agricultural operation into the city, it would need to show that the regulation was reasonably necessary to protect people who reside or are on public property in the immediate vicinity from imminent danger of a list of specific harms. The specific harms included explosion, flooding, vermin/insect infestation, physical injury, contagious disease, radiation, water contamination, improper storage of toxic materials, traffic hazards, and discharge of firearms or other weapons.

In 2023, Representative Burns filed H.B. 1750, which expanded the RFA in several ways. First, H.B. 1750 expanded the definition of agricultural operations to include producing crops for livestock or wildlife management foraging and providing veterinary services. H.B. 1750 also applied the RFA to any agricultural operation within city limits. Additionally, the bill imposes a heightened standard when applying a city regulation. Under the bill, a city regulation may be applied to an agricultural operation in the city limits only if there is clear and convincing evidence that: (1) the purpose of the requirement cannot be addressed through less restrictive means; and (2) the requirement is necessary to protect persons who reside in the immediate vicinity or persons on public property in the immediate vicinity of the agricultural operation from the imminent danger of specific harms spelled out in the statute.

Now, before a city can enforce regulations against any agricultural operation in the city:

- a city health officer or consultant must make a report indicating that the agricultural operation poses an imminent threat of one or more of the specific harms and why and how enforcing the regulation is necessary to address the threat; and
- the city council must adopt a resolution making a formal finding that the

agricultural operation poses an imminent threat.

H.B. 1750 also prohibits a city from imposing a regulation on any property that directly or indirectly: (1) prohibits the use of a generally accepted agricultural practice that the Texas A&M AgriLife Extension states does not pose a threat to public health; (2) prohibits or restricts growing or harvesting vegetation for animal feed, livestock forage, or wildlife forage; (3) prohibits the use of pesticides or other measures necessary to prevent a vermin or insect infestation; or (4) requires that an agricultural use also be designated for agricultural farm, ranch, or wildlife management use for property taxation purposes.

H.B. 1750 does allow a city to regulate maximum vegetation height for agricultural operations if:

- the regulation only applies to portions of an agricultural operation no more than 10 feet away from a property line adjacent to a public sidewalk, street, or highway, or a property owned by someone else and contains an inhabited structure; and
- the maximum vegetation is not less than 12 inches.

In addition to H.B. 1750, Representative Burns also filed H.J.R. 126 – a constitutional amendment protecting the right of Texans to engage in generally accepted farming, ranching, timber production, horticulture, and wildlife management practices on property they own or lease. Over three-quarters of voters approved H.J.R. 126 (Proposition No. 1) on November 7, 2023.

While the amendment protects property owner's right to engage in certain agricultural activities, the amendment expressly does not prohibit the state or political subdivisions from enforcing laws or regulations that may impact such activities when: (1) there is clear and convincing evidence that doing so is necessary to protect public health and safety from imminent harm; or (2) to preserve or conserve natural resources or acquire property for public use under the State Constitution.

Many cities have asked whether H.B. 1750 may impact a city's ability to enforce local ordinances prohibiting keeping livestock or chickens in residential areas. Given that the definition of agricultural operation includes keeping livestock or poultry, a court could potentially prohibit a city from enforcing such ordinances unless it meets the new heightened code enforcement standard on a case-by-case basis.

On the other hand, some case law states that the RFA's original legislative purpose was to protect the production of food and agricultural products. At least two courts, when analyzing the RFA, appear to have limited its application to instances where the agricultural operation is the property's primary use.

In 2025, the legislature passed two bills related to agricultural operations. The first bill, S.B. 1035 by Senator Sparks, provides that a person aggrieved by a political subdivision's enforcement of a nuisance action or other government requirement on certain agricultural operations may file suit against the political subdivision for declaratory judgment and injunctive relief to block the enforcement of the governmental regulation. They are also eligible to recover court costs and reasonable attorney's fees if they prevail in the lawsuit.

The second bill, S.B. 1948 by Senator Perry, prohibits cities from requiring property owners or operators to install fire sprinkler systems in agricultural facilities, including pole barns, grain storage facilities, cotton gins, and commercial feed mills.

The TML Legislative Program provides that the League should support legislation that would make beneficial amendments to H.B. 1750 and H.J.R. 126 (2023), both related to agricultural operations within cities.

Impact Fees

Impact fees are fees on new development to fund the necessary capital improvements and local infrastructure expansion required to service that new development. Chapter 395 of the Local Government Code authorizes city impact fees only in strict accordance with the requirements of that statute. Interim committee hearings in late 2024 telegraphed that some interest groups would prioritize impact fee reform legislation in the 2025 legislative session, despite the statute going virtually unchanged for over two decades. In response, the TML Board added a position to the TML legislative program for the League to oppose legislation that would erode city authority relating to impact fees.

2025 saw the passage of a significant impact fee reform bill in S.B. 1883. S.B. 1883 by Senator Bettencourt amends state law governing impact fees in several ways. First, the bill requires cities to disclose certain pre-adoption impact fee information at least 60 days before publication of the notice of the hearing. Second, before a city can adopt a new impact fee or increase an existing impact fee, it must first obtain a detailed audit by an independent auditor justifying the need for the fee, and in the case of an increase, examining the city's use of the existing impact fees. The audit must be performed by a CPA who has not been under contract with the city for any other service during the preceding 12 months, and it must be made publicly available at least 30 days prior to publication of the notice of the hearing on the proposed fee or fee change. Third, an ordinance to impose, extend, or increase an impact fee must be approved by at least a two-thirds vote of all members of the governing body. Lastly, a city may not increase an impact fee for three years measured from the later of the date the impact fee was adopted or most recently increased. Overall, the bill makes numerous process reforms to the impact fee adoption or amendment procedures, but did not take away city authority regard to impact fees.

The Senate also passed S.B. 1253 by Senator Perry that requires political subdivisions to provide a credit against water and wastewater impact fees for developments that incorporate water conservation measures or methods. It was later amended on the House floor to add provisions that would only apply to the Hays Trinity Groundwater Conservation District. Governor Abbott vetoed the bill, stating that:

> As originally proposed, Senate Bill No. 1253 tackled an important problem, encouraging conservation of water by authorizing political subdivisions to reduce impact fees for builders who include facilities that increase water conservation and efficiency. On third reading in the House, however, the bill changed dramatically. It now singles out property owners in one groundwater conservation district and subjects them to new burdens for exercising private property rights, like new fees that increase every year and entry onto property without the owner's permission. We can and should pursue strategies that protect "property rights from government intrusion and control." *Texas v. DHS,* 123 F.4th 186, 213 (5th Cir. 2024).

During the second special session, the legislature passed S.B. 14 by Senator Perry, which mirrored S.B. 1253, minus the additional provisions applying only to the Hays Trinity Groundwater Conservation District.

Both the Senate Local Government Committee and the House Land and Resource Management Committee will hold interim hearings on local government fee authority. The Senate Local Government Committee has been charged to examine the collection, use, and oversight of fees imposed by local governments, including utility connection charges, permit and inspection fees, and drainage or stormwater improvement fees, and to evaluate whether these fees are subject to adequate financial transparency requirements and whether independent audits should be required. The House Land and Resource Management Committee has been charged to examine the collection, use, and oversight of impact fees, utility connection charges, permit and inspection fees, and drainage or stormwater fees, and to evaluate whether sufficient financial transparency exists and whether such fees are used in accordance with their legal authority.

The TML Legislative Program provides that the League should oppose legislation that would erode municipal authority related to development matters, including with respect to the following issues: (1) annexation; (2) eminent domain; (3) zoning, including legislation limiting a city's ability to regulate accessory dwelling units; (4) regulatory takings; (5) building codes; (6) tree preservation; (7) short-term rentals; (8) the extraterritorial jurisdiction (ETJ); (9) manufactured housing; (10) parkland dedication ordinances; and (11) impact fees.

UTILITIES AND TRANSPORTATION

Municipal Right-of-Way Authority/Compensation

Telecommunications: Access Line Fees

Chapter 283 of the Texas Local Government Code, enacted in 1999, significantly altered how cities collect compensation from telecommunications providers that use city rights-of-way (ROWs). Chapter 283 replaced individual telecommunications franchise agreements with a new system of compensation based on "access lines." Essentially, a telecommunications provider pays for the use of the ROWs based on how many lines it operates in a city. This represented a relatively successful compromise in 1999. However, new technologies have placed a strain on the existing system, leading to disagreements about which providers and what types of lines are subject to the compensation requirements. In addition, the continuing migration to cell phones has reduced the number of land lines on which the fee can be collected.

Some groups refer to access line fees as a "tax" and recommend that they be eliminated. Cities explain that the fees are a rental for the use of city rights-of-way and that any revenue stream "eliminated" should be replaced by alternative funding sources. This did not happen in 2019 when the legislature passed S.B. 1152 by Senator Hancock, which limited the franchise fees that telecommunication providers with bundled phone and cable services must pay – more on that legislation is below.

Cable/Video: State Issued Certificate of Franchise Authority

For many years, cable companies were the sole provider of wire-based video programming to city residents. Until 2005, a cable company that wanted to serve customers within a Texas city had to obtain a franchise agreement from the city. Federal law requires a local authority (e.g., a state or local government) to issue a franchise agreement, and Texas law stipulates how much a provider must pay for the use of a city's rights-of-way.

Because of ever-growing technological capabilities, most telecommunications companies now also provide video programming. These companies wanted to reform the local franchise system so they would not have to obtain hundreds of franchises, which they felt would impede their ability to install the necessary infrastructure to implement their new technology.

Cities sought an agreement on a new compensation system that would provide stable and predictable compensation for the use of the public rights-of-way. Cities wanted to ensure that all technologies and services, including cable and newer technologies, that use the public rights-of-way pay a fair and equitable fee for the use of the public's land. Cities also wanted to ensure that they retained police power authority over the public rights-of-way and could still provide public, educational, and governmental (PEG) programming to their citizens.

In 2005, the legislature asked cities, cable providers, and telecommunications companies to reach a compromise on issues related to the right-of-way compensation system for companies that provide video services to city residents. After several failed bills, much negotiation, one regular session, and two special sessions, the legislature passed S.B. 5 by Senator Fraser. S.B. 5 created a new Chapter 66 of the

Texas Utilities Code, which made numerous changes to telecommunications, cable, and broadband laws.

For cities, the most important element of Chapter 66 was that it created a state issued certificate of franchise authority (SICFA) to be administered by the Public Utility Commission (PUC). Many telecommunication providers applied for, and received, a SICFA. Some providers used the bill's provisions to "roll out" video services through new technology using fiber optic lines.

In 2019, S.B. 1152 by Senator Hancock passed. S.B. 1152 authorized a cable or phone company to stop paying the lesser of its state cable franchise or telephone access line fees, whichever are less for the company statewide. Providers must file an annual written notice about which fee it will stop paying to each city by October 1 each year.

Telecommunication providers claim that S.B. 1152 prevents them from being "double-taxed." Most cities don't view franchise fees as a "tax." They view it as the cost to allow private companies to rent the use of taxpayer-owned property. Whether part of the business is called "phone service" and part called "cable service" ultimately makes no difference in determining its value.

The Texas Constitution prohibits the legislature from forcing a city to give away publicly-owned property for less than fair market value. S.B. 1152 is arguably unconstitutional because it eliminates value-based compensation because the compensation is no longer based on the value of the right-of-way to the companies.

On a related note, in 2022, several Texas cities filed suit seeking franchise fees from Netflix, Hulu, and Disney+. The cities argue that the definition of "video service providers" subject to franchise fees under Chapter 66 of the Texas Utilities Code includes streaming service providers. The lawsuit claims that the streaming services aren't paying the 5% of gross revenue fee required by S.B. 5 to use public rights of way to deliver streaming video programming.

In 2023, Senator Hancock filed S.B. 1117, which would amend the definition of "video service" in Chapter 66 of the Utilities Code to mean video programming services provided by a video service provider through wireline facilities located, at least in part, in a public right-of-way without regard to what technology was used to deliver such services, including via internet service. The new definition did not include direct-to-home satellite services or video programming accessed through a service that allows users to access content, information, email, or other services, including streaming services.

S.B. 1117 came very close to passing. The bill passed the Senate 20-10. It was also reported favorably out of the House State Affairs Committee before being killed by a point of order on the House floor. If passed, S.B. 1117 would have derailed the streaming services lawsuit, and potentially prohibited cities from recovering hundreds of millions of dollars for taxpayers.

After S.B. 1117's failure in 2023, it was widely expected that some version of the bill would return in 2025. It did in the form of S.B. 924 by Senator Hancock. Like its 2023 predecessor, S.B. 924 was directed at the streaming services lawsuit. However, unlike S.B. 1117, the bill passed this time.

As passed, S.B. 924 amends the definition of "video service" in Chapter 66 of the Texas Utilities Code to expressly not include: (1) direct-to-home satellite services transmitted from a satellite directly to a customer's premises without using or accessing any portion of the public right-of-way; or (2) any video programming accessed via a service that enables users to access content, information, e-mail, or other services offered over the Internet, including streaming content.

S.B. 924, however, recognized the ongoing streaming lawsuit by including two preservation clauses. First, the change in definition does not affect the obligation of persons who held an SICFA as of September 1, 2025, to provide the compensation required for the use of a public right-of-way. Traditional cable providers operating under SICFAs as of that date must still provide franchise compensation as before. Second, the new definition does not apply to compensation for services provided before September 1, 2025, by a company that was already in litigation over video services on January 1, 2025.

If the cities prevail in the streaming services lawsuit for the period before September 1, 2025, those cities may still recover hundreds of millions of dollars in past-due compensation. The League will continue to monitor the lawsuit closely.

Small Cell Nodes

Senate Bill 1004 by Senator Hancock, passed during the 2017 session, required a city to allow access for cellular antennae and related equipment ("small cell nodes"). Cities must also allow providers to place equipment on city light poles, traffic poles, street signs, and other poles. S.B 1004 capped small cell node and equipment rights-of-way rental fees at $250 per node. Negotiations during the legislative session led to concessions giving cities some authority over placement. These concessions made the bill's access provisions more palatable to many cities, but local preparation remains key to dealing with the installations.

Small cell nodes are not a replacement for the large "macro towers" that dot our landscape. Rather, they are meant to expand network bandwidth in densely populated areas. S.B. 1004 allows cell companies and others to place the nodes in city rights-of-way, but cities in rural areas may not be affected immediately – if at all.

The City of McAllen has led a coalition of around twenty cities that filed a lawsuit to challenge the unconstitutionally low right-of-way rental fees in S.B. 1004. Prior to S.B. 1004, cities were charging between $1000 - $1200 per node. The bill capped a city's right-of-way rental fee at around $250 per small cell node. The cities argue that the substantially below market rate price per node in the current bill is a taxpayer subsidy to the cellular industry because it allows nearly free use of taxpayer-owned rights-of-way and facilities. The lawsuit also claims that S.B. 1004 unconstitutionally delegates a city's legislative authority to control its rights-of-way to private businesses. The City of Austin also filed a lawsuit challenging the constitutionality of S.B. 1004. Both lawsuits remain pending.

Small Cell Lawsuit Update

In 2020, cities amended their petition in the "small cell" lawsuit to include S.B. 1152. The cities argue that just like the $250 cap on small cell node rights-of-way rental fees in S.B. 1004, the franchise fee elimination provision in S.B. 1152 allows companies to profit from the discounted use of public property. And just like S.B. 1004, S.B. 1152 violates the Texas Constitution and harms taxpayers by forcing them to subsidize private industry.

In July 2022, the 53rd State District Court in Travis County issued a mixed ruling on the cities' claims. The Court held that the franchise fee elimination provision in S.B. 1152 violates the Texas Constitution Article III, Section 52 prohibition on "public gifting" of things of value to corporations or private entities. However, the court found that the $250 cap on small cell node rights-of-way rental fees in S.B. 1004 did not. The state appealed the ruling declaring S.B. 1152 unconstitutional. The cities cross-appealed the ruling regarding S.B. 1004.

Shortly after the Court's rulings, the Federal Communications Commission (FCC) issued an order limiting small cell node rental fees to $270 per node. Unless the federal rule is revoked, this will likely play a deciding role in resolving the issues regarding a city's authority over small cell deployment and related fees.

In November 2024, the Third Court of Appeals mostly upheld the trial court's ruling in favor of cities. It agreed that S.B. 1152 was unconstitutional but remanded the case back to the trial court to determine whether the $250 cap provided adequate compensation for the use of the public right-of-way. The state appealed the appellate court's ruling.

On January 16, 2026, the Texas Supreme Court agreed to hear the state's appeal. The case, heard on March 5, 2026, now remains pending before the court.

The FCC and Congress

State preemption is not the only thing cities need to be concerned with. Over the last decade, the FCC has issued numerous orders preempting city right-of-way and other authority.

Such issues may seem technical to some, but they are among the most important issues that cities face today. If unchallenged, FCC efforts could ultimately eliminate a city's ability to direct what goes where in its rights-of-way. Just as important, they could collectively cost Texas cities hundreds of millions of dollars in right-of-way compensation.

Congress is also moving into the fray. At the time, League officers and staff traveled to Washington, D.C., to visit with key members of the Texas Congressional delegation about the federal efforts mentioned above. The goal of the visit was to show that Texas has enacted legislation (for telecommunications, cable/video, and small cell deployment) to address industry concerns and that further preemption – especially regarding right-of-way compensation – would create a subsidy for telecommunications companies on the backs of taxpayers.

The House State Affairs Committee will hold an interim hearing on the impact of pole attachments and other potential impediments to the provision of broadband service. Specifically, the committee has been charged to evaluate the need for a standardized pricing model, or other mechanisms to ensure consistency in pole attachment fees, while considering the costs to utility infrastructure owners and the safety and reliability of the electric system.

Recent FCC Action on Wireline and Wireless Facilities in the Rights-of-Way

On September 30, 2025, the FCC issued two proceedings that would have a serious impact on city right-of-way authority. The first is a Notice of Inquiry on wireline deployments (WC Docket No. 25-253), which asks whether city permitting timelines, application fees, in-kind compensation requirements (such as free conduit or dark fiber), and access requirements for city-owned poles "effectively prohibit" the provision of telecommunications service in violation of Section 253 of the Communications Act. It also suggests potentially extending the same shot-clock and cost-based fee limits that apply to small cell wireless facilities.

The second item is a Notice of Proposed Rulemaking on wireless infrastructure (WT Docket No. 25-276), which proposes to expand the categories of "eligible facilities requests" that cities must approve, shorten existing wireless siting shot clocks, limit local aesthetic review, and create a new FCC-administered "rocket docket" for resolving siting disputes. In addition, it suggests deeming such requests granted if cities miss federal deadlines.

Given the scope and impact of these proceedings, Texas cities should closely monitor these proceedings heading into the 2027 legislative session.

Electric Franchise Fees

S.B. 7, passed in 1999, deregulated the Texas electric power market. The legislation, which went into full effect in 2002, not only deregulated most electric utilities in Texas but also changed how municipal electric franchise fees are charged and collected.

Traditionally, cities and electric utilities operated under a franchise agreement. The agreement governed the relationship between the parties, including how much the utility had to pay for use of the city's rights-of-way. Typically, the rights-of-way fee was stated as a percentage of the utility's gross receipts for service provided within the city limits.

Prior to S.B. 7 in 1999, Section 182.025 of the Texas Tax Code provided that a city could unilaterally charge and collect a fee equal to two percent of gross receipts from an electric utility. But Section 182.026 provided that Section 182.025 would not impair or alter a provision of a contract, agreement, or franchise made between a city and an electric utility company relating to a payment made to the city. In other words, under Section 182.026, cities and electric utilities were free to enter into franchises that provided for a fee of greater than two percent. Based on this, many cities negotiated for and received franchise fees equal to three or four percent of gross receipts.

Since January 1, 2002 (the date deregulation was implemented), a city's electric franchise fee has been – with some exceptions – based on the number of kilowatt-hours (kwh) that a utility delivered to customers located within the city's boundaries in 1998. The total franchise fees for 1998 were divided by the total kwhs for that year to arrive at a "per kwh rate." That rate is multiplied by the current kilowatt hours used by all customers within the city to arrive at the franchise fee amount due to the city.

Cost of Relocating Right-of-Way Facilities

Under state law, a utility or cable provider occupying a city's right-of-way is responsible for relocating its facilities when the city undertakes a public works project that requires the relocation, such as widening or straightening a street. The utility or cable provider must relocate its facilities at its own expense. The reasoning behind this is that a private occupant of public property does so subject to the public's right to use the property for public purposes. Cities collect right-of-way compensation from utilities and cable providers to cover the costs of maintaining the rights-of-way. The cost of moving private facilities to accommodate public projects is considered part of this compensation to ensure the public's right of use.

S.B. 2015, by Senator Bettencourt, would have provided that, while a city could still require a certificated telecommunications utility to relocate its facilities in a public right-of-way, the cost of doing so would now be borne by the city, not the utility or cable provider. The bill received a committee hearing but was not voted out of committee. While the bill did not pass, the underlying premise — that cities should pay to relocate private facilities to accommodate public projects —could return in 2027.

The TML Legislative Program provides that the League should oppose legislation that would erode the authority of a city to be adequately compensated for the use of its rights-of-way and/or erode municipal authority over the management and control of rights-of-way, including by state or federal rules or federal legislation.

The TML Legislative Program also provides that the League should support legislation that would: (1) repeal S.B. 1152 (2019), allowing a certificated telecommunications provider to elect to pay compensation for use of the right of way for internet or cable but not both; and (2) amend the definition of "video service" in Chapter 66 of the Utilities Code to mean video programming services provided by a video service provider through wireline facilities located, at least in part, in a public right-of-way without regard to what technology was used to deliver such services, including via internet service.

Solid Waste Franchise Fees

In recent years, the legislature has made efforts to limit city franchise for exclusive solid waste providers. Under the Texas Health and Safety Code, cities have broad authority to contract with solid waste services providers to furnish solid waste collection, transportation, handling, storage, or disposal, require the use of the service by city residents, and charge fees for the service. The statutory authority allowing cities to collect such fees pursuant to exclusive franchise agreements has led to different fee methodologies and rates based on each community's specific needs. The variation of the amount of fees across the state has drawn the ire of some in the Texas Legislature.

In 2019, Representative Stephenson filed H.B. 4344, which would have provided that a city may not charge a solid waste management franchise fee of more than two percent of the franchisee's gross receipts for services within the city. The bill also prohibited a city from being able to restrict a company from being able to contract for commercial or industrial waste with someone other than the city or the city's exclusive solid waste management franchisee. The bill was heard by the House Environmental Regulation Committee but did not advance after testimony against the bill from cities and solid waste providers.

The bill was refiled in 2021, this time as H.B. 753 by Representative Cain. Once again, the bill was heard by the House Environmental Regulation Committee, and the committee heard a committee substitute of the bill that took out the component allowing for a person to contract with anyone for solid waste management services other than the city or exclusive franchisee, only leaving the provision of the bill limiting the franchise fee to two percent of gross receipts of the franchisee for the sale of solid waste services in the city. Consequently, two major solid waste service providers dropped their opposition to the bill, indicating that the providers were neutral on a bill that would only limit the amount they pay in franchise fees for the right to be exclusive provider of solid waste services. Several cities and other groups opposed the bill, and it was not voted out of the committee.

On May 20, 2022, the Texas Supreme Court issued its opinion in *Builder Recovery Servs., LLC v. The Town of Westlake,* finding that the Town of Westlake as a general law city exceeded its authority when it assessed a percentage-of-revenue license fee on construction-site waste hauling businesses. Notably, the Court expressly stated that its opinion was not intended to address the ability of general law cities to impose solid waste franchise fees.

In the case, the Town of Westlake passed an ordinance that required third-party construction trash haulers to obtain a license to provide temporary construction waste services, imposed certain regulations on the licensee, and assessed a licensing fee based on 15 percent of the licensee's gross revenue. Builder Recovery Services, LLC (BRS) sued the Town asserting, among other things, that the Town as a general law city lacks authority to require BRS to obtain a license to haul construction waste and lacks the authority to impose a licensing fee based on a percentage of BRS's revenue. Ultimately, the Texas Supreme Court held that a general law city's express power to regulate construction trash hauling does not include the implied authority to charge a license fee based on a percentage of revenue, and that such fees would have to be tethered to the cost of providing services.

The Court opined that because a percentage-of-revenue fee "fluctuates based on market forces having nothing to do with the Town's regulatory expenses, and because it resembles a business tax in its calculation method, a percentage-of-revenue fee is different in kind from cost-recovery fees a general-law city might validly charge incident to its power to regulate trash hauling." The Court provided that a "more conventional, volume-based fee under which the Town charged fixed amounts per license application or per construction site, for instance, could be calibrated to offset staffing or paperwork expenses incurred by the Town because of the regulation."

Although the Court determined that a general law city cannot charge a percentage-of-revenue fee to a licensee who hauls construction waste, the Court clearly noted that the decision does not apply to exclusive franchise agreements between a general law city and its residential and commercial solid waste providers adopted pursuant to Section 364.034 of the Health and Safety Code. Specifically, the Court stated:

> Turning to the merits of [the authority to impose a percentage-of-revenue fee] claim, an initial distinction should be drawn between the licensing fee imposed on BRS and the franchise fee imposed on Republic. Republic is the Town's conventional residential and commercial trash-hauling franchisee. The Town's relationship with Republic is governed by an exclusive franchise agreement as described in section 364.034 of the Health and Safety Code. Republic is not a party to this case, and nothing in our decision should be construed to comment on the rights of the Town, of Republic, or of similarly situated parties operating under section 364.034 or under franchise agreements. Instead, we address the Town's authority under section 363.111 of the Health and Safety Code, the primary statutory provision on which the Town relies for its authority to charge licensing fees to companies like BRS.

Following the Court's decision, some solid waste providers began questioning whether they could be required to pay a percentage-of-revenue franchise fee to a general law city. Though nothing specific on that point was filed in 2023, two other solid waste franchise bills were considered.

Representative Gates filed H.B. 4297 in 2023, which once again would have capped a city's solid waste franchise fee at two percent of gross receipts. The bill wasn't heard in committee. H.B. 3015 by Representative Kuempel would have expressly authorized cities to enter into an exclusive franchise for solid waste services, allowed cities to limit the scope of services in an exclusive franchise, and allowed residents to contract with private operators for services not covered by the exclusive franchise. The bill also would have provided that if a city chose to expand the scope of an exclusive franchise, it must provide 60-days' notice to a private operator to be displaced by the expanded franchise and allow private operators to continue operating under an existing contract until the end of a contract term or two years, whichever is shorter. Cities registered on both sides of the bill in committee. A version of the bill was reported from the committee, but never made it to the House floor.

A bill capping a city's solid waste fee at two percent of gross receipts was considered again in 2025. While the bill was reported favorably from the House Environmental Regulation Committee, it did not receive a vote on the House floor.

However, the legislature did pass legislation regarding public notices when a city enters into, renews, or amends a solid waste franchise agreement. H.B. 5057 by Representative Landgraf requires a city to publish a notice summarizing the purpose of a solid waste franchise agreement that grants a privately-owned solid waste management service provider the exclusive right to provide solid waste-related services in the city. The notice must be published in a newspaper of general circulation and on the city's website, if the city maintains one.

The TML Legislative Program provides that the League should oppose legislation that would erode city solid waste franchise fee authority.

Broadband Access and Expansion

Lack of broadband access is a serious issue for Texas cities and their residents. According to a 2019 comptroller report, more than two million Texas households do not have high-speed internet. 31 percent of rural Texans do not have access to basic broadband services. Additionally, many urban areas of the state have areas with poor access to broadband, and rank amongst the worst connected large cities in the country. The problem is both one of access and affordability.

So, what exactly is broadband? According to the Federal Communications Commission (FCC), broadband is high-speed Internet access that is always on and faster than the traditional dial-up access. Broadband includes high-speed transmission technologies such as: (1) digital subscriber line; (2) cable modem; (3) fiber; (4) wireless; (5) satellite; and (6) broadband over power lines. To meet the FCC's definition of broadband, internet speed must reach at least 25 Mbps for downloads and 3 Mbps for uploads.

The COVID-19 pandemic prompted Texans and state leaders to view the problem in a whole new light. For Texas cities, the importance of widely accessible broadband is hard to overstate. Not only is fast and reliable internet imperative to our ever-evolving system of commerce, it is also critical to fully participate in most modern societal institutions. For rural communities, many of which have seen their prosperity drop as their populations have decreased in recent years, broadband access provides hope for new jobs and economic development in a rapidly changing society. The prospect of increased connectivity makes physical location less important for employment purposes, giving people more flexibility to live and raise families outside of urban and suburban hubs.

The confluence of these factors virtually guaranteed that the legislature would seriously address broadband connectivity in 2021. In September 2020, a bipartisan group of 88 state legislators sent a letter to Governor Abbott calling for the adoption of a statewide broadband plan. At the time, Texas was one of six states in the country without a statewide broadband plan.

In November 2020, the newly-created governor's broadband council issued a report highlighting the connection between the impact of COVID-19 and limited broadband access in Texas. According to the report, the digital divide in Texas "is particularly problematic for those who need to attend school virtually, visit a doctor online, or work remotely, either due to the COVID-19 pandemic or other factors."

The council's first recommendation was the adoption of a statewide broadband plan. In its recommendation, the council highlighted the need for a plan to facilitate local and regional coordination: "Local and regional planning efforts can help communities identify their needs and goals, start conversations with providers, evaluate options, and move toward implementing infrastructure projects."

The council's second recommendation was to establish a state broadband office. According to the council "[t]he absence of both cohesive, statewide development plans as well as a statewide broadband office with dedicated staff to coordinate efforts in Texas have contributed to the previous broadband initiatives failing to reach the potential they could have with greater policy and funding coordination."

In 2021, the high degree of consensus on a broadband plan and a state broadband office following the COVID-19 pandemic finally came to fruition with the passage of H.B. 5 by Representative Ashby. The League strongly supported the bill.

H.B. 5 established a state broadband development office (BDO) within the comptroller's office and required the BDO to develop a statewide broadband plan. The bill also required the BDO to consult with political subdivisions, including cities, to develop the broadband plan and a state broadband map categorizing broadband access across the state and identifying areas eligible for broadband expansion and funding.

Following a statewide listening tour and gathering survey data, the BDO released the Texas Broadband Plan in June 2022. According to the report, 5.6 million Texas households lack access to quality internet. This digital divide prevents millions of Texans from accessing necessary health, education, employment, and safety services.

The legislature appropriated $5 million to the comptroller's office to develop and administer the plan. In addition, the federal government allocated around $600 million to the State to expand broadband access in Texas.

In 2021 the legislature also tried to enact some telecommunication market reforms designed to bolster the Texas Universal Service Fund, with the goal of incentivizing the deployment of broadband in underserved areas. H.B. 2667 by Representative Smithee would have required providers of voice over internet protocol service in rural areas to pay the uniform Texas Universal Service Fund charge. Governor Abbott vetoed the bill stating:

> Coming into the 87th Legislative Session, everyone knew the Legislature needed to consider significant reforms on broadband and the Texas Universal Service Fund. Transformational broadband reform was achieved through multiple bills that have been signed into law, which significantly expand broadband access in Texas, especially in rural areas. Yet the only meaningful change made to the Texas Universal Fund was, in H.B. 2667, to expand the number of people paying fees. It would have imposed a new fee on millions of Texas.

As broadband market reform continued to gain steam after the 2021 session, cities understood that legislation could potentially impact city right-of-way authority. The governor's broadband council's report cites "local permitting processes" as a regulatory barrier to broadband deployment. In addition, the 2022 Texas Broadband Plan recommended legislative action:

> Areas of focus may include clarifying which entities can provide broadband (e.g., municipal/locally owned networks) and how entities may access the infrastructure or right-of-way needed to deploy broadband services. Feedback during outreach efforts

covered dig-once regulation, streamlining state and local permitting requirements, reducing application and infrastructure use fees, and increasing coordination with TxDOT and other state agencies.

The legislature doubled down on broadband funding in 2023. Two legislators, Representative Ashby and Senator Nichols, filed bills to fund and establish the framework to vastly expand broadband access across the state.

Representative Ashby shepherded H.B. 9, which created a state broadband fund and added over $1.5 billion in state money to the fund. H.B. 9 was one of Speaker Phelan's priority bills and sailed through the House and Senate. As with many other state funds, creating the state Broadband Infrastructure Fund required voter approval (H.J.R. 125). Nearly 70 percent of voters supported the constitutional amendment to create the fund.

The other key broadband bill that passed was S.B. 1238 by Senator Nichols, which established the parameters of how to spend the Broadband Infrastructure Fund (BIF). This bill did several things, including: (1) defining adequate broadband service; (2) defining areas unserved, underserved, and served by broadband service; (3) authorizing the BDO to award grants, loans, and other financial incentives to deploy broadband infrastructure and non-infrastructure projects (e.g. education, training, community outreach, remote learning, and telehealth facilities; and (4) directing the BDO to prioritize projects in unserved and underserved areas.

While the bills were considered by the legislature, the BDO continued to work on creating the state's broadband program. It began creating a map categorizing locations in the state as unserved, underserved, or served based on internet service provider information and public surveys. The BDO also created several working groups and held numerous public meetings to get input on the bills.

The League participated in two working groups and attended many of the public meetings. The League's Broadband Advisory Committee also provided significant feedback to the BDO. These efforts resulted in many helpful changes to the bills, in particular: (1) substantially increasing the standard for broadband service from the FCC's outdated 25 Mbps download/3 Mbps upload to a much more realistic 100 Mbps download/25 Mbps upload; and (2) a preference for fiber optic cable technology.

Another bill of note passed in 2023 – S.B. 2119 by Senator Schwertner, which directed the BDO to work with the PUC to create and routinely update a state broadband access map. The PUC hosts the map on its website.

Over the 2021 and 2023 legislative sessions, the legislature appropriated over $6.5 billion for broadband. Texas received another $3.3 billion dollars of broadband funding from the federal government through federal infrastructure legislation. Texas garnered almost $10 billion dollars to improve broadband access across the state.

Texas' broadband program has three major components: (1) the Bringing Online Opportunities to Texas (BOOT) program; (2) the Broadband Equity, Access, and Deployment (BEAD) program; and (3) the Texas Digital Opportunity Plan (TDOP). The BOOT program is a state-funded $120 million competitive grant program for broadband infrastructure projects. The BEAD program is a multi-billion-dollar state and federally funded grant program for broadband infrastructure projects. The TDOP program is a state and federally funded grant program for non-infrastructure broadband projects.

After the bills passed, the BDO held a series of public meetings across the state to get input on the state's broadband program. The BDO accepted public comments on its draft state rules and the draft BEAD and TDOP program rules in late 2023. The draft BEAD program rules were submitted to the National Telecommunications and Information Administration (NTIA) for approval in December, and Volume I of the BEAD proposal was approved in April 2024. The draft TDOP program rules were submitted to NTIA in

February 2024. The BDO adopted its final state rules in March 2024.

Texas BEAD Program: 2025 Developments

Heading into 2025, Texas had been allocated up to $3.3 billion in BEAD program funds to support last-mile broadband deployment, mapping, and adoption. The BEAD program also works in conjunction with several other state-funded programs, including the BIF, the BOOT, the Texas Middle Mile Program, and a number of smaller workforce, library, and rural-hospital broadband initiatives.

On June 6, 2025, the National Telecommunication and Information Administration (NTIA) released the BEAD Restructuring Policy Notice (RPN). The RPN made significant changes to program requirements and how states must conduct the subgrantee selection process. The RPN eliminated any preference for fiber-optic technology in favor of a technology-neutral approach, removed several non-statutory program requirements, and required states to reevaluate applications based primarily on cost ("Benefit of the Bargain" review). To comply with the new federal requirements, the BDO restructured the Texas BEAD program and submitted Texas's final proposal to NTIA on October 27, 2025. NTIA approved the BDO's final proposal on December 4, 2025.

Under the approved final proposal, Texas will invest approximately $1.3 billion in state and federal BEAD funds to connect unserved and underserved homes, businesses, and community anchor institutions across the state. The reduced funding reflects lower-cost awards obtained through the mandatory "Benefit of the Bargain" reviews. Selected awardees will have four years to complete their projects, and the BDO has six months from final-proposal approval to fully execute grant agreements with subgrantees, with construction expected to begin as early as summer 2026.

December 2025 Executive Order on AI and BEAD Funding

On December 11, 2025, the president issued an executive order titled "Ensuring a National Policy Framework for Artificial Intelligence," which could impact the flow of BEAD funds to Texas. The order directs the Secretary of Commerce, through NTIA, to issue a policy notice within 90 days specifying the conditions under which states are eligible for the remaining funding under the BEAD program. States identified by the secretary as having onerous AI laws will be rendered ineligible to receive non-broadband deployment-related BEAD funds to the maximum extent allowed under federal law. Under the order, onerous AI laws are those laws that the administration determines conflict with the order's policy of "minimally burdensome" national AI regulation. The order also directs all federal agencies to assess whether their other discretionary grant programs may be similarly conditioned on a state's AI policy.

City officials involved in BEAD-related programs should closely monitor the Commerce Department's forthcoming policy notice.

The Senate Business and Commerce Committee and the House State Affairs Subcommittee on Telecommunications and Broadband will hold interim hearings on the state's broadband programs. The Senate Business and Commerce Committee has been charged to review the BDO's management of existing state and federal broadband development funds, evaluate the BDO's strategic plan for timely broadband deployment, and make recommendations to improve the efficiency of BDO programs using existing resources. The House State Affairs Subcommittee on Telecommunications and Broadband has been charged to monitor the activities of the BDO and review awards made through the BIF and BEAD programs.

The TML Legislative Program provides that the League should support legislation that would: (1) treat broadband service similar to other critical utility infrastructure to ensure statewide availability, equity, and affordability for citizens and businesses; and (2) modernize the Texas Universal Fund through revenue sources that

ensure long-term sustainability for the provision of broadband services.

Utility Reliability

Electric utility reliability during or following extreme weather events was not on many people's radar heading into the 2021 legislative session. Winter Storm Uri in February 2021 changed that. The ensuing grid and utility failure prompted the legislature to shift its focus to respond to the electricity and water issues Texans experienced during the storm.

In response, in March 2021, the TML Board of Directors approved three new policy positions to support legislation that would:

1. harden the state's electric grid against blackouts, especially those caused by extreme weather events;
2. provide additional tools for municipally-owned electric utilities to harden their systems against blackouts, especially those caused by extreme weather events; and
3. mitigate the cost and liabilities of the outage event caused by Winter Storm Uri from being passed on to cities and city residents.

With these new positions in the League's legislative program as a guide, the League and city officials actively monitored the myriad of legislative proposals filed to address utility failures during and after extreme weather events. City officials' robust engagement and participation helped shape the bills that ultimately passed.

When the dust settled, the legislature passed several bills in response to Winter Storm Uri. Most notably, S.B 2, S.B. 3, and H.B. 4492.

S.B. 2 by Senator Hancock required the presiding officer of the Public Utility Commission (PUC) and all members of the Electric Reliability Council of Texas (ERCOT) board to be residents of Texas. It replaced the ERCOT board with political appointees and involves the PUC more closely in ERCOT's regulations. It also changed the members of the ERCOT board from mostly electric industry members to members with executive-level experience in areas such as finance, business, engineering, trading, risk management, law, and electric market design.

S.B. 3 by Senator Schwertner was the omnibus utility weatherization bill for certain electric, gas, and water utilities. The bill required electric generation facilities, electric transmission and distribution facilities, and certain natural gas pipeline facilities and wells to implement measures to operate during a weather emergency. More specifically, S.B. 3: (1) created an alert system to be activated when the power supply in Texas may be inadequate to meet demand; (2) required the Railroad Commission and the PUC to designate certain natural gas facilities as critical infrastructure during energy emergencies so the electricity generators can still get fuel to produce power; and (3) established the Texas Energy Reliability Council to enhance industry coordination and ensure that the Texas electric and energy industries meet high priority human needs and address critical infrastructure concerns.

S.B. 3 also contained a significant provision for cities that operate their own water utilities. Except for Harris and Fort Bend counties, who already had similar requirements in place, S.B. 3 required municipally owned water utilities to: (1) ensure the emergency operation of its water system during an extended power outage at a minimum water pressure of 20 pounds per square inch, or at a water pressure level approved by TCEQ as soon as safe and practicable following the occurrence of a natural disaster. The bill also required that all municipally owned utilities adopt and submit an emergency preparedness plan and implementation timeline to meet these requirements to TCEQ for approval before March 1, 2022. The bill, as originally filed, would have required a water pressure of 35 PSI, but city input helped bring that number down to a more reasonable standard, among other changes.

H.B. 4492 by Representative Paddie provided two financing mechanisms to address the extraordinary costs ERCOT and market participants incurred because of Winter Storm Uri. The first mechanism utilized an $800 million dollar loan from the state's rainy-day fund to address ERCOT's non-payments to market participants. This loan allowed ERCOT to "clear the market" by using these funds to pay the market participants that ERCOT owed. ERCOT's loan would be repaid by a charge assessed to remaining market participants which will eventually be paid by their customers over a period of 30 years. The second financing mechanism addressed ancillary charges assessed to certain market participants during the storm. This allowed market participants who chose to participate during the storm to utilize securitization financing to spread their costs over a period of 30 years to lessen the immediate impact on customers. It would also be backed by a customer charge, but the bill also mandated that benefits received by a provider will be passed along to customers who paid for the assessment. This fund is capped at $2.1 billion.

One other disaster-response bill passed in 2021 was S.B. 968 by Senator Kolkhorst. S.B. 968 provided that, in the event of a disaster or other event that causes an extended electricity, water, or gas outage, the Texas Division of Emergency Management (TDEM) shall collaborate with first responders, local governments, and local health departments, to conduct wellness checks on medically fragile individuals (as defined by TDEM) within 24 hours of such events. The wellness checks must include an automated phone call, a personalized call, and if the person is unresponsive to calls, an in-person check. The bill also requires each city to adopt procedures to conduct wellness checks in compliance with TDEM-adopted minimum standards.

Even after the reforms made during the 2021 legislative session, electricity reliability remained a big concern. In particular, the legislature focused on the need to improve and expand dispatchable electricity generation facilities. After vigorous debate and several amendments, the legislature passed S.B. 2627 by Senator Schwertner. S.B. 2627 created the Texas Energy Fund (TEF) which would provide loans to electric providers for building new dispatchable electricity generation facilities capable of producing at least 100 megawatts or expanding existing facilities capable of generating at least 100 megawatts. The PUC will administer the fund which will provide 20-year loans at three percent interest for up to sixty percent of the facility's cost. The fund will also provide bonuses for each megawatt generated by newly constructed facilities. All funded facilities must connect to ERCOT by June 1, 2029, subject to very limited exceptions.

S.B. 2627 will not provide funding for wind or solar power facilities or energy storage facilities. However, the bill will provide some funding to support energy backup power packages (stand-alone, behind-the-meter, multiday backup power sources).

S.B. 2627 also required the approval of voters. Sixty-five percent of voters approved the constitutional amendment to create the TEF in November 2023.

The legislature also addressed electricity reliability in the 2023 PUC sunset bill. H.B. 1500 by Representative Holland, among other things, continued the PUC until 2029. However, it also contained a few dispatchable and renewable energy provisions. Specifically, H.B. 1500 required the PUC to file a report on dispatchable and non-dispatchable generation facilities with the legislature every year. The bill also required certain dispatchable electricity generators to demonstrate their ability to provide electricity at or above seasonal average generation capability during times of high-reliability risk. H.B. 1500 also repealed the statute's renewable energy goals and phases them out entirely by September 1, 2025. Heading into the 2025 legislative session, electric grid reliability was still near the top of the legislature's agenda. Electrical load forecasts had grown significantly, raising concerns that large new loads would severely strain the state's existing electrical infrastructure. This resulted in the passage of several utility reliability-related bills, several of which directly affect city-owned utilities.

The most prominent of these bills was an omnibus large-load planning bill. S.B. 6 by Senator King directs the PUC to adopt rules establishing standards for the interconnection of large loads in the ERCOT power region to support economic development while minimizing the potential for substantial increases in electric rates and infrastructure costs. The bill requires each large-load customer seeking interconnection to disclose whether they are pursuing substantially similar service requests elsewhere in the state. It also establishes a minimum flat study fee of $100,000 for initial transmission screening studies, requires large-load customers to disclose information about on-site backup generation, and requires the PUC to ensure that certain large loads can be shed during grid emergencies. S.B. 6 also expressly preserves the authority of a city-owned utility or an electric cooperative to impose service requirements for large-load customers in addition to the PUC standards. In addition, city-owned utilities and electric cooperatives that have not adopted customer choice shall pass through the reasonable interconnection costs to large-load customers, in a manner determined by the utility.

S.B. 1789 by Senator Schwertner directs the PUC to adopt standards for the structural integrity of transmission and distribution poles, including inspection schedules and remedial action timelines. The governing body of a city-owned utility must adopt the PUC standards within 120 days of the PUC's adoption. Each utility must also submit an annual report to the PUC on the implementation of its pole-maintenance schedule, the results of inspections, and any remediation or replacement actions taken. Similarly, H.B. 144 by Representative King requires every electric utility (including city-owned utilities and electric cooperatives) to submit a distribution-pole management and inspection plan to the PUC, with annual updates detailing the utility's compliance measures, costs, and inspection results.

Following the Panhandle Wildfire in 2024, Representative King filed a bill to address concerns about electric transmission and distribution lines in areas vulnerable to wildfires. H.B. 145 requires every electric utility (including city-owned utilities and electric cooperatives) that owns electric transmission or distribution facilities in wildfire risk areas to file a wildfire mitigation plan with the PUC. It also provides that a utility that submits, obtains PUC approval for, and complies with a wildfire mitigation plan is not liable for damages resulting from a wildfire ignited or propagated by its facility, provided the utility followed the relevant measures of its plan and did not act intentionally, recklessly, or with negligence. H.B. 145 passed and was signed into law.

The legislature also passed H.B. 1584 by Representative Hull, which requires all electric utilities to provide a list of all priority facilities (including hospitals, fire stations, police stations, and critical water and wastewater facilities) to the Texas Division of Emergency Management in the event of a gubernatorial disaster declaration. Such lists are considered confidential and not subject to disclosure under the Public Information Act.

In 2025, the legislature also passed legislation addressing electrical generators in nursing homes and assisted living facilities. In 2024, Hurricane Beryl devastated many coastal cities. The hurricane brought prolonged power outages to those areas. At the 2024 Business Meeting, the League adopted a resolution by the City of Friendswood supporting legislation that would require nursing homes and assisted living facilities on site to provide backup power to meet the needs of all residents during power outages. The legislature passed H.B. 3595 by Representative Barry, which requires assisted living facilities to adopt and implement an emergency preparedness and contingency operations plan, provide each resident with a climate-controlled area of refuge during a power outage, and notify the Texas Health and Human Services Commission (HHSC) of any unplanned electricity interruption or outage of more than 12 hours. It also directs HHSC to establish construction and licensure standards for assisted living facilities constructed after September 1, 2026, including the integration of backup power systems. H.B. 3595 only applies to assisted living facilities; it does not apply to nursing homes.

Lastly, the legislature passed H.B. 1606 by Representative Metcalf, which requires a city-owned electric utility to provide customers with information on how to request vegetation management near a transmission or distribution line.

The Senate Business and Commerce Committee and the House State Affairs Committee will hold interim hearings on a range of electric grid reliability issues. The Senate Business and Commerce Committee has been charged to monitor rulemaking related to S.B. 6, examine post-Winter Storm Uri reforms (including S.B. 2 and S.B. 3 from the 87th Legislature), evaluate the competitiveness of the ERCOT market, review the impacts of 765-kV transmission lines on private property rights, consider proposals to modernize transmission and enhance affordability, and study the management of data center growth. The House State Affairs Committee has been charged to monitor the implementation of S.B. 6, S.B. 1789, H.B. 143, H.B. 144, and H.B. 145, evaluate microgrids and distributed energy resources, and review the development of data centers, including the implementation of S.B. 6 and the Large Load Batch Study Process proposed by ERCOT.

Battery Energy Storage

The legislature passed two major battery energy-related bills in 2025. The first bill, H.B. 3824 by Representative King, requires battery energy storage operators and city-owned utilities operating battery energy storage facilities to comply with statewide fire safety standards. The bill also preempts local governmental entities from adopting or enforcing regulations or standards inconsistent with state standards related to the design, installation, operation, and safety of battery energy storage facilities. The operator may hire an independent third-party engineer to inspect the installation of such a facility to ensure compliance with state requirements. In addition, battery energy storage operators shall, upon request, provide the city with a copy of documents related to the site layout, manufacturer specifications, electrical drawings, and fire safety systems and standards at the site of installation. They must also make a site-specific emergency operations plan and hazard mitigation analysis available to first responders.

Similarly, S.B. 1252 by Senator Schwertner preempts most city regulation of residential energy backup systems. However, the bill expressly preserves the authority of a city-owned utility to regulate the installation or inspection of those systems within its service area. Meanwhile, S.B. 1202 also passed, allowing for immediate third-party review or inspection specifically related to home backup power installations.

The House State Affairs Committee will hold an interim hearing on battery storage and safety. Specifically, the committee has been charged to examine the current rules and regulations regarding battery storage and safety, evaluate potential risks to communities, and make recommendations to allow the continued deployment of battery storage without compromising public safety.

The TML Legislative Program provides that the League should support legislation that would: (1) harden the state's electric grid against blackouts, especially those caused by extreme weather events; (2) provide additional tools for municipally owned electric utilities to harden their systems against blackouts, especially those caused by extreme weather events; and (3) provide stabilization and funding for the electric grid in response to increased demand.

The TML Legislative Program also provides that the League should support legislation that would: (1) create new grant programs to assist rural cities with costs related to the expansion or upgrading of infrastructure and utility facilities required due to the rapid population growth; or (2) alternatively, expand the definition of "in-need" communities for purposes of the Texas Water Development Board's Economically Distressed Areas Program to include those cities whose median household income is more than 75% of the median household income of the state, but nonetheless need legislative support to alleviate the strains on their resources imposed by Texas' rapid population growth and to meet the needs of their growing community.

The TML Legislative Program also provides that the League should support legislation that would require nursing homes and assisted living facilities to have generators for the purpose of providing backup power to meet all the needs of their residents, including air conditioning and heat, and to require that nursing homes and assisted living facilities have generators or a comparable power source and fuel to run for at least 72 hours during

a power outage; also requiring this obligation to be placed on all nursing homes and assisted living facilities by a date certain and requiring inspections to be conducted to ensure the operation of the required equipment.

Local Transportation Funding

For several decades, TML has attempted to identify new city revenue sources to address longstanding infrastructure issues (streets in particular) to take some pressure off property tax rates. For example, in the late 1970's the League pushed for legislation to raise the local option sales tax from one cent to two cents, with the goal of using the additional revenue for street projects. Unfortunately, the League's initiative failed.

In 1981, the League pressed for legislation to raise the state automobile registration fee to create a City Street Improvement Fund. This effort also failed.

In 1983, the League pushed for a "Pothole Bill." The January 1983 edition of *Texas Town & City* magazine explained the effort:

> A TML survey of Texas cities indicated that the current backlog of municipal street repair needs exceeds $1 billion – a sum that will grow each year, as cities fall further and further behind.
>
> Upwards of 20 percent of all municipal streets – 12,000 miles – need major repairs, and the magnitude of the problem is steadily growing. Texas cities are spending an estimated $180 million per year on street repairs, 58 percent more than three years ago. But they are falling even further behind because the street repair backlog is snowballing at rates that exceed local spending increases. The cities will never be able to bring their streets and bridges up to standard without state financial assistance.

In 1983, the backlog was estimated to be $1 billion. It is obviously much higher now. The League proposed the following solution in 1983:

> [C]ity residents, who comprise 80% of Texas' population, pay a major proportion of all motor vehicle-related taxes collected by the state. But none of these revenues are remitted back to the cities to help deal with the problems created by the millions of vehicles which generated the funds and the potholes in the first place. The TML City Street Improvement Fund would provide a remedy by tying the problem (motor vehicle wear on city streets) to the solution (repair funding provided from motor vehicle-related taxes).

Again, the League's efforts failed.

During the late 1980's and in 1991, the League urged the legislature to raise the state gasoline tax by five cents and remit the revenue back to cities for street improvements. The proposal came very close to passing during a special session in 1991 when the House approved the five-cent increase, but the Senate narrowly rejected it.

The League's concerted efforts likely failed, because of how the legislature views tax increases. Lawmakers remain reluctant to raise state taxes *at all* but are more likely to allow city councils (or local voters) the authority to adopt taxes. For example, lawmakers have given cities the authority to adopt a local sales tax for: (a) economic development, (b) property tax relief, and (c) other specific purposes (see "The 2001 Legislation" below).

The legislature is even more reluctant to raise a state tax (like the gasoline tax) and give the increase in revenue to the cities, because the state may want to increase that tax for its own purpose sometime in the future. Indeed, virtually all the taxes listed above have been increased by the legislature *for state revenue* sometime after the League asked for an increase for local revenue.

The 2001 Legislation

The 2001 legislature passed H.B. 445, a bill that authorized a city to hold an election to adopt a one-fourth-percent sales tax to repair and maintain city streets. Only those cities with room under the two-percent local sales tax cap are eligible to adopt the tax. If approved by the voters, the tax expires after four years, unless a new election is held to reauthorize the tax.

The 2003 Legislation

The 2003 legislature passed H.B. 164, a bill that authorizes a one-eighth-percent sales tax to repair and maintain city streets, in addition to the one-fourth-percent tax mentioned above.

The 2005 Legislation

In 2005, the legislature passed no bills that directly altered municipal funding for transportation projects, but did pass a bill (H.B. 3195) that gave cities more flexibility to switch between optional sales taxes by permitting a single ballot proposition to raise an optional sales tax while simultaneously reducing another. Numerous cities have used this authority since its passage.

The 2007 Legislation

The 2007 legislature passed a bill (H.B. 3084) that abolished the four-year expiration of the street maintenance sales tax. Unfortunately, the governor vetoed that bill.

The 2009 Legislation

By 2009, it had become painfully obvious that Texas was experiencing a severe shortage of federal and state transportation dollars. The burden of dealing with mobility issues was increasingly being pushed down to local governments. In an effort to provide those local governments with the tools to fund projects that are essential to the state's mobility and economy, legislators introduced the Texas Local Option Transportation Act (TLOTA). Sen. John Carona and Rep. Vicki Truitt filed TLOTA in the form of S.B. 855.

As filed, S.B. 855 would have allowed the voters in only Dallas and Tarrant Counties to choose from a menu of options for raising transportation funds through local fees and assessments. The menu included such revenue alternatives as: (1) a county motor fuels tax of up to ten cents per gallon that could be adjusted for inflation; (2) a mobility improvement fee not to exceed \$60 annually; and (3) a parking regulation and management fee of \$1 per hour/per parking space. As passed by the Senate Transportation and Homeland Security Committee, the bill expanded TLOTA to include the twelve-county North Texas region (Collin, Dallas, Denton, Ellis, Hood, Hunt, Johnson, Kaufman, Parker, Rockwall, Tarrant, and Wise Counties) as well as Bexar, Travis, and El Paso Counties.

When S.B. 855 was deliberated on second reading in the Senate, three additional regions were added to the bill (Corpus Christi, the Rio Grande Valley, and Waco). Another amendment adopted by the Senate provided that the bill would not take effect unless the legislature passed and the voters approved a constitutional amendment limiting diversions from the state highway fund. S.B. 855 finally passed the Senate by a vote of 21-9.

The House Committee on Transportation waited an entire month before voting 6-1 to approve the bill. As passed by the House committee, S.B. 855 would have applied to any county within a Metropolitan Planning Organization. Although broader in its applicability, the bill allowed for only one funding mechanism: a local option gas tax of 10 cents per gallon.

Opposition to S.B. 855 began to grow. The Texas Public Policy Foundation and other groups expressed concerns over increasing taxes during a recession, as well as the ability of some counties to raise taxes while others could not. Opponents argued that local governments already have the ability to pay for additional transportation infrastructure by redirecting existing sales tax revenue that, they said, was originally intended for mobility, or to cut "waste" and apply those savings to transportation. S.B. 855 was set on the House calendar, but the House hit a crucial deadline before being able to consider the bill.

The 2011 Legislation

The 2011 legislature passed a bill (H.B. 2972) that would generally allow cities to reauthorize the street maintenance sales tax every eight years instead of every four years. The bill also authorized a city to spend street maintenance sales tax revenue on sidewalks. As with H.B. 3084 in 2007, the bill was vetoed by the governor.

The 2013 Legislation

No comprehensive TLOTA-type legislation was filed in 2013. However, H.B. 1511 would have, among other things, extended the requirement that a street maintenance sales tax be reauthorized by election by election every four years to every eight years. H.B. 1511 actually passed both the House and Senate overwhelmingly, but was vetoed by Governor Perry. According to the governor's veto message, the bill was vetoed because he believed voters deserve the right to vote on whether to be taxed.

In 2013, it was hoped that the announcement of the TxDOT Turnback Program, through which TxDOT essentially offered to "give" state highways back to cities, would be a springboard for further discussions about how the state's transportation system is funded. Unfortunately, however, no legislation creating new city transportation funding sources passed in 2013.

Recent Issues

Because of the passage of that significant state funding in 2013 (see discussion below), the legislature has been relatively quiet on the local funding issue in every session since.

In 2021, Senator Johnson filed TML priority legislation that would have authorized certain cities (cities in which a majority of the voters in each of the last two consecutive street maintenance elections favored adoption or reauthorization) to call a street maintenance sales tax election for an eight- or ten-year period, instead of four years. Revenue from the street maintenance sales tax could be used to maintain and repair a city street or sidewalk, or a city water, wastewater, or storm water system locating within or on a city street. S.B. 402 passed the Senate 29 to 1, but never received a hearing in the House.

It was a similar story in 2023. Senator Johnson refiled his bill (S.B. 612) which passed on the Senate's Local and Uncontested calendar. Unfortunately, the bill was never heard in the House Ways and Means Committee. In 2025, the concept was filed as H.B. 884 by Representative Garcia Hernandez, but once again the bill did not progress to a committee hearing.

S.B. 1277 by Senator Parker fared a bit better in 2025, passing the Senate before running out of time for consideration on the House floor. S.B. 1277 would have, among other things, authorized the use of street maintenance sales tax revenue on a street, sidewalk, or water, wastewater, or stormwater system located in the width of a city street.

Street Maintenance Sales Tax Ballot Language

In 2024, the League adopted a resolution by the City of Friendswood to support legislation that would revise the ballot language for the street maintenance sales and use tax to mirror the ballot language used for the reauthorization of crime control districts and fire control, prevention, and emergency medical services districts so that early elections are not needed for reauthorization elections occurring as a result of the fluctuations in the uniform election dates. Resolving the conflict would provide certainty to voters and cities about when the tax expires and eliminate unnecessary election expenses incurred by cities forced to hold reauthorization elections almost a year early. No legislation was filed on the topic in 2025.

The TML Legislative Program provides that the League should support legislation that would allow for greater flexibility by cities to fund local transportation projects; amend or otherwise modify state law to help cities fund transportation projects; or provide cities with additional funding options and resources to address transportation

needs that the state and federal governments fail to address.

The TML Legislative Program provides that the League should seek introduction and passage of legislation that would: (1) eliminate reauthorization provisions for the collection and use of street maintenance sales and use tax; (2) authorize cities to reimburse themselves from sales and use tax collections for actual election costs required for tax implementation; and (3) clarify that cities may use street maintenance sales tax revenue for all streets and sidewalks in the city.

The TML Legislative Program provides that the League should support legislation that would revise the ballot language for the street maintenance sales and use tax to mirror the ballot language used for the reauthorization of crime control districts and fire control, prevention, and emergency medical services districts so that early elections are not needed for reauthorization elections occurring as a result of the fluctuations in the uniform election dates.

State and Federal Transportation Funding

State Funding

During the 2013 regular session, the legislature considered dozens of state transportation funding bills that would have enacted new fees, changed the use of existing fees, and/or ended "diversions" of transportation-related revenues to other purposes. Examples include bills that would end or modifying the diversion of the state's gas tax revenues, dedicate motor vehicle sales taxes to transportation purposes, and create new fees or taxes.

None of the bills above passed. However, the legislature was finally able to address at least a portion of the state's transportation funding problems. In the 2013 third special session, the legislature passed two bills – S.J.R. 2 and H.B. 1 – passed and both chambers promptly adjourned *sine die*.

The general idea behind these bills was to amend the Texas Constitution to divert some of the state's oil and gas tax revenues from the rainy-day fund for transportation purposes. However, legislators had not been able to agree on certain details, specifically whether the rainy-day fund should retain a minimum balance before money can be diverted for transportation. In the second special session, different versions of these bills passed the House and the Senate. They then went to a conference committee, but the conference committee version failed to pass either chamber.

The legislation that ultimately passed during the third special session provided for about $1.2 billion in new funding annually. That amount is far less than the $4 billion needed at the time, but it was a start. It also provided that the funding mechanism would end in 2025. However, legislation passed in 2019 (S.B. 962) extending the funding allocation until 2034.

It appeared that the governor and lawmakers were satisfied with the compromise reflected in 2013's two-bill package. But the lack of full funding meant that completely fixing the state's transportation funding problem continued to be on the table in the 2015 session.

The 2015 session saw dozens of bills filed (some of which would have needed constitutional amendments to be implemented) that would have enacted several different transportation funding schemes. The key piece of legislation that passed was S.J.R. 5 by Senator Nichols. The voters approved this constitutional amendment on November 3, 2015. S.J.R. 5 directed the comptroller to transfer part of the state's motor vehicle sales tax to the State Highway Fund, but these funds could not be used for toll roads. Essentially, if the state sales and use tax revenue reached $28 billion in a given year starting in 2017, any additional money – up to $2.5 billion – would go to the highway fund. And starting in 2019, 35 percent of state motor vehicle sales and rental tax revenue that exceeds $5 billion would also go to the highway fund.

The highlight of the 2017 session was the TxDOT sunset bill. S.B. 312 by Senator Nichols made various administrative improvements and continued the agency until 2029. In 2019 the main state transportation funding bill was S.B. 69 by Senator Nelson, which modified the allocation methods in the 2013 funding bills mentioned above.

H.B. 2230 by Representative Canales passed in 2023. The bill extends the transportation funding allocation approved by the voters back in 2014 from 2034 to 2042.

The Senate Finance, Senate Transportation, House Transportation, and House Appropriations Committees will all hold interim hearings on state transportation funding. The Senate Finance Committee has been charged to study current transportation funding from all sources, assess the long-term needs of Texas drivers, and review the implementation of funding appropriated by the 89th Legislature. The House Transportation Committee has been charged to study legislative prioritization of TxDOT projects, and review TxDOT's planning and communication strategies for roadway and exit closures during and after construction. The House Transportation Subcommittee on Transportation Funding has been charged to examine the formula and discretionary funding categories used by TxDOT and assess the adequacy of current funding revenue. Lastly, the House Appropriations Committee has been charged to monitor funding for local rail grade crossing separation projects.

Federal Funding

Heading into 2015, the then-current federal transportation funding legislation – known as MAP-21 (Moving Ahead for Progress in the 21st Century Act) – was about to expire. Because of this, many feared that federal transportation monies were about to dry up.

The League joined the National League of Cities (NLC) in advocating for a multi-year, multi-modal bill that allows local governments a greater say in spending decisions through their regional planning organizations. With transportation so critical to job creation and economic output, NLC has long advocated that more of the funding decisions should be in the hands of local officials acting through their local planning organizations.

Congress passed a multi-year transportation bill with remarkable bipartisan support in December 2015. The bill, dubbed the Fixing America's Surface Transportation (FAST) Act was paid for with gas tax revenue and a package of $70 billion in offsets from other areas of the federal budget. It called for spending approximately $205 billion on highways and $48 billion on transit projects over the following five years.

Before passing the FAST Act, the last time Congress passed a bill that gave five or more years of certainty to our nation's local leaders was 1998's *Transportation Equity Act for the 21st Century* (TEA-21), which made some consider the speedy passage of the FAST Act a small miracle. This monumental effort would not have been possible without city officials' strenuous lobbying efforts.

To help make the final price tag of the 2015 FAST Act more palatable, lawmakers at the time included a $7.6 billion rescission targeting individual state's unobligated balances in the bill's text. The rescission, which would have taken effect in mid-2020, would have allowed the federal government to take back nearly $8 billion in highway contract authority. According to the U.S. Department of Transportation, this could have impacted more than $960 million in contract authority in Texas alone. Congress removed the rescission provisions in late 2019 and extended the FAST Act through the end of 2021.

As the FAST Act expired, Congress passed the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law. The IIJA was signed into law on November 15, 2021. The IIJA is altogether a $1.2 trillion bill that will invest in the nation's core infrastructure priorities including roads, bridges, rail, transit, airports, ports, energy transmission, water systems, and broadband. Over $550 billion was new spending, mostly in the form of formula grants to states and competitive grants distributed over five years. The IIJA set aside roughly $35 billion for infrastructure projects in Texas alone, with the possibility of significantly more federal dollars flowing to the state.

There is no doubt that the IIJA opened the door to significant and much-needed infrastructure funding for Texas cities. Since the IIJA was signed into law in late 2021, the League has monitored state and federal agencies and worked with the National League of Cities (NLC) to provide Texas cities with the latest information about how to access IIJA funding for local infrastructure projects. The League published weekly IIJA-related updates in the *Legislative Update*.

In addition to the historic levels of transportation funding in the IIJA, pandemic-related federal grant programs also included the ability to fund certain infrastructure projects. The State and Local Fiscal Recovery Funds Program (SLFRF), part of the federal American Rescue Plan Act, authorized the use of part of a city's local allotments for transportation infrastructure spending under certain circumstances. More specifically, the U.S. Treasury authorized cities to use SLFRF dollars to replace lost public sector revenue due to the pandemic and use the revenue to pay for "government services." Under the SLFRF, the U.S. Treasury defines "government services" as "road building, maintenance, and other infrastructure."

The IIJA's five-year authorization expires on September 30, 2026. Over its lifespan, the IIJA provided significant funding to Texas cities for roads, bridges, transit, water, broadband, and other core infrastructure. With the IIJA funding winding down, Texas cities face renewed uncertainty about the federal funding landscape for local infrastructure projects.

The TML Legislative Program provides that the League support legislation that would provide additional funding to the Texas Department of Transportation for equitable transportation projects that would benefit cities and provide local, state, and federal transportation funding of transportation infrastructure, including rail.

TxDOT Toll Road Improvement Projects

The Texas Department of Transportation (TxDOT) currently operates hundreds of toll roads. When a city seeks to construct frontage road improvements, ramp improvements, or other capital projects that TxDOT determines may divert traffic from one of its toll roads, the city must not only pay for the improvements, but it must also pay TxDOT for any reduction in toll revenue caused by the improvements.

In 2023, the League adopted a resolution from the City of Pflugerville asking the League to support legislation that prohibits TxDOT from requiring cities requesting toll road frontage improvements, ramp improvements, and other competing facilities to pay for any revenue reduction from improvements and maintenance costs of the improvements.

In 2025 Senator Eckhardt filed S.B. 848, which would have prohibited TxDOT from requiring a local government to provide monetary compensation to TxDOT or otherwise bear the cost of potential or actual lost toll project revenue resulting from the construction, improvement, or use of adjacent non-tolled lanes or other road infrastructure that may compete with a toll project. The bill was referred to the Senate Transportation committee but not heard.

The TML Legislative Program provides that the League should support legislation that would prohibit the Texas Department of Transportation from requiring municipalities requesting toll road frontage improvements, ramp improvements, and other competing facilities to pay for any revenue reduction from the improvements and maintenance costs of the improvements.

Protecting Transit in Communities Affected by a Natural Disaster

Major natural disaster events such as hurricanes, tornadoes, floods, tsunamis, earthquakes, and mudslides occur beyond human control. Local communities who experience these catastrophic events often have little recourse and often suffer a temporary population drop as a result of such disasters.

Under current law, local communities with a population of 50,000 or more according to Decennial U.S. census data qualify as urbanized areas. Urbanized areas receive a greater share of U.S. Department of Transportation federal transit funding than areas with populations below 50,000. Following a natural disaster, if a local community's population drops below this threshold but grows back within a few years, the community must wait until the next Decennial Census before it can be redesignated as an urbanized area. The City of Galveston experienced this problem in 2008, when a population drop following Hurricane Ike resulted in the city losing $750,000 in federal transit funds. This was despite population estimates showing that the city has long since again passed the 50,000 population requirement for urbanized areas.

This is just one of many examples of how local communities suffer from a loss of transit funds after a drop in population following a natural disaster, even when recent estimates by the Census Bureau show their populations have been restored.

In 2017, Congressman Randy Weber filed H.R. 3452 and U.S. Senator John Cornyn filed S. 1664, both of which would amend current law to allow urbanized areas to retain their designation and preserve access to federal transit funding streams following a presidentially-declared major disaster until the next Decennial Census. These bills would ensure that America's communities are not penalized with a loss of federal transit funds due to a natural disaster beyond their control.

Specifically, these bills would:

1. Clarify federal Congressional intent that federal transit law protect cities across the United States from being penalized due to a population drop suffered as a direct result of a natural disaster, retroactive to 2000;
2. Explicitly state that only Presidentially declared major disasters are covered in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act; and
3. Protect federal transit streams for urbanized areas until the execution of the next Decennial Census.

Unfortunately, these bills did not pass. They were supported by the League, the City of Galveston, the National League of Cities, the U.S. Conference of Mayors, and several other state municipal leagues around the country.

In June 2020, the U.S. House Transportation & Infrastructure Committee unanimously adopted an amendment by Congressman Weber to H.R. 2. As amended, H.R. 2 addressed the unique transit funding gap for Galveston and ensured protection for all small, urbanized areas hit by a natural disaster within a three-year period prior to a Decennial Census and were unable to recover the population because of that disaster. The House passed H.R. 2 with this amendment in early July 2020. The U.S. House of Representatives passed this bill again in 2021. Unfortunately, when the Senate negotiated and passed the Infrastructure Investment and Jobs Act, Sen. Cornyn was unable to attach his language that would have added protections for small, urbanized areas hit by natural disasters.

Since 2020, Congress has considered and enacted several additional measures designed to protect transportation funding and infrastructure against natural disasters. These include the Infrastructure Investment and Jobs Act's PROTECT Program and disaster-related highway and transit relief appropriations. While much of this funding is administered through states or federal agencies, cities should continue to monitor opportunities for local road, bridge, transit, evacuation-route, and flood-resilience projects.

The TML Legislative Program provides that the League support legislation in relation to federal transit funding that would: (1) clarify federal congressional intent of federal transit law to protect cities across the United States from being penalized due to a population drop suffered as a direct result of a natural disaster; (2) explicitly state

that only presidentially declared major disasters are covered, in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 100-707); and (3) protect federal transit funding streams for urbanized areas until the execution of the next decennial census.

Speed Limits

Members of the 2018 TML Policy Summit recommended that the League advocate lowering the prima facie speed limits from 30 mph to 25 mph on city streets. While some cities wanted to amend the Transportation Code to lower the 30 mph prima facie speed limit for all cities, some cities objected to the lowered limit. Others voiced concerns about the unfunded mandate of having to replace all speed limit signs in the city if the prima facie speed limit was lowered. Because of these different views, the League's legislative program includes a compromise between the two positions – support for legislation that gives city councils the authority to lower the prima facie speed limit to 25 mph without the need for a traffic study, which is currently required by state law.

During the 2019 legislative session, Representative Israel filed H.B. 1287, which would have simply lowered the prima facie speed limit on a street in an urban district from 30 mph to 25 mph. While several cities and transportation safety groups supported the bill, the League did not take a position on this bill because of the compromise position adopted as part of the League's 2019 legislative program. To garner the support necessary to make it out of committee, H.B. 1287 was amended to only lower the speed limit to 25 mph if the street is located in a residence district and is not officially designated or marked as part of the state highway system. That version of the bill was reported from committee but not taken up on the House floor.

In 2021, Rep. Israel refiled the committee substitute from 2019 in the form of H.B. 442. H.B. 442 was heard in committee and substituted once again, this time to comport with the position in the TML program by giving cities discretion to lower the prima facie speed limit to 25 mph and providing that "[a] municipality is not required to perform an engineering or traffic investigation to declare a lower speed limit under this subsection if the street is located in a residence district."

H.B. 442 was reported from committee and set on the House calendar for consideration, but fell victim to the clock running out on consideration of the bill under the House rules.

The legislature considered two other speed limit-related bills in 2021. H.B. 3877 by Representative Israel and S.B. 221 by Senator Zaffirini were identical bills that would lower the prima facie speed limit from 30 mph to 25 mph, but only in cities with a population greater than 250,000. Neither bill received a committee hearing.

In 2023, the legislature considered two bills that would allow cities to reduce speed limits in residential areas. H.B. 2224 by Representative Hernandez and S.B. 1663 by Senator Alvarado would allow a city to reduce the speed limit to 20 mph in a residential district without a traffic study. The League supported both bills as part of the 2023 legislative program. Unfortunately, although both bills were approved by their respective chamber of origin, neither bill made it through both chambers.

The legislature did pass H.B. 1885 by Representative Canales, which allows the Texas Transportation Commission (TTC) to create a variable speed limit program that would allow the TTC to temporarily lower the speed limit on state highways to address inclement weather, congestion, road construction, or any other condition that may affect the safe and orderly movement of traffic. H.B. 1885 does not impact the speed limit on residential city streets.

In 2024, the League adopted a resolution from the City of Friendswood to support legislation that would allow a city to lower the speed limit to 20 miles per hour without performing engineering or traffic studies if a city finds that the prima facie speed limit is unreasonable or unsafe.

During the 2025 legislative session, the legislature considered, but did not pass, a bill reflecting the League's resolution. H.B. 5253 by Representative

Anchia would have allowed a city to reduce the speed limit in residential areas to no less than 20 mph without conducting an engineering or traffic study. The bill would have required the city to erect signs depicting the lowered speed limit at least one block prior to the entrance to the lowered-speed limit area. While this bill was heard by the House Transportation Committee, unfortunately, it did not make it out of committee.

The House Transportation Committee will hold an interim hearing on speed enforcement in work and school zones. Specifically, the committee has been charged to evaluate measures to enhance roadside worker and public safety, including limited authorization of speed enforcement mechanisms in high-speed work zones and school zones, and to consider measures that would safeguard Texans' privacy, prohibit automated retention of data, and prevent citations from being issued by third-party entities.

The TML Legislative Program provides that the League support legislation that would allow a city to lower the prima facie speed limit from 30 to as low as 20 miles per hour without the need for a traffic study if a city finds that the prima facie speed limit is unreasonable or unsafe.

Water and Wastewater

Water and Wastewater Funding

Water and wastewater utility issues have become increasingly important over the last few legislative sessions. This importance has been driven by population growth, droughts, the aging of municipal water infrastructure, and lessons learned from Winter Storm Uri. In 2023, the legislature established the Texas Water Fund (S.B. 28 / H.J.R. 2) — a $1 billion appropriation for state water infrastructure — and signaled that state water finance would be a continuing priority. In 2025, the legislature continued that progress.

Perhaps the most consequential water funding bills passed during the 2025 legislative session were S.B. 7 by Senator Perry and H.J.R. 7 by Representative Cody Harris. H.J.R. 7 dedicated the first $1 billion of state sales and use tax revenue exceeding $46.5 billion in a fiscal year to the Texas Water Fund, beginning in 2027. The amendment established a long-term, predictable funding stream for the Texas Water Fund. Voters overwhelmingly approved the constitutional amendment on November 4, 2025.

S.B. 7 establishes the framework for how the new water money will be spent. It directs the Texas Water Development Board (TWDB) to ensure that a portion of the money transferred from the Texas Water Fund is used for water and wastewater infrastructure projects. The bill prioritizes funding for cities with a population under 150,000 and rural political subdivisions. It also expands funding to support new water sources for the state. Lastly, S.B. 7 creates the Texas Water Fund Advisory Committee to advise the TWDB on the use of funds in the various funds and directs the TWDB to develop a publicly available tool for citizens and city officials to track state progress toward meeting future water supply needs.

In 2024, the League adopted a resolution from the City of Aledo to seek introduction and passage of legislation that would: (1) create new grant programs to assist rural cities with costs related to the expansion or upgrading of infrastructure and utility facilities required due to the rapid population growth; or (2) alternatively, expand the definition of "in-need" communities to include those cities whose median household income is more than 75% of the median household income of the state, but nonetheless need legislative support to alleviate the strains on their resources imposed by Texas' rapid population growth and to meet the needs of their growing community.

One other water funding-related bill of note that passed during the 2025 legislative session was S.B. 1967 by Senator Chuy Hinojosa. S.B. 1967 broadens the State Water Implementation Fund for Texas (SWIFT) and the water loan assistance program fund to provide increased funding for flood mitigation projects, including SWIFT projects with a flood-control component. It also clarifies that drainage districts may be eligible for grants without holding a certificate of convenience and necessity for retail water service.

The House Natural Resources Committee and the Senate Water, Agriculture, and Rural Affairs Committee will hold interim hearings on water and wastewater infrastructure and funding. The House Natural Resources Committee has been charged to monitor the implementation of S.B. 7 and H.J.R. 7, assess the capacity of existing state and federal water infrastructure financial assistance programs, evaluate strategies to leverage the dedicated revenue stream established by H.J.R. 7 to meet identified capital needs, and review regional water planning, groundwater management, innovative water supply strategies, brackish groundwater production, and data center water use and conservation. The Senate Water, Agriculture, and Rural Affairs Committee has been charged to assess the water demands of energy-intensive technologies (including data centers) and evaluate the viability of desalination and the efficiency of related permitting.

City-Owned Water Utility Operations

In 2025, the legislature also passed several bills directly affecting how city-owned water utilities operate.

H.B. 29 by Representative Gerdes requires every city-owned utility providing potable water through more than 150,000 service connections to: (1) validate its annual TWDB water audit within 180 days of filing, (2) submit a water loss mitigation plan within one year of filing, and (3) incorporate its water loss mitigation plan into the utility's water conservation plan. By December 31, 2030, and every ten years thereafter, the utility must also complete a more detailed validation of its most current water audit. The TCEQ shall assess a $25,000 administrative penalty against any city-owned utility that fails to submit its required water loss mitigation plan.

H.B. 1318 by Representative Guillen establishes a new Public Utility Commission of Texas (PUC) process to determine adequate and just compensation when a city-owned utility seeks to add an area previously served by a private utility to its Certificate of Convenience and Necessity (CCN) following annexation.

S.B. 740 by Senator Perry modifies the PUC's rate-setting jurisdiction, providing that the PUC's rate jurisdiction is limited to water furnished by a city to another political subdivision, other than another city, on a wholesale basis. The bill also directs the PUC to adopt rules for an expedited process to authorize a city-owned utility, a county, or another entity to acquire the assets of a utility in receivership, under supervision, or under temporary management.

Lastly, the legislature passed two bills related to city-owned water utility charges. First, H.B. 685 by Representative Cecil Bell prohibits a city from establishing a higher rate for water or sewer utilities for entities subject to a sales tax or property tax exemption. Second, H.B. 1991 by Representative Guillen requires a city-owned utility that imposes operating, maintenance, replacement, or improvement charges to publish the terms and conditions of those charges on its website and on the city's website. The city and the utility must also update both within 30 days of any change to these charges.

The Senate Water, Agriculture, and Rural Affairs Committee will hold an interim hearing on the practice of large municipalities transferring revenue from water and wastewater utilities to general funds. Specifically, the committee has been charged to assess the impact of such transfers on delays in projects, infrastructure maintenance backlogs, and water loss mitigation, and to make recommendations to limit the percentage of utility revenue available for transfer and to ensure ratepayer funds are dedicated exclusively to the sustainability and security of Texas water systems.

The TML Legislative Program provides that the League should support legislation that would provide additional state grant funding to the Texas Water Development Board as identified in the State Water Plan; codify Texas Commission on Environmental Quality guidance on regionalization for wastewater treatment facilities and improve permitting requirements around wastewater to ensure long term safety and security of package plants, so long as the legislation does not impose

an unfunded mandate; and create new grant programs to assist rural cities with costs related to the expansion or upgrading of infrastructure and utility facilities required due to rapid population growth.

Water Supply Corporations

Several rural cities receive their water from nonprofit water supply corporations (WSCs). WSCs typically serve areas that are too spread out or sparsely populated to attract an investor-owned or city-owned water utility. As cities grow and residential development pushes into formerly rural areas, some WSCs have struggled to keep up with the increasing water demand. This includes being unable to make needed infrastructure improvements, maintain adequate staffing or license operators, and comply with development agreements.

Cities located adjacent to struggling WSCs are often called to meet this increased need. However, under current law, WSCs do not have to provide cities with advance notice of their operational capabilities, financial conditions, or even a pending sale or transfer to another provider. This lack of knowledge prohibits nearby city water utilities from being able to adequately plan for potential increased water demand.

In 2023, the League adopted a resolution from the City of McLendon-Chisholm asking the League to support legislation that would require a WSC to inform the nearest city about certain financial and operational information. No legislation was filed in 2025 on the topic.

The TML Legislative Program provides that the League should support legislation that would require a rural water corporation to notify the nearest municipality, any Certificate of Convenience and Necessity (CCN) holder closer than the nearest municipality, to inform the entity, via certified mail, of:

> **a) any pending transfer**
> **b) any failure to comply with infrastructure improvements per existing and/or development agreements;**
> **c) any failure to comply legally with contractual agreements;**
> **d) any failure to refund finances for improvement, meters, hydrant meters and/or infrastructure related equipment;**
> **e) any failure to provide adequate staffing;**
> **f) any failure to provide defined licensed operators, technicians, backflow inspectors;**
> **g) any failure to refund finances to public improvement district bond obligations;**
> **h) any failure to produce a third-party audit by the annual meeting for its customer members; and**
> **i) any failure to have day-to-day administration and/or operation support.**

Homeowner Association Fines During Drought Restrictions

Texas cities may require water utilities and other retail water suppliers to implement mandatory residential watering restrictions during declared drought periods. However, many residential homeowners are also subject to subdivision restrictive covenants that require them to maintain green vegetation and prohibit discolored or brown lawns. The conflict between the two requirements has caused some confusion for homeowners.

In 2025, the League adopted a resolution from the City of Georgetown asking the League to support legislation to clarify a homeowners association's authority to fine residents for failing to maintain green vegetation or having a discolored or brown lawn during periods of declared drought.

That same year, the legislature passed H.B. 517 by Representative Harris Davila that prohibits a property owners' association from assessing a fine against a property owner for violating a restrictive covenant that requires the owner to plant or install grass or turf, maintain green vegetation or turf, or prohibits discolored or brown vegetation or turf on the property, during any period when the property is subject to a residential watering restriction mandated by a municipality, water utility, or other wholesale or retail water supplier before the 60th day after the date such watering restriction has been lifted.

Due to the passage of H.B. 517 in 2025, the position on homeowner's association ability to fine residents during declared droughts in the TML Legislative Program is likely no longer needed.

The TML Legislative Program provides that the League should support legislation clarifying a homeowners association's ability to fine residents during declared drought periods.

GENERAL GOVERNMENT

Community Advocacy Limitations

Prior to the 2007 legislative session, interim legislative committees studied the question of so-called "taxpayer-funded lobbying." One reason for this research was that local government officials and their membership organizations (like TML) had been successful in previous legislative sessions in defeating numerous bad ideas that were being pushed by influential state officials and various interest groups.

In preparation for what the League knew would be an assault on its ability, and the ability of its membership, to advocate the legislature, a special TML Legislative Task Force on Intergovernmental Relations was convened to study this and other issues concerning the League's relationship with state government. The conclusions of that task force were ultimately embodied in the following positions taken by the League in 2007:

- Oppose legislation that would limit or prohibit the authority of city officials to use municipal funds to communicate with legislators.
- Oppose legislation that would limit or prohibit the authority of the Texas Municipal League to use any revenue, however derived, to communicate with legislators.

Those positions were adopted none too soon, as 2007 did indeed bring about legislation that would have harmed the League and its members. H.B. 1753 by Rep. Frank Corte (and its companion bill, S.B. 1944 by Sen. Dan Patrick). Those bills had nothing to do with legislative communications undertaken by city officials, nor did they relate to the authority of cities to contract for the services of a legislative consultant – a "hired gun lobbyist." Rather, H.B. 1753 and S.B. 1944 would have prohibited a city from paying dues to an organization if that organization or an employee of that organization directly or indirectly influences or attempts to influence the outcome of any legislation pending before the legislature. In other words, the bills were designed to force TML to not advocate on behalf of its member cities or force cities to stop paying dues to TML.

The introduction of bills like H.B. 1753 and S.B. 1944 raised an interesting question. Why does TML spend any resources, however derived, on attempting to influence legislation? The answer is simple: TML does so because legislative advocacy is the service that city officials most want from the League. Every membership survey conducted by the League has shown that advocacy is the League's most important activity.

It is also worth remembering that the legislative program that directs the TML advocacy efforts is developed and adopted by the League's membership-at-large and its Board of Directors, not by the TML staff.

It stands to reason, then, that future bills resembling H.B. 1753 and S.B. 1944 should be of the most concern to city officials, not to the TML staff. Such bills would prevent the League from speaking out against the dozens of unfunded state mandates that are proposed each legislative session. They would also prohibit the League from speaking in opposition to legislation that increases the liability of city officials and endangers their personal resources. They would, most importantly, limit city officials' access to information on statewide policy, and therefore also limit the ability of local leaders to effectively participate in the legislative process.

In 2015, three bills were filed that would have prohibited cities from spending public money to attempt to influence the outcome of any legislation pending before the legislature, as well as expressly prohibiting cities from being members of a nonprofit association that attempts to influence the outcome of any pending legislation—H.B. 1257 (Shaheen), S.B. 711 (Burton), and S.B. 1862 (Burton). Of the three bills, both H.B. 1257 and S.B. 1862 were heard in committee, although neither was voted out. During those committee hearings, local government officials pointed out that the legislation in question would make it next to impossible for legislators to get all the facts they need to cast an informed vote on a bill that affects the cities in their districts. Additionally, cities hire lobbyists for the same reason many state agencies and state universities in Texas spend taxpayer money to employ dozens of lobbyists in Washington, D.C.

Though nothing passed in 2015, the issue was back in high gear in 2017. Two House bills that would have prohibited advocacy by cities were filed in 2017: H.B 1316 (Swanson) and H.B. 2553 (Shaheen). Those bills never received hearings. One bill, S.B. 445 (Burton) would have instituted transparency reforms related to local government lobby contracts. It passed the Senate but wasn't heard in the House.

The 2019 version was S.B. 29. That bill passed the Senate and died on the House floor by a 58-85 vote. In fact, the bill became the center of a controversy that ended up with the Speaker of the Texas House resigning.

One reporting bill did pass. H.B. 1495 provided, among other things, that the proposed budget of a political subdivision must include, in a manner allowing for as clear a comparison as practicable between those expenditures in the proposed budget and actual expenditures for the same purpose in the preceding year, a line item indicating expenditures for directly or indirectly influencing or attempting to influence the outcome of legislation or administrative action, as those terms are defined in the state's lobby law.

Neither the bill nor current law defines what it means to "directly or indirectly influence or attempt to influence legislation." It's safe to say that money spent on a contract lobbyist should be included, but what about internal expenditures related to influencing legislation? Those internal expenditures might include staff travel time to Austin and related expenses to meet with a legislator or testify before a committee. What to include is ultimately up to each city to decide in good faith based on the advice of local legal counsel. (Note: TML member service fees are not spent to influence legislation. As such, they need not be included in the budget comparison.)

Prior to the 2019 session, then-League President Holly Gray appointed a special legislative committee to examine, among other issues, whether the League's primary focus on defeating harmful bills was the correct one considering all the potential negatives that can flow from being a bill-defeating organization. The committee's recommendation was unanimous that defeating harmful legislation should continue to be the League's primary focus.

Following the 2019 session, TML President Eddie Daffern appointed another committee (with many of the same members) called the Legislative Policy Committee on Advocacy Strategy. The purpose of the 2020 committee was not to re-litigate the question of the League's broad strategic goal to defend against harmful legislation. Rather, it was to examine whether the League is on the right track in achieving that strategy. How might tactics change given a changing environment? How can mayors and councilmembers reassert themselves as the primary spokespersons of what's best for Texas cities, using the League as a resource to do so? These and other questions were critical heading into a 2021 legislative session where it was imperative that the League stem the tide of harmful bills.

The relevant recommendations of the 2020 Advocacy Strategy Committee included the following:

- The League should begin efforts to inform and educate city officials about the legislative process. Those efforts should include more concise written materials in the *Legislative Update*, a social media presence, and oral presentations at every TML or city event in the coming year where doing so is feasible, including every TML regional meeting and affiliate conference.

- The League should redouble its efforts to educate and encourage all municipal elected officials through the following:
    - Increased use of weekly conference call updates to officials so they are aware of bad legislation well in advance of needed engagement.
    - Narrowed focus of written updates, such as the *Legislative Update* email, to a handful of the most important issues, perhaps ranked by significance.
    - Increased use of old-fashioned "phone trees" when it is time to engage against a bill, with a goal of timely contact and avoiding the perception that talking points are being invented by TML staff.
    - Significant improvement to the League's GRIP (Grassroots Intervention Program) database. Improvements could include more information about subject matter expertise of member city officials, professional affiliations, and more information about the willingness of city official to take certain types of advocacy actions during a session.
    - Utilization of communications consultants and public information offices to help with advocacy messaging.

- The League should, when using the local clout of elected officials in advocacy efforts, and through TML affiliates, educate city staff on how they can assist in that process by providing individualized advocacy points to their elected officials.

The stage was set for yet another showdown on community censorship in 2021. The Republican Party of Texas listed "banning taxpayer funded lobbying" as one of their eight legislative priorities in the 2021 legislative session. Lieutenant Governor Patrick counted the issue as one of his 31 legislative priorities, and assigned Senator Bettencourt to shepherd the bill through the process – S.B. 10.

As filed, S.B. 10 would have generally prevented a city from hiring staff, contracting with lobbyists or other professional advocates, or joining associations like TML that engage in advocacy at the state capitol. Specifically, the bill provided:

> The governing body of a county or municipality may not spend public money or provide compensation in any manner to directly or indirectly influence or attempt to influence the outcome of any legislation pending before the legislature.

The first thing that stood out is how broadly the language limits city and county authority regarding advocacy. A city council certainly has a firm grasp of whether or not it contracts with a lobbyist or hires an employee to engage in legislative advocacy. However, the language prohibited the city council from spending public money on directly or indirectly influencing legislation "in any way." This would potentially put a city in the impossible position of trying to track every dollar spent by the city, say in a contract with a vendor, to make sure that the money is not ultimately used for legislative advocacy.

More troubling was the use of the phrase "indirectly influencing or attempting to influence the outcome" of legislation. That phrase was not defined in the bill, nor was it defined in existing state law. While directly influencing the outcome of legislation would encompass traditional communications with members of the legislature and staff (which is problematic in and of itself), "indirectly influencing" would go far beyond any notion of lobbying to include other communications and activities. S.B. 10 would prohibit TML, for instance, from providing its members' information about a bill, since doing so could potentially influence the outcome of the legislation.

The bill contained three exceptions to the general prohibition on community advocacy listed above. Those exceptions were:

1. Allowing an elected official to advocate for or against or otherwise influence or attempt to influence the outcome of legislation pending before the legislature;

2. Allowing an officer or employee of a city to provide information to a member of the legislature or appear before a legislative committee, but only if requested by the member of the legislature or committee; and

3. Allowing an employee to advocate for or against or otherwise influence or attempt to influence the outcome of legislation, but only if the employee engages in a minimal amount of lobbying activity so as not to be required to register as a lobbyist under state law.

Taken together, these exemptions granted very limited access to the state lawmaking process during the legislative session. Though a mayor or councilmember was given the ability to advocate on behalf of the city, they are simultaneously prohibited by the bill from receiving any extensive guidance on legislation by staff, professional advocates, or nonprofit associations. In other words, the bill allowed elected city leaders to participate, but only if they are able to independently monitor legislation and make time to advocate in addition to performing their jobs as public servants.

The original iteration of S.B. 10 did not have the full support of the Senate Local Government Committee. In order to garner sufficient votes to pass the bill out of committee, Senator Bettencourt was forced to amend the language of the bill to allow a city or county to provide compensation to a nonprofit state association or organization to advocate for or against or otherwise influence the outcome of legislation, so long as the association or organization does not contract with lobbyists or attempt to influence legislation related to property taxation. While this change was a bit more promising for associations like TML in theory, it made an already constitutionally dubious bill arguably even more unconstitutional by prohibiting advocacy on one particular issue. Further, all other broad prohibitive language remained in the bill with intended goal of censoring local communities at the Capitol. Not surprisingly, the bill was reported from committee on a 5 to 4, party-line vote, and ultimately passed the Senate by a vote of 17-13.

In the House, the House State Affairs Committee heard H.B. 749 by Representative Middleton, which would have broadly prohibited political subdivisions from hiring lobbyists or paying statewide associations that contract with or hire lobbyists. The bill was heard in committee, but from the discussion in committee it was relatively clear that the bill lacked the necessary votes to be reported from committee. As H.B. 749 languished, the House State Affairs Committee received S.B. 10 as passed by the Senate and took action to further amend the bill in the form of a House committee substitute. The House version of S.B. 10 replaced the strict community censorship provisions of the bill with transparency reforms related to the practice of community advocacy. The committee substitute would have applied to most political subdivisions and required a vote of the governing body to authorize a contract with a person required to register as a lobbyist. The bill required a political subdivision to post a copy of the lobby contract on its website, including other information like the amount spent on contract lobbyists and membership fees or dues to nonprofit state associations or organizations. The bill also prohibited a city from reimbursing a lobbyist for expenditures on food, drink, and entertainment and prohibited lobbyists who contract with political subdivisions from advocating on property tax rates.

Many in the Texas House viewed the House committee substitute as a more reasonable measure than earlier iterations of S.B. 10. However, when it became clear that a consensus in the House could not be reached on the committee substitute to S.B. 10, the House sponsor postponed the bill until September 18, 2021 – a procedural move that effectively ended any chance of the bill passing in 2021.

In the interim leading up to the 2023 session, Lieutenant Governor Patrick charged the Senate Local Government Committee to study the community censorship issue. Not surprisingly, given the last few legislative sessions, the Senate Local Government Committee recommended that the "[l]egislature consider legislation that would prevent the governing body of a city or county from spending public money or providing compensation in any manner to directly or indirectly influence the outcome of any legislation pending before the Legislature." No similar interim charge was issued in the Texas House. Additionally, the concept of banning taxpayer funded lobbyists did not make the list of the top eight legislative priorities of the Republican Party of Texas entering the 2023 legislative session.

In 2023, the primary vehicle to reign in community advocacy was S.B. 175, filed by now-Senator Middleton. As filed, the bill would have prohibited a political subdivision from spending public funds to either: (1) hire a lobbyist; or (2) pay a nonprofit state association that hires or contracts with a lobbyist. The bill was voted from the Senate State Affairs Committee on an 8 to 3 vote.

Due to difficulty garnering the votes necessary to bring the bill up for a debate on the Senate floor, a floor amendment by Senator Flores was added to the bill. The amendment would have expressly allowed a full-time employee of a nonprofit state association to: (1) provide legislative services, including services related to bill tracking, bill analysis, and legislative alerts; (2) communicate directly with a member of the legislature to provide information; or (3) testify for or against legislation before a legislative committee. The bill passed the Senate on a 19-12 vote as amended, but was never heard in a House committee.

A similar story played out in 2025, both in the regular session and the special session. S.B. 19 by Senator Middleton incorporated the Flores floor amendment from 2023 into the as-filed version of the bill. When S.B. 19 was debated on the Senate floor, a beneficial amendment by Senator Nichols was approved with bipartisan support to modify the already helpful association language to provide that the bill would not prohibit "a full-time employee of a nonprofit association or organization that primarily represents political subdivisions of this state from engaging in activities that would require registration as a lobbyist under Chapter 305." In other words, TML and other similar associations were exempt from the lobbying restrictions in S.B. 19. Still, due to the impact on Texas cities contracting with their own legislative consultants, TML remained opposed to the bill. S.B. 19 was approved by the Senate on an 18-11 vote, but never made it out of the House State Affairs Committee.

Governor Abbott included "legislation prohibiting taxpayer-funded lobbying, including the use of tax dollars to hire lobbyists and payment of tax dollars to associations that lobby the Legislature" in his agenda for the special session in 2025. The Senate passed S.B. 13 without the beneficial Nichols amendment from the regular session, which was not offered. However, the bill did contain the original language allowing a full-time employee of an association of political subdivisions to provide certain legislative services so long as they do not engage in lobbying activities in violation of state law. Once again, the bill stalled in the House State Affairs Committee. Given the governor's recent support of a prohibition on community advocacy, city officials can continue to expect community censorship legislation to be strongly pursued again in 2027. The political dynamic on the issue, especially in the Senate, will be different than in 2025, as neither Senator Middleton nor Senator Nichols remain in the Senate. In April 2026, Senator Adam Hinojosa authored an Op-Ed titled "Taxpayers Shouldn't be Forced to Fund Lobbyists," and appears to be positioned to carry the mantle on this issue in the Texas Senate in 2027. How leadership in the Texas House will view the issue remains unclear.

The TML Legislative Program provides that the League should oppose legislation that would limit or prohibit the authority of city officials to use municipal funds to communicate with legislators; or limit or prohibit the authority of the Texas Municipal League to use any revenue, however derived, to communicate with legislators.

Elections: Ballot Language/Initiative and Referendum

In 2025, the legislature finally passed a bill—S.B. 506 by Senator Bettencourt—that gives the secretary of state's elections division some degree of oversight over initiative, referendum, and charter election ballot proposition language drafted by a home rule city, ending nearly ten years of legislative wrangling over the issue. The bill was signed into law by Governor Abbott and fully went into effect on January 1, 2026.

S.B. 506, among other things, sets up a procedure for the secretary of state's elections division to review city-drafted ballot propositions for certain elections unique to home rule cities. The bill provides that not later than the seventh day after a home rule city publishes its election order for a charter amendment, initiative, or referendum election, a registered voter *or the city itself* may submit the proposition for review by the secretary of state. The secretary of state's office must review the language within seven days to determine if the language is misleading, inaccurate, or prejudicial. If the secretary of state determines that the ballot language is unacceptable, the city has three days to redraft the proposition. If the redrafted proposition is submitted to the secretary of state, and the secretary of state again determines that the language is deficient, then the secretary of state must draft the proposition. S.B. 506 also provides that a person may sue a city to require the city to draft a ballot proposition that is not misleading, and the court may draft the ballot language in relation to such legal action.

By giving a city discretion to send its proposition language to the secretary of state's office for review, S.B. 506 affords cities some degree of protection from a lawsuit. The bill provides that if the secretary of state determines that a city's ballot language is not misleading, inaccurate, or prejudicial, or if the secretary of state drafts the city's ballot proposition, a plaintiff who files a lawsuit challenging the city's ballot language is not entitled to receive attorney's fees or court costs if they prevail. In other words, if a city relies on the secretary of state's assurances that the ballot proposition passes legal muster, then the city can limit its legal exposure. For this reason, many cities drafting initiative, referendum, or charter amendment ballot propositions may wish to send the proposition to the secretary of state on their own to have the language approved.

This added protection in S.B. 506 represents an important addition to previous iterations of the same general concept that would expose cities to liability for ballot language that received state-level approval. Additionally, S.B. 506 provides that a city may not proposed a measure, including a charter amendment, that would appear on the same ballot as a petition-initiated measure if the two measures generally address the same subject matter or a provision of the city-proposed measure would invalidate or conflict with any portion of a petition-initiated measure.

What follows below is a short history of the ballot language review issue prior to the passage of S.B. 506 in 2025.

Prior to the 2017 legislative session, the lieutenant governor charged the Senate Intergovernmental Relations Committee with studying the following topic:

> Local Ordinance Integrity: Examine the processes used by home rule municipalities to adopt ordinances, rules, and regulations, including those initiated by petition and voter referendum. Determine if additional statutory safeguards are necessary to ensure that ballot language accurately describes proposed initiatives. Identify ways to improve transparency and make recommendations, if needed, to ensure that local propositions, and the means by

which they are put forth to voters, conform with existing state law.

When the committee met regarding the charge, it became clear that some want more state regulation of ballot language used in initiative, referendum, and home rule charter amendment elections, which sometimes become highly contentious. Proponents argued that these reforms were necessary due to case law striking ballot language proposed by cities.

The interim charge to the Senate Intergovernmental Relations Committee culminated with the filing of S.B. 488 by Senator Bettencourt and H.B. 3332 by Representative Kuempel in 2017. S.B. 488 made it furthest of the two companion bills. It was approved by the full Senate and House Elections Committee but was never considered on the House floor. In short, S.B. 488 would have authorized the secretary of state to review home rule city ballot language and required cities to make changes to the ballot language based on that review. Even more troubling, the bill would have required cities to pay reasonable attorney's fees, expenses, and court costs to a prevailing plaintiff in a suit challenging the ballot language, even if the city were using language recommended by Secretary of State.

With highly charged political issues on a ballot, there is always a distinct possibility of a pro-forma legal challenge to the ballot language by the opponents of a given measure. As the only level of government in Texas that has initiative and referendum elections, home-rule cities are uniquely targeted by proposals like S.B. 488 just by virtue of having a process that allows for the citizens to vote on certain measures. The irony of S.B. 488 is that the Texas legislature—a body that has not come close to adopting direct democracy measures like initiative and referendum at the state level (like many other states)—is attempting to punish home-rule cities for improperly managing their voter-approved procedures for heightened accountability and transparency.

At a 2018 interim committee hearing, Senator Paul Bettencourt indicated his intent to re-file his ballot language legislation from 2017. According to Senator Bettencourt, city officials are drafting "purposely misleading" ballot language, presumably in an attempt to sway voters one way or the other.

Senator Bettencourt's renewed focus on city ballot propositions was based on three lawsuits, described here:

- The City of Austin received a petition to call an election on the implementation of a city land use plan. The petition required any new land use plan to include a waiting period and voter approval before it could go into effect. The city's ballot language provided that the waiting period could be "up to three years." The plaintiffs sued the city over this language, arguing that the city's ballot language should have excluded the length of the waiting period. The Texas Supreme Court rejected the plaintiffs' challenge. (Note: this proposition was ultimately rejected by the voters.)

- The City of Austin received a petition to mandate the city to conduct an annual "efficiency audit." The city's ballot language included the cost of each proposed efficiency audit, estimated at $1 - $5 million. The plaintiffs argued that the inclusion of the cost was misleading political commentary on the proposed requirement. The Supreme Court rejected the plaintiffs' challenge. (Note: this proposition was ultimately rejected by the voters.)

- The City of Houston hadn't even finalized its ballot language for an upcoming charter amendment election prior to being sued over the proposed language. The proposition was to establish a dedicated fund for street and drainage infrastructure spending. The lawsuit claimed that *proposed* ballot language didn't comply with the common-law ballot language standard requiring that the "key features" be included in the language. (The original language didn't state that the funding would come from fees on city residents.) The city ultimately adopted ballot language

> that referenced the drainage charges. The Supreme Court rejected plaintiffs' challenge. (Note: this proposition was passed by the voters.)

Senator Bettencourt mentioned the lawsuits above as justification for re-filing legislation like S.B. 488 in 2019. This in spite of the fact that the Supreme Court of Texas dismissed the lawsuits and determined that the language drafted by the cities was in accordance with current legal standards.

Nevertheless, Senator Bettencourt did refile a bill on the topic in 2019. S.B. 1225 was virtually a copy of S.B. 488 from the 2017 session. The League opposed the bill, but it still was reported from the Senate committee chaired by Senator Bettencourt and passed by the full Senate on a 20-10 vote. That momentum did not carry over to the House, possibly because another bill had seemingly become the primary vehicle for ballot language changes.

S.B. 323 by Senator Huffman required a city, not later than the 123rd day before an election, to submit ballot language to the regional presiding judge, who then appointed a three-judge panel to consider and approve the language. As originally filed, the panel could disapprove the language without rewriting it. Given the strict election deadlines that would apply, a disapproval under S.B. 323 would often mean that the city would need to postpone certain initiative and referendum elections at least six months to the next uniform election date. The League voiced this concern at the committee hearing in the senate, and the bill was modified to require the panel of judges to rewrite the ballot language if disapproved. Still, the bill would have subjected the city to an election contest even when the city used the judicially-approved ballot language. S.B. 323 was approved by the Senate and reported from the House Elections committee before time running out in the session.

Although the three-judge panel didn't resurface in 2021, Senator Bettencourt's Secretary of State review bill did – S.B. 1430. However, it was a nearly identical bill in the House – H.B. 782 by Representative Swanson – that was pushed. H.B. 782 was reported out of the House Elections Committee and heard on the House floor. There, a valid point of order was raised against the bill, and the bill was pronounced dead by procedural action. The fatal point of order occurred late enough in the session that it was too late for the Senate to mobilize behind S.B. 1430.

Following the 2021 session, the Texas Supreme Court reviewed ballot language used when the City of Austin placed a voter-initiated ordinance on police funding before the voters. The city prepared its own ballot language instead of using the ballot language in the petition for the ordinance. The organization responsible for the petition filed suit, claiming that the city was required by its charter to use petitioners' caption language in the proposition and could not add language addressing the ordinance's financial impact. The Supreme Court concluded that the city correctly added the financial impact language to the ballot proposition in accordance with past Texas Supreme Court precedent but was otherwise required by its charter to use the caption from the petition in the proposition.

Once again, the issue was included as an interim charge to the Senate Local Government Committee. A hearing was held on the charge in April 2022. Ironically, most of the focus of the testimony on the ballot language charge focused on the state's drafting of ballot language for a constitutional amendment election held in May 2022 regarding property tax homestead exemptions, highlighting the inherent difficulties in drafting ballot language no matter which level of government is doing the drafting.

Two bills of interest were filed on the subject in 2023. S.B. 221 by Senator Bettencourt resembled legislation he authored in previous sessions. And, just like 2021, the bill passed the Senate only to be thrown out on a point of order on the House floor. H.B. 190 by Representative Swanson, though it didn't advance at all through the legislative process, took a slightly different tack that is worth monitoring. The bill would require a city to use wording identical to the caption of any petition submitted to the city for an election and give the city the ability to appeal the caption's language to the secretary of state's office.

With S.B. 506 finally getting across the finish line in 2025, the concept of city ballot proposition review has likely been put to bed for the immediate future. Summit delegates should consider removing the past ballot language provisions from the TML Program.

The TML Legislative Program provides that the League oppose legislation that would: (1) restrict city authority to draft ballot propositions in such a way that reflects the full fiscal impact of the proposition; and (2) require preclearance of city ballot propositions by a state agency.

Elections: Partisan City Elections

2017 saw the beginnings of a new effort to politicize the successfully non-partisan nature of city government in Texas. One early-filed bill that didn't progress was H.B. 2919 by Sanford. H.B. 2919 would have required candidates for mayor and city council to declare party affiliation and run as partisans in their elections (Note: current Texas law authorizes a home rule city to hold partisan city elections by charter, but to the League's knowledge no city has opted into a partisan election scheme). Representative Sanford refiled his bill in 2019, but the bill (H.B. 3432) once again did not receive a committee hearing. In 2021, Rep. Sanford's bill—H.B. 2092—not only received a hearing in the House Elections Committee, but was actually voted out of committee by a vote of 5 to 4. However, the bill went no further and Representative Sanford chose not to run for reelection.

No similar bill was filed in 2023, at least as it relates to city elections. H.B. 221 by Representative Toth would have required candidates for a board of trustees of an independent school district to run in partisan elections. That bill was not heard in committee.

In 2025, Representative Schatzline filed H.B. 4199, which would have required partisan elections for officers of all political subdivisions, including cities, in November of even-numbered years. The bill was referred to the House Elections committee but did not receive a hearing.

As the partisanship in Washington continues to creep down to the state and local levels, supporters of the two major parties are now getting active in local city elections through endorsements and fundraising. The League's membership has traditionally held the belief that one of the leading reasons that city governments are able to efficiently respond to their citizens is because city leaders are able to avoid the partisan gridlock that plagues Washington D.C. and, on occasion, the state legislative process in Austin.

The TML Legislative Program provides that the League oppose legislation that would require candidates for city office to declare party affiliation in order to run for office.

Elections: Uniform Election Dates

Prior to 2005, most city elections had to be held on one of four uniform election dates. In 2005, the legislature passed H.B. 57, which deleted the February and September election dates, leaving only two uniform election dates: (1) the second Saturday in May and (2) the first Tuesday after the first Monday in November.

H.B. 57 also gave cities the ability to change the date on which they held a general election to another authorized uniform election date, so long as the action was taken prior to December 31, 2005. Since then, numerous proposals have been filed, and some passed, that alter the deadline for a city to change the date of its general election. As an example, H.B. 3619 by Raymond passed in 2007 and would have extended the deadline for a city to change the date of its election to December 31, 2008. Governor Perry vetoed that bill on the grounds that voters needed to have some confidence in when city elections were to take place. In his veto message, the Governor stated that "[w]hile some of the deadline extensions were necessary in sessions in which the legislature cut back the number of uniform election dates, we have now reached the point where the cities and other local subdivisions need to stop moving their election dates."

For whatever reason, the governor signed a bill (H.B. 401 by Raymond) extending the deadline for switching election dates in 2009, but with one slight change. H.B. 401 provided that a city that held its general election on the May uniform election date could change the date of the election to the November uniform election date no later than December 31, 2010. In other words, a city that held its general election in November had no statutory authority to move its elections to the May uniform election date.

A major elections bill in 2011 further impacted a city's ability to change the date of its general election. S.B. 100 by Senator Van de Putte implemented the federal Military and Overseas Voter Empowerment (MOVE) Act of 2009. The MOVE Act, among other things, requires that ballots be transmitted to military and overseas voters 45 days prior to an election held in conjunction with a federal election to ensure that military and overseas voters would have ample time to return their ballots.

S.B. 100 implemented the federal legislation by leaving the current primary election date intact but moving the primary runoff date, which used to be held on the second Tuesday in April of even- numbered years, to the fourth Tuesday in May of even-numbered years. This was needed to be able to transmit ballots overseas 45 days in advance of a primary runoff election. The election calendar changes of S.B. 100 meant that the May uniform election date would fall between the primary and primary runoff dates in even-numbered years. Counties were concerned that they would not be able to both lend their machines to cities and school districts for local elections on the second Saturday in May of even-numbered years, and have the electronic voting machines ready for use in the primary runoff election held at the end of May of even-numbered years.

These concerns led to practical limitations on the availability of the May uniform election date in some locations. Following the passage of S.B. 100, a city could still hold an election on the second Saturday in May of an odd-numbered year or on the November uniform election date. However, counties might refuse to provide electronic voting machines to cities for use on the second Saturday in May of an even-numbered year due to the proximity of that election date to the primary runoff date in even-numbered years.

As a result, some cities received notice from the county that they can no longer use the county's electronic voting machines for this date, which forced those cities to take one of three actions: (1) move all elections to the November uniform election date; (2) unstagger terms of office for elected officials so that all officials are elected on the May uniform election date in odd-numbered years; or (3) purchase electronic voting machines so that May elections are not dependent upon the availability of machines from the county.

S.B. 100, along with a separate bill, H.B. 1545, both extended the deadline to December 31, 2012, for cities with May elections to switch to the November uniform election date. That statutory deadline expired, but still remained in place until 2015, thus precluding a city from changing its election date for three years.

In 2015, H.B. 2354 passed which moved the May uniform election date to the first Saturday in May to avoid potential scheduling conflicts with state political party conventions. Additionally, S.B. 733 by Fraser was passed, which extended the deadline to switch from May to November elections to December 31, 2016. By the time the 2017 legislative session began, Texas cities once again had no statutory authority to move their general election to another uniform election date. This lack of flexibility has become problematic for many cities, primarily because counties still have the ability to refuse to provide electronic voting machines to cities conducting their elections in May of even-numbered years.

A handful of bills were filed in 2023 that would make beneficial changes to the statute authorizing a city to change its general election date. H.B. 2133 by Representative Thimesch, as-filed, would have authorized a city to move its election from November to May. H.B. 824 by Representative Buckley would have extended the deadline for a city to move from May elections to November elections to December

31, 2024. H.B. 455 by Representative Schofield would have simply repealed the existing December 31, 2016 deadline altogether, thus allowing cities to move from May elections to November elections freely. Though none of these bills passed, the fact that they were filed indicated a growing support for giving cities some additional flexibility to change their general election dates.

In 2025, that growing support finally lead to a bill passing and getting signed into law, even if it only had a limited impact. S.B. 1494 by Senator Johnson opened a small window allowing cities with May elections to move their general election for officers to the November uniform election date *in odd-numbered years only*, but only if the city took action to change the date before December 31, 2025.

While the additional flexibility was welcomed, the problem with the limited authority in S.B. 1494 for many cities was that if the city has two year terms of office for the mayor and councilmembers and staggered terms where elections are held every year for a portion of the city council (as most cities do), moving to the November of odd-numbered year date only would imply that the city needs to unstagger terms so that all councilmembers and the mayor would be up every two years on the November odd-numbered year election date. Even putting aside questions about the legal authority of a general law city to be able to unstagger its terms, this was a practical barrier for many cities who did not want the possibility of having an entire city council voted out of office at one election. Following the passage of S.B. 1494, a small handful of cities acted quickly to move their elections to November of odd-numbered years.

A number of bills were filed from 2017 to 2025 that would have eliminated the May uniform election date, though few gained much traction. In June 2022, the San Antonio court of appeals held that while the Texas Election Code does currently prohibit all cities from changing the date of their elections from May to November, home rule cities could change their elections from November to May, since they weren't prohibited from doing so by the Texas Election Code.

In 2025, S.B. 1209 by Senator Hughes would have eliminated the May uniform election date. The bill passed the Senate on a 20-10 vote, and then was heard and voted favorably from the House Elections committee, marking the farthest that the concept has gotten in the process in recent memory. Fortunately S.B. 1209 did not pass, but the momentum of the bill may be an indication that the legislature is beginning to look more favorably on all local elections being held in November. Entering the 2027 session, cities still have two uniform election dates, though still face some limitations in switching the date of their elections.

Some theorize that certain legislators want all elections to be held on one date, such as the November uniform election date. Such a joint election would eliminate the need to procure the now-required electronic voting machines for a stand-alone municipal election. But many city officials are uncomfortable with that possibility. City officer elections and propositions, including important bond issues, could be shunted to the end of the ballot, and city issues could be drowned-out under huge national and state campaigns.

The TML Legislative Program provides that the League oppose legislation that would eliminate any of the current uniform election dates.

Elections: Post-Redistricting Elections

The legislature passed H.B. 3613 in 2023, which requires cities with single member districts to elect all members of the city council on the first uniform election date following a required redistricting. The legislation stemmed from a lawsuit involving the City of Austin in which some residents were shifted between council districts after the 2021 city redistricting and alleged that they were disenfranchised. The residents lost their lawsuit and pursued a legislative "fix" in the form of H.B. 3613, which went into effect in September 2023.

Following H.B. 3613's passage, some cities grew concerned with the new election requirement, specifically that the bill requires all elected city officials to be elected again following a redistricting, even those who are elected at-large. As a result, the 2024 TML Policy Summit delegates recommended that TML support legislation that would make beneficial changes to H.B. 3613.

In 2025, the House passed H.B. 5431, which provided that a city need not hold a post-redistricting election for any office elected at-large. Unfortunately, the bill ran out of time before getting Senate approval.

Given the progress and general support for H.B. 5431 in 2025, there's hope that similar legislation could pass in 2027.

The TML Legislative Program provides that the League support legislation that would make beneficial amendments to H.B. 3613 (2023).

Publication of Legal Notices

Cities are required by over 100 state statutes to publish some sort of legal notice in the newspaper. As a result, cities spend a substantial amount of taxpayer money on a means of notice that has become more obsolete by the year with the ubiquity of the internet. As newspaper readership continues to decline, newspaper publication requirements represent a costly and ineffective relic of the past.

Back in 2006, TML member cities approved a resolution submitted by the Texas Purchasing Management Association to support legislation that would enable the use of electronic notices for bid/proposal opportunities. Since then, some form of the same position has remained in the TML legislative program. Progress on the issue has been slow for local governments, in large part because the newspapers who stand to lose revenue from a move away from published notice also have an outsized platform to decry the legislation as anti-transparency. But there have been some important policy breakthroughs over the years.

The first major movement on lessening newspaper publication requirements began in earnest in 2009 with the filing of S.B. 2145 by Senator West, which was limited to merely allowing a city to post notice for competitive bids on the city's website in addition to publishing notice in the newspaper. The bill passed the Senate unanimously and was approved by a House committee before time ran out. The next session, nearly identical legislation in the form of H.B. 507 by Representative Button faced much more opposition from newspaper companies and other media associations. The bill never received a vote in the House.

Representative Stickland filed H.B. 335 in 2013, which would have simply provided that a political subdivision satisfies a legal requirement to publish notice in the newspaper by posting the notice on the political subdivision's website. The bill did not advance to the House floor, and media groups strongly opposed the bill. But the filing of H.B. 335 signified a shift away from narrowly-focused legislation dealing with procurement notices to a broad push to move all legal notices to local government websites as a way to save taxpayer dollars.

The issue started to pick up steam a bit in 2015, at least in terms of the number of bills filed. Representative Stickland refiled his legislation as H.B. 139. Representative Flynn filed similar legislation in H.B. 1019. Meanwhile, Senator Burton filed S.B. 392, which would have allowed governmental entities to post notices of meetings on their websites instead of in the newspaper. That bill was heard in a Senate committee and strongly opposed by the Texas Press Association and other newspapers. Once again, the legislature adjourned without taking action on the issue.

In addition to another increase in the number of beneficial bills filed on the topic in 2017, the legislature took action to begin gathering more information on the cost of legal notices by passing S.B. 622 by Senator Burton. The bill imposed a requirement that political subdivisions located in counties with a population of

50,000 or more, including cities, include a line item indicating expenditures for notices required by law to be published in a newspaper in the entities' proposed budgets. The goal of the legislation was to create a way of gathering information about the true expense of newspaper publication requirements on local governments. Though no legislative committee has accumulated the data and studied the issue since the bill passed in 2017, some of the dollar figures reported by Texas cities are eye-opening. For example, San Antonio's estimated expenditures on newspaper publication in 2023 exceeded $690,000.

Based solely on the number of bills filed, the push for moving away from newspaper publication and towards internet notice may have reached its peak (to this point, at least) in 2021. No less than six bills were filed in 2021, many by committee chairs in both the House and Senate. Two of those bills received committee hearings – H.B. 1030 by Representative Shaheen and H.B. 2578 by Representative Leach. H.B. 2578 would have required the Texas comptroller to establish a public information internet website to serve as a clearinghouse for local governments' public notices, and publication by the local government on the comptroller's site would satisfy any requirement in state statute to publish notice in a newspaper.

Neither bill passed, but the clamor for action on the issue led the Texas Press Association to proactively push and pass legislation in 2023, perhaps in an attempt to head off some of the pressure from the legislature to move away from newspaper notice altogether. S.B. 943 by Senator Kolkhorst requires a newspaper that publishes a legal notice to, at no additional cost to a governmental entity placing the notice, publish the notice on the newspaper's website on a page that is accessible at no cost to the public. Further, the bill requires the newspaper to forward the notice to the Texas Press Association for publication on an association-controlled website as a statewide repository of public notices, if the association chooses to maintain such a website.

That website now exists at www.texaspublicnotices.com. The landing page of the website contains this statement relating to public notices:

> Every state in our nation, including Texas, has laws that regulate the manner in which public notices are published. These laws are designed to ensure that people within a community receive important information about the actions of their government. Local newspapers remain the preferred venue to distribute public notices. This website is funded and maintained by Texas newspapers, the trusted source for all community news and information.

Even with the passage of S.B. 943, cities and other local governments must continue to pay for the publication of public notices in local newspapers.

2025 saw a combination of refiled bills and new bills filed on the topic. H.B. 1080 by Representative Curry mirrored previous attempts to allow cities and other local governmental entities to use alternative locations for posting required newspaper notice, like social media, utility bills, and internet websites of the local government. Cities, counties, and other local governments were generally supportive of the bill at a committee hearing in the House Intergovernmental Affairs committee. H.B. 1080 was voted out of committee but failed to reach the House floor.

S.B. 1062, meanwhile, passed both chambers and was signed into law by Governor Abbott. The bill allows governmental entities to publish public notices in a digital newspaper instead of a print newspaper if two conditions are met: (1) the governmental entity must be located in a county that lacks a print newspaper that is sufficient for public notice; and (2) the digital newspaper used must be sufficient for public notice. Since the authority in S.B. 1062 only applies if there is no print newspaper in the county, many cities will not see increased flexibility from the bill. And if a city is enabled to use a digital newspaper for notices, the city would need to continue to pay to run the notice in the digital newspaper. As a result, it is difficult to determine if S.B. 1062 will have a positive financial impact on cities and their taxpayers.

The TML Legislative Program provides that the League seek introduction and passage legislation that would allow cities alternative methods for publication of legal notices.

Emergency Service Districts (ESDs)

In recent years, a number of issues have cropped up involving ESDs and cities. Some of these issues involve the allocation of sales taxes between cities and ESDs. Others deal with more fundamental questions of ESD authority in the city limits and the city's extraterritorial jurisdiction.

Legislation passed in 2007, S.B. 1502 by Zaffirini, allows an ESD to "carve out" portions of the district that are already at the two-cent sales tax cap, thus permitting the district to impose a sales tax in non-capped portions of the ESD. As a result of this bill, cities have experienced an increased number of new ESD sales taxes in their ETJ (prior to the bill, an ESD couldn't pass a sales tax unless the entire district was eligible under the two-cent cap). Further, when a city annexes territory located in the ESD, the city is unable to collect sales taxes if they have already been claimed by the ESD.

In 2013, legislation was filed and passed that represents a step in the right direction for cities on this issue. H.B. 3159 by Isaac authorized a city that annexes territory served by an ESD (but does not provide emergency services in the newly-annexed area) to enter into an agreement with the ESD to divide the sales tax revenue in the newly-annexed area in an amount acceptable to both entities. The bill was not perfect from a city perspective, since an ESD could still refuse to negotiate such an agreement with the city and therefore limit the city sales taxes to be collected in the newly-annexed territory. However, some cities have utilized this authority to collect a higher percentage of sales taxes than they otherwise would have received without an agreement.

There are many other issues that can occur between cities and ESDs, including whether ESDs should be allowed to form outside the city limits or ETJ and then expand into the ETJ or city limits without the city's consent. In 2013, Representative Goldman filed H.B. 1798, which would have required city council approval for an ESD to expand into a city's corporate limits or ETJ. (Under current law, an ESD must receive city council approval when forming in the city limits or a city's ETJ, but only for the initial formation of the district.) Oftentimes a city is providing emergency services in the ETJ when an ESD holds an election for the district to expand into the area, yet the city does not have the statutory authority to approve of such expansion. From the city perspective, if an ESD must receive city council approval when initially forming in the city limits or ETJ, why shouldn't the ESD receive council approval if it seeks to expand into the same area? This potentially problematic reading has been upheld by the courts. In late 2022, the Waco Court of Appeals held that the Walker County ESD No. 3 was not required to receive city consent when expanding the ESD into the Huntsville city limits or ETJ.

Prior to the 2023 session, the TML Policy Summit considered several items related to ESDs. Ultimately, the Summit recommended, and the TML membership and board approved, that the League seek introduction and passage of legislation that would: (1) allow cities to remove themselves from an ESD; (2) expressly authorize ESDs to expand into a city's corporate limits or ETJ only with city council approval; and (3) require an ESD to enter into a sales and use tax sharing agreement with a city when a city annexes territory located in an ESD and, should negotiations fail, enter into binding arbitration and/or mediation.

The 2023 legislative session saw a noticeable uptick in legislation filed relating to the relationship between cities and ESDs, though very little passed other than an ESD bill bracketed to the City of San Antonio. On the positive side, bills were filed to pursue perhaps the most compelling ESD issue added to the TML program relating to ESD expansion. S.B. 659 by Senator Eckhardt, along with House companion bills H.B. 1776 and H.B. 4492, would have required city consent when an ESD expands into the city's boundaries or ETJ. H.B. 1775 by Representative Ed Thompson would have required an ESD located in a county over 200,000 population to elect the commissioners of the ESD. H.B. 1775 was approved overwhelmingly by the House and was heard in a Senate committee prior to time running out on the regular session.

On the other side of the equation, a number of bills were filed that would have further limited city authority when it comes to cities' relationship with their ESDs. H.B. 4275 by Representative Rogers would have allowed an ESD to prohibit a city from removing territory from an ESD, as permitted under existing law, if the ESD board reached the conclusion that city services would not meet or exceed the level of service provided by the ESD in the territory. H.B. 4878, also by Representative Rogers, would have given an ESD the exclusive authority to determine whether another person, including a city, may provide services in the district that the district is authorized to provide. Meanwhile, H.B. 1204 by Representative Martinez would have allowed an ESD to prohibit a city from removing territory from an ESD and becoming the provider of emergency services in an area. None of these bills were approved by the Texas House.

At the TML Business Meeting in October 2023, the TML membership approved of a resolution to also seek introduction and passage of legislation that would "change the governance structure for ESDs from appointed boards to elected boards to produce accountability to taxpayers, for ESDs above a certain size threshold." This position followed up on the momentum generated by H.B. 1775 during the 2023 session.

Unfortunately, nothing similar to H.B. 1775 was filed in 2025. Senator Bettencourt filed S.B. 1503, which would require city consent when an ESD expands into the city limits or ETJ. The bill was not heard in committee.

Most of the energy on ESDs in 2025 was focused on S.B. 2965 by Senator Creighton, which was ultimately signed into law. S.B. 2965, as filed, would have essentially given ESD boards unilateral veto authority on city attempts to remove territory from the ESD if the board believed that the emergency services to be provided by the city were inadequate. Prior to S.B. 2965's passage, a beneficial amendment was added on the House floor to allow cities to challenge the ESD board's determination to a neutral third party in binding arbitration. Given that city annexations generally only occur with the property owner's consent, S.B. 2965 could present delays to the annexation process when a property owner is well aware of the level of services to be provided by a city since they presumably would not be requesting annexation otherwise.

The TML Legislative Program provides that the League support legislation that would: (1) allow cities to remove themselves from an emergency services district (ESD) if the city is capable of providing services to the area; (2) expressly authorize ESDs to expand into a city's corporate limits or ETJ only with city council approval; (3) require an ESD to enter into a sales and use tax sharing agreement with a city when a city annexes territory located in an ESD and, should negotiations fail, enter into binding arbitration and/or mediation; and (4) change the governance structure for ESDs from appointed boards to

elected boards to produce accountability to taxpayers, for ESDs above a certain size threshold.

Rural Firefighting

During the 2024 TML Policy Summit, the City of Graham proposed a position for the League to support a study of the adequacy of firefighting and technical rescue capabilities for rural jurisdictions. The concern was that a lack of funding for equipment, lack of qualified candidates for recruitment, and lack of affordable training opportunities for extant firefighting and rescue personnel contribute to the assumed capability gap across Texas cities. A statewide study could potentially provide the basis for a statewide program to close the capability gap for rural cities. The position was ultimately added to the TML legislative program.

In 2025, the legislature passed H.B. 2128 by Representative Spiller, creating a study of rural firefighting and technical rescues service capabilities to be conducted by the Texas A&M Engineering Extension Service. The service's report must be submitted to the governor, lieutenant governor, and speaker of the House by December 1, 2026.

Due to the success of the City of Graham getting the bill filed and passed, summit delegates should consider removing the position from the TML program.

The TML Legislative Program provides that the League support legislation that would study the adequacy of rural firefighting capabilities and rural technical rescue capabilities for rural jurisdictions.

Competitive Bidding

During the 2022 TML Policy Summit, the City of Burnet brought up the issue of increasing the $50,000 competitive bidding threshold in Local Government Code Section 252.021 to account for inflation as well as the difficulty in finding material vendors who will hold their prices for an extended period of time due to supply chain issues. The Summit recommended, and the TML membership approved, a new position in the TML program to seek introduction and passage of legislation that would increase the competitive bidding threshold to account for increased costs to cities.

During the 2023 session, Representative Spiller filed H.B. 1132, which would have raised the expenditure threshold for competitive bidding from $50,000 to $100,000 for cities, school districts, and counties. After receiving broad support in the House County Affairs committee, the bill was reported to the full House and passed by a vote of 140-0 on the local and uncontested calendar. In the final days of session, the bill was heard in the Senate Local Government committee, but unfortunately the clock struck midnight on H.B. 1132.

Fortunately, the push to raise the bidding threshold in 2025 was successful. S.B. 1173 by Senator Perry passed and was signed into law, increasing the competitive bidding amount to $100,000. Since S.B. 1173 went into effect, cities have already seen streamlined procurement processes, lower administrative costs, and greater flexibility for management of city resources. S.B. 1173 also increased the range that triggers the requirement that a city must contact at least two historically underutilized businesses on a rotating basis when making expenditures of public money to whenever a city spends between $3,000 and $100,000. As a result of the passage of S.B. 1173, 2026 TML Policy Summit delegates may wish to amend or remove the position on competitive bidding in the TML program.

The TML Legislative Program provides that the League seek introduction and passage of legislation that would increase the competitive bidding threshold to account for increased costs to cities.

Public Safety: Police Reform

Following a national movement on police reform in the summer of 2020, there was a consensus that police reform would be a major focus in the 2021 legislative session. In fact, the Texas Legislative Black Caucus held a press conference late that summer to announce the George Floyd Act. The Act would address chokeholds, police intervention, and qualified immunity, among other things.

The Texas legislature passed significant police reform legislation in the sessions leading up to 2021. In 2015, Senator Royce West authored S.B. 158, a comprehensive body camera law that created a grant program for local enforcement agencies to equip officer with body cameras. In the 2017 legislative session, the legislature passed the Sandra Bland Act, S.B. 1849 by Senator Whitmire. The as-filed bill largely focused on racial profiling during traffic stops, consent searches, and jail reforms. The bill faced large opposition and was transformed into a mental health bill which ultimately passed the legislature. The Act required training for police officers on limiting use of force and understanding implicit bias, increases training in general de-escalation and mental health de-escalations, and prohibits officers from conducting a search with a person's consent unless they first tell the person they can refuse and after that person signs off on the search or verbally consents to one.

After much discussion and debate, the 2020 TML Municipal Policy Summit declined to recommend a position for the League on police reform issues. Yet again, during the TML Business Meeting at the Annual Conference in 2020, the membership decided that the League should not take a position. Ultimately, the Texas Association of Black City Council Members brought forth a resolution to the TML Board and the Board approved a position that focused on body worn camera legislation (see below).

In 2021, hundreds of bills were filed on police reform. The large omnibus bill, the George Floyd Act did not gain traction and stalled in committee. Instead, multiple one-subject bills that addressed police de-escalation, the use of chokeholds, use of force, no-knock warrants, and body worn cameras moved through the legislative process. Many of these bills passed on a vote in one chamber but failed to gain traction in the other chamber.

But the legislature did pass some police reform legislation in 2021. H.B. 3712 by Representative Ed Thompson required officer training regarding chokeholds and use of force and required the Texas Commission on Law Enforcement (TCOLE) to develop and maintain model training curriculum. Meanwhile, S.B. 69 By Senator Miles placed a duty on a peace officer to prevent another officer from using excessive force under certain circumstances, and S.B. 2212 by Senator West required a peace officer to request and render aid to an injured person under certain circumstances. H.B. 929 by Representative Sherman required a law enforcement agency's body worn camera policy to include provisions related to the collection of video and audio as evidence and requiring a peace officer to keep the camera activated throughout the course of the officer's active participation in an investigation. Finally, H.B. 54 by Representative Talarico prohibited a law enforcement agency from allowing a person to accompany a peace officer in the line of duty for the purpose of producing a reality television show.

Once again, several policing reform bills were filed in 2023, both of the broad, omnibus variety and targeted bills on specific policing reforms. Especially given the passage of limited reforms in 2021, very little momentum coalesced around these attempts in 2023. Perhaps most significant was the passage of the TCOLE sunset legislation – S.B. 1445. Among many other things, S.B. 1445 establishes minimum standards with respect to the creation and continued operation of a law enforcement agency based on the function, size, and jurisdiction of the agency, and requires police departments to adopt policies investigating alleged police officer misconduct and managing personnel files of licensed peace officers.

The TML membership approved a resolution at the 2024 business meeting directing the League to seek introduction and passage of legislation that would supplement existing public safety positions in the TML program to create new law enforcement grant programs or expand the language of current law enforcement grant programs and expand eligibility to include those municipalities seeking to establish a police force.

2025 proved to be a fruitful session for new law enforcement grant programs. The legislature passed four separate law enforcement grant programs, all of which were supported by TML: (1) H.B. 33

established a grant program to provide financial assistance to first responders and telecommunicators to attend an active attack integrated response training course; (2) H.B. 2217 created a grant program to fund the installation of bullet-resistant windshields, side windows, rear windows, and door panels for law enforcement vehicles; (3) H.B. 4264 established a grant program for the purpose of fostering the professional development of peace officers and to increase police officer compensation; and (4) S.B. 2177 created a grant program through which a law enforcement agency may apply for funds to improve clearance rates for violent and sexual offenses.

Additionally, at the 2024 TML Policy Summit the delegates added a position to the TML program to provide funding for city police officers modeled after H.B. 1354 in 2023. That bill, authored by Representative Sherman, would have established a minimum $55,000 salary for eligible police officers serving cities under 5,000 population. To pay for the requirement, the bill would have established a financial assistance program requiring the state to make a payment to cities equaling the difference between the city paid salary and the $55,000 minimum salary, if any. The bill was never heard in committee in 2023. Representative Sherman did not run for reelection in 2024, and no similar legislation was filed in 2025.

The delegates also added a position on state funding for a voluntary accreditation program for police departments at 2024 TML Policy Summit upon the request of the Texas Police Chiefs Association (TPCA). The need for the position, according to TPCA, stemmed from the passage but later veto of S.B. 267 in 2023. S.B. 267 would have required police department accreditation without guaranteed funding options to support the process. The policy position directs the League to support legislation that provides funding to local police departments for assistance in achieving accreditation status.

One other major piece of legislation for law enforcement that passed in 2025 was H.B. 33, also known as the Uvalde Strong Act. H.B. 33 was passed in response to the tragic school shooting event that took place in Uvalde and establishes new requirements for schools, law enforcement, cities, and various state agencies with regard to active shooter incident reporting, training, conducting multiagency exercises, executing mutual aid agreements, hiring public information officers, providing mental health resources, and enhancing law enforcement minimum standards. H.B. 33, as initially filed, also contained language the League supported on police department accreditation funding, but that provision was taken out of the bill before it passed. H.B. 33 requires an unprecedented level of coordination and training amongst law enforcement agencies in order to improve responses to future mass shooter events.

The TML Legislative Program provides that the League should seek introduction and passage of legislation that would create new law enforcement grant programs or expand the language of current law enforcement grant programs and expand eligibility to include those municipalities seeking to establish a police force.

The TML Legislative Program provides that the League should support legislation that: (1) would increase existing or creates new grant program funding that provides financial assistance to local governmental law enforcement agencies for public safety resources, including legislation that support the use and the purchase of body cameras and associated data storage costs; (2) provide solutions for funding, processes, and systems to address the growing yet chronic challenges for law enforcement in the mental health arena; and (3) enhance professionalism in policing and provide funding to assist police agencies in achieving accreditation status with a recognized state or national accrediting body.

The TML Legislative Program provides that the League should support legislation that would provide funding for city police officers modeled after H.B. 1354 (2023), providing state financial

assistance to cities to pay minimum police salaries of $55,000 per year.

Increasing the Maximum Hiring Age of Firefighters

A firefighter in a civil service city is ineligible to begin a position if he/she is over 35 years of age. The civil service firefighter age hiring limit is set by Section 143.023(b) of the Local Government Code: "A person may not be certified as eligible for a beginning position in a fire department if the person is 36 years of age or older."

Each city in Texas that has adopted civil service standards for firefighters is subject to this age restriction, sometimes making firefighter recruitment very difficult in cities across the state. Raising the maximum hiring age for firefighters from 35 to 45 would allow for the recruitment and hiring of qualified individuals who have waited later in life to become a firefighter or those who have waited until after their military obligations were complete.

This issue was brought to TML by the City of Belton prior to the 2021 legislative session. However, as the session moved along the City of Belton decided against pursuing this idea due to a variety of legislative and political reasons.

The Texas Local Government Code currently allows for the hiring of temporary fire fighters and police officers under limited circumstances but does not allow them to become permanent civil service employees with benefits:

> Sec. 143.083. EMERGENCY APPOINTMENT OF TEMPORARY FIRE FIGHTERS.
>
> (a) If a municipality is unable to recruit qualified fire fighters because of the maximum age limit prescribed by Section 143.023 and the municipality's governing body finds that this inability creates an emergency, the commission shall recommend to the governing body additional rules governing the temporary employment of persons who are 36 years of age or older.
>
> (b) A person employed under this section:
>
> (1) is designated as a temporary employee;
> (2) is not eligible for pension benefits;
> (3) is not eligible for appointment or promotion if a permanent applicant or employee is available;
> (4) is not eligible to become a full-fledged civil service employee; and
> (5) must be dismissed before a permanent civil service employee may be dismissed under Section 143.085.

In 2023, the legislature passed H.B. 1661 by Representative Burns, which eliminated the applicability of Sec. 143.083, above, to police officers. The stated purpose of the bill was to allow "police departments to accept recruits who can satisfy all applicable hiring criteria, regardless of their age.

Despite the positive change for police officers in a civil service city, nothing similar passed for firefighters. Representative Shine filed H.B. 2782 in 2023 to increase the maximum hiring age to 45 for firefighters in a civil service city, but the bill was never heard in committee. A similar version of the bill was filed in 2025, this time as H.B. 1985 by Representative Hickland. H.B. 1985 received a hearing in the House Intergovernmental Affairs committee but did not advance further.

The TML Legislative Program provides that the League support legislation that would increase the maximum hiring age for firefighters in a civil service city from age 35 to 45, or to eliminate the maximum hiring age altogether.

Disease Presumption

Chapter 607 of the Texas Government Code states that a firefighter, peace officer, or emergency medical technician (EMT) who suffers from certain respiratory diseases or illnesses that result in death or disability is presumed to have contracted the disease or illness during the course and scope of employment.

Under Section 607.057, the presumption applies to a determination of whether a firefighter, peace officer, or EMT's disability or death resulted from a disease or illness contracted in the course and scope of employment for purposes of benefits or compensation provided under another employee benefit, law, or plan, including a pension plan.

After extensive negotiations between cities and firefighters, the legislature in 2005 passed a bill, S.B. 310 by Senator Deuell, which provided that certain diseases contracted by firefighters and EMTs are presumed to be work-related and thus included in workers' compensation coverage. Although several bills were filed in the next several sessions, additional presumption legislation did not pass until 2015, perhaps in recognition of the political capital expended reaching a compromise on S.B. 310 in 2005.

In 2015, H.B. 1388 by Representative Bohac passed. That bill required that: (1) a rebuttal made by a government employer regarding workers' compensation disease presumption include a detailed statement of the evidence used to determine that the disease in question was not caused by the individual's employment; and (2) a denial by a carrier include evidence reviewed in making the denial.

2019 saw two major presumption bills pass. S.B. 1582 by Senator Lucio added peace officers, for purposes of workers' compensation coverage, to the firefighters' disease presumption statute for certain illnesses broadening the types of illnesses police officers would be presumed to contract on the job.

Perhaps more significantly, S.B. 2551 by Senator Hinojosa made major changes to the cancer presumption provision affecting firefighters and EMTs. More specifically, the bill (among other things): (1) provided that certain firefighters and EMTs who suffer from one or more of the following 11 cancers resulting in death or total or partial disability are presumed to have developed the cancer during the course and scope of employment as a firefighter or EMT: (a) cancer that originates at the stomach, colon, rectum, skin, prostate, testis, or brain; (b) non-Hodgkin's lymphoma; (c) multiple myeloma; (d) malignant melanoma; and (e) renal cell carcinoma; (2) repealed the law that provided for a presumption to apply, the cancer must be known to be associated with firefighting or exposure to heat, smoke, radiation, or a known or suspected carcinogen; and (3) repealed the law that provided that the presumption could be rebutted by a showing, by a preponderance of evidence, that a risk factor, accident, hazard, or other cause not associated with the individual's service as firefighter or EMT caused the individual's disease or illness, and replaces that standard with a showing that a risk factor, accident, hazard, or other cause not associated with the individual's service as a firefighter or EMT was a substantial factor in bringing about the individual's disease or illness, without which the disease or illness would not have occurred. The League and TML Intergovernmental Risk Pool worked closely on the bill all session and supported its passage.

With such significant reforms passing in the 2019 session, it'd be reasonable to think that presumption bills wouldn't gain much traction in the 2021 legislative session. However, the COVID-19 pandemic changed that calculus. S.B. 22 by Senator Springer became effective June 14, 2021 provided a disease presumption for first responders diagnosed with COVID-19. The bill retroactively applied to a COVID-19 diagnosis on or after the date of the governor's disaster declaration on March 13, 2020.

The COVID-19 presumption statute established by S.B. 22 contained an expiration date of September 1, 2023. Despite efforts during the 2023 legislative session to extend the COVID-19 presumption date from S.B. 22, namely H.B. 2926 by Representative Turner, the COVID-19 presumption expired at that time.

In 2025, the legislature passed H.B. 331 by Representative Patterson, which removes the requirement that a firefighter, peace officer, or emergency medical technician who suffers an acute myocardial infarction or stroke must have been engaging in a situation or participating in a training exercise that involved "nonroutine" stressful or strenuous activity involving fire suppression, rescue, hazardous material response, emergency medical services, or other emergency response activity for the disease presumption to apply. H.B. 331 received unanimous approval in both the House and Senate.

The TML Legislative Program provides that the League oppose legislation that would substantively change or expand the scope of the current disease presumption law, unless doing so is supported by reputable, independent scientific research.

Greater City Authority Over Railroad Crossing Delays

Many communities across Texas and around the country are experiencing extreme train delays that block railroad crossings on critical arteries in their cities. These delays pose concerns for public safety as they impede first responders who are unable to transport injured persons due to excessive train delays at railroad crossings.

Federal courts have found that local ordinances attempting to limit and manage train delays are preempted by the Interstate Commerce Commission Termination Act and the Federal Railroad Safety Act.

During the 117th Congress in 2021, the U.S. House of Representatives and U.S. Senate passed the Infrastructure Investment and Jobs Act (IIJA), which created a program that aids cities in addressing railroad crossing issues. The Railroad Crossing Elimination Grant Program was established in the IIJA to give local governments access to funds to mitigate or eliminate hazards at railway-highway crossings.

Up until the enactment of the IIJA, the primary resource for addressing railroad crossing issues was through the formula-driven Railway-Highway (RHCP) administered by the Federal Highway Administration that apportions funds to states. While the IIJA continues authorization of the RHCP, the Railroad Crossing Elimination Grant Program, administered by the Federal Railroad Administration provides funding opportunities for a direct local government role in addressing such issues.

The IIJA provides $3 billion to the Railroad Crossing Elimination Grant Program in advance appropriations and an additional $2.5 billion is authorized subject to appropriation, for a total program level of $5.5 billion over five years. The IIJA is set to expire in September 2026.

In 2025 the legislature passed S.B. 1555, which established a grant program for political subdivisions and railroad companies to fund rail-roadway and rail-pedestrian grade separation projects. The legislature also passed S.B. 2366 establishing a grant program for short line rail facility improvements.

The TML Legislative Program provides that the League support legislation that would: (1) in relation to federal legislation, provide states greater authority over management of train delays in conjunction with affected cities; and (2) provide greater authority to the Texas Department of Transportation to improve city railroad crossings and install signal lights where there are safety concerns.

Personnel: Pension Reform

In the late 2000s, the debate over shifting all government DB plans to defined contribution (DC) plans was building momentum despite that many of Texas' defined benefit (DB) plans were in better shape than the rest of the country. Organizations in Texas such as the Greater Houston Partnership, Texans for Public Pension Reform, the Texas Conservative Coalition, and the Texas Public Policy Foundation (TPPF) all sought reforms in public pensions, including advocating for a constitutional amendment against DB plans for public employees.

TPPF issued a report in 2011 calling for the following changes in public retirement systems:

- Freeze the current defined benefit pension plan for all new and unvested employees.

- Enroll newly-hired or unvested employees in a 401(k)-style defined contribution pension plan.
- Implement either a hard or soft freeze of the system for vested employees.

TPPF claimed that these changes would have saved the state and local governments considerable money over the long term. The report goes on to add:

> With government workers now reaping more compensation than their private sector counterparts, taxpayers can no longer afford to subsidize generous retirements. During the past several years, state and municipal pension systems have implemented changes in the hopes of reigning in ballooning liabilities. Modifications like an increased minimum retirement age and readjusted benefit calculations have bought some time for the plans, but in no way have they gone far enough to keep long-term costs at bay.
>
> Public-sector defined-benefit pension plans - retirement packages that promise retirees a set monthly income based on an employee's salary history and years of service - are entitlements that transfer wealth from workers in the private sector to public sector retirees.
>
> When pension funds fall short of their expected return rates (the case for the past several years), governments must eventually fill the gap by either increasing taxes or reallocating existing revenue. With public workers now making more than workers in the private sector, poorer taxpayers end up subsidizing generally wealthier government retirees.

The report concludes that the changes "would not only shield Texas from an inevitable public pension cost explosion, they would align public sector benefits with those in the private sector and create a more just retirement system."

To counter the efforts of TPPF and others, members of Texas employee pension systems, employee groups, unions, and other related groups benefiting firefighters, police, and municipal employees formed an organization called Texans for Secure Retirement (TSR). TSR's objectives included retaining DB plans as the primary retirement planning option for all current and future public employees in Texas; educating the business community about the advantage of DB plans for public sector employees, employee groups, and related institutions; and, enhancing public awareness about how DB plans for public employees are advantageous for the general public and the economy in Texas.

With so many coordinated efforts to address public pensions, League staff expected a healthy debate on pension reform during the 2013 legislative session. Many bills were filed and a few passed, largely related to reporting, auditing, and training. Those bills included H.B. 13 by Representative Callegari and the Pension Review Board Sunset bill, S.B. 200, by Senator Patrick.

In the 2015 legislative session, the focus turned on reforming the Texas employee pension systems. Only a few public pension bills were filed and none received a hearing.

In 2016, TPPF issued a policy brief, *Restoring Local Control of State-Governed Pension Plans*, which examined the fiscal health of the systems and gives recommendations. TPPF acknowledged the difficulty in making substantive changes that are needed to make systems viable when approval must come from the legislature. The brief recommended that the legislature give the localities the authority to govern their own pension systems. Notably, Senator

Bettencourt filed legislation supporting this concept in the 2017, 2019, and 2021 sessions.

In the 2017 legislative session, the legislature largely concentrated on reforming the pension systems of Houston and Dallas, and significant bills were passed affecting those two cities. A few oversight bills were filed but none passed.

In the 2019 legislative session, a few oversight bills passed, as well as an omnibus Texas Municipal Retirement System (TMRS) bill that overhauled the system's administrative procedures. S.B. 322 by Representative Murphy required a public retirement system to use an independent firm to evaluate the appropriateness, adequacy, and effectiveness of the system's investment practices. S.B. 2224 by Senator Huffman required a public retirement system to adopt a written funding policy. And S.B. 1337 by Senator Huffman enacted numerous administrative and operational improvements to TMRS.

In the 2021 legislative session, a large focus of the pension debate centered on overhauling the Employees Retirement System of Texas, the pension system for state employees. Another transparency bill passed in the form of H.B. 3898 by Representative Anchia, as well as a bill that allowed retired TMRS members return to work after a one-year break in service without benefit payments suspended – S.B. 1105 by Senator Hughes.

The 2023 legislative session saw the passage of helpful legislation in the form of H.B. 2464 by Representative Price, which gives discretion to a city council participating in TMRS to create optional, non-retroactive annuity increases for its retirees and beneficiaries of TMRS.

In 2025, H.B. 3161 passed and was signed into law. The bill allows a city that participates in TMRS to adopt an employee contribution rate of up to 8 percent.

The TML Legislative program provides the League should oppose legislation that would further erode local control as it pertains to retirement issues.

Municipal Court: Collection of State Fees

Municipal courts in Texas collect funds on behalf of the state for a wide variety of state programs. These state programs range from the Criminal Justice Planning Account to the Fair Defense Account. In most cases, the fees are imposed on persons convicted of any criminal offense. For these collection efforts, cities are generally allowed to keep some small amount of revenue as reimbursement for costs incurred to collect the fees and remit them to the state.

Many city officials contend that state court costs adversely impact municipal courts in two ways. First, the state's court costs are complicated to administer. While cities can keep a small percentage of the costs as an administrative fee, that amount is not sufficient to reimburse the cities for the bookkeeping and administrative problems connected with this function. Second, when setting an appropriate fine for an offense, a judge must consider the fact that the defendant will also be paying state court costs. As a result, municipal fine revenue is often lower than it would otherwise be because the judge has considered the state court costs when setting a defendant's total fine.

Municipal court clerks also point out that the state requires that, in the event of a partial payment, the state court costs must be paid first before the city can keep any of the fine. This means that cities have to do all the work collecting fines but do not get to keep any money until the state court costs have been satisfied.

Much of the legislative activity to increase state fees imposed in municipal courts occurred between 1993 and 2007. Some of the notable legislation during that time frame includes:

- H.B. 2178 in 1993, increasing the municipal court costs collected for the Crime Victims Compensation Fund;
- H.B. 2272 in 1997, establishing a five-dollar fee on misdemeanor convictions to go to a fugitive apprehension account and a 25-cent fee on all misdemeanor convictions going to the Center for the Study and Prevention of Juvenile Crime and Delinquency at Prairie View A&M University;
- H.B. 2424 in 2003, creating a $40 state consolidated fee on conviction of a non-jailable misdemeanor offense, including a criminal violation of a city ordinance other than an offense relating to a pedestrian or the parking of a motor vehicle;
- H.B. 2 during the third special session in 2003, which created a new $30 "state traffic fine" to fund the state's general fund, transportation projects, and trauma care; and
- H.B. 11 during the second special session in 2005, which imposed a $4 court cost on any person convicted of any offense (other than a pedestrian or parking offense) in municipal court to be used for court-related purposes for the support of the judiciary.

In 2011, the legislature mounted an ultimately unsuccessful attempt at increasing state fees to be collected by municipal courts. H.B. 238 by Representative Naomi Gonzalez would have increased the state traffic fine from $30 to $45 as a way to fund state trauma centers. The fiscal note on H.B. 258 indicated that the bill would generate roughly $28.5 million in additional annual revenue for the state general fund, $14 million for trauma centers, and $2.4 million for the local governments that were tasked with imposing and collecting the fee.

But that fiscal note was misleading. City officials knew that as the state imposes more and more fees on municipal fines, the revenues generated *for the city* from the fines themselves will decrease. If a municipal judge normally imposes a total charge of $250 for a traffic conviction, each dollar that goes to the state is a dollar that won't go into municipal coffers. And, as the state's share goes up, the local share goes down. Thus, contrary to what the H.B. 258 fiscal note said, the bill most likely would have actually reduced municipal revenue.

H.B. 258 ultimately did not pass. However, a similar battle was also being waged in the Senate when provisions of S.B. 726, which would have created a $10 fee to be collected by municipal courts for judicial access and improvement, to be used to fund basic civil legal service and criminal defense for indigents and electronic filing in court, were added to another bill, S.B. 1811. The League and city officials mobilized against this effort late in the session. Ultimately, because of those efforts, no legislation with a municipal court fee passed in 2011.

In 2019, H.B. 2048 by Representative Zerwas repealed the driver responsibility program. Due to the anticipated revenue hit to the state resulting from the repeal, the legislation increased the state traffic fine from $30 to $50. According to the fiscal note, cities were expected to see a revenue gain of roughly $4 million per year. However, this estimate did not account for municipal court fine revenue lost due to the increase in state fees and municipal judges' reluctance to compensate for it.

The legislature also passed S.B. 346 by Senator Zaffirini in 2019. S.B. 346 was an omnibus court cost bill that notably consolidated a number of local option municipal court fees into one local fee. Additionally, the bill increased the state's consolidated fee from $40 to $62 on a person's conviction of a non-jailable misdemeanor offense other than a conviction of an offense relating to a pedestrian or the parking of a motor vehicle.

Where do we stand now? The total amount of local and state court costs that get paid upon the conviction of an offense vary depending on the offense. On a typical traffic offense conviction, a municipal court defendant must currently pay $115 in state fees and $14 in local fees before any city fine is collected.

The TML Legislative program provides the League should support legislation that would cap state fees on municipal court convictions.

Municipal Court: Texas Court Clerks Association (TCCA)

TCCA added two new issues to the TML legislative program at the 2024 Policy Summit. The first position would have the League oppose legislation that would repeal the failure to appear/failure to pay program through OmniBase services. The program allows courts to suspend a defendant's driver's license when they fail to satisfy the judgements placed against them. Many municipal courts do not issue warrants for defendants who fail to comply and solely use this program as a way to try to get defendants back into compliance. H.B. 4074 by Representative Bernal and S.B. 1281 by Senator Hughes were filed during the 2023 legislative session to repeal the program, but neither bill gained momentum. In 2025 the legislation was refiled, this time as H.B. 2609 and S.B. 2085, and once again neither bill advanced.

The other new position directs the League to support legislation that would protect personal information of municipal court employees in the same way that information is protected for judges and their families. In 2023, S.B. 1367 by Senator Creighton would have instituted these protections, but the governor vetoed the bill in an effort to have the legislature focus on his property tax relief priority. The legislation was refiled in 2025 as S.B. 1749 by Senator Creighton and H.B. 5080 by Representative Leach, but did not pass. The confidentiality component was tacked onto an omnibus judicial bill late in the session, S.B. 2878, but that bill was also vetoed by the governor on the grounds that certain provisions related to automatic expunctions did not receive adequate consideration during the legislative session.

The TML Legislative Program provides that the League should support legislation that would provide confidentiality and protection of information originally applying to judges and their families extended to courthouse employees and employees of the Office of Court Administration.

The TML Legislative Program provides that the League should oppose legislation that would repeal the Texas Department of Public Safety's Failure to Appear/Failure to Pay Program through OmniBase Services.

Public Information Act: Protecting Board and Commission Members' Personal Information

At the 2024 business meeting, the City of Friendswood proposed a position to support legislation that would protect the personal information of members of city advisory committees in the same way that personal information of city officers and employees are protected. As Friendswood contended, the protection of that information would be necessary to ensure that volunteers can serve the city without fear of harassment or intimidation. The position was added to the TML Legislative Program heading into the 2025 session.

S.B. 1540 by Senator Bettencourt passed in 2025, which would protect the personal information of election officials and their employees. The justification for S.B. 1540 was that it is challenging already to find people to volunteer to work elections, so it is necessary to protect the personal information of those individuals. The same logic would apply to city board and commission members. Unfortunately, no legislation was filed to protect the personal information of other city board members.

The TML Legislative Program provides that the League should support legislation that would protect the personal information of members of city advisory committees to the same extent such protections are afforded to city officers and employees.

Immigration

Recent sessions have seen numerous bills filed that dealt with immigration issues, some of which spilled over to special sessions. Generally, these bills fell into two categories: (1) requirements concerning verification of immigration status of individuals applying for licenses and employment or otherwise contracting with the city; and (2) requirements concerning law enforcement policies and procedures.

Regarding the first category of immigration legislation, historically several bills have been filed that would have required Texas employers, including cities, to participate in the federal government's program for electronic verification of employee immigration status, also known as E-Verify. Other bills prohibited cities from offering economic development incentives or entering into contracts with businesses that did not use the E-Verify system, and prohibited cities from issuing licenses or permits to individuals without first verifying immigration status. The League opposed much of this legislation on the grounds that placing requirements on cities as employers constituted an unfunded mandate from state government, while other ideas like prohibiting cities from contracting with or offering economic development incentives to certain business prospects undermined the concept of "local control." Ultimately, none of these proposals gained much momentum.

Legislation placing requirements on law enforcement policies and procedures concerning immigration did receive a good amount of attention in 2011. Most notable was H.B. 12 by Rep. Solomons, which was aimed at stopping the proliferation of "sanctuary cities," or cities that have adopted policies that prevent law enforcement officers from inquiring into the immigration status of a person arrested or lawfully detained.

H.B. 12 would have done two things to punish cities that adopted policies prohibiting law enforcement from inquiring into an individual's immigration status: (1) it would have provided that the city could not receive any state grant funds after a final judicial determination that the city had intentionally prohibited the enforcement of state or federal immigration laws; and (2) it would have allowed any citizen to file a complaint with the attorney general regarding a sanctuary city, and the attorney general could then file a civil lawsuit against the city to prevent the enforcement of the city's policy.

The League testified in committee regarding concerns raised by numerous cities. Most notable was that—because sanctuary cities arguably did not exist—any litigation brought by the state against a city was likely to be frivolous in nature. As a result, TML argued (to no avail) that a "loser pays" system should be applied to suits against suspected sanctuary cities that would require the state to pay the legal expenses of city if the lawsuit was unsuccessful. H.B. 12 was ultimately voted out of the House but was amended in Senate committee and never made it to a vote on the Senate floor. The proposal was re-filed as part of S.B. 9 during the special session, where the reverse of what happened to H.B. 12 during the regular session occurred—the bill received the approval of the full Senate but failed to be reported out of a House committee.

No bill addressing sanctuary cities was filed in 2013. The absence of a sanctuary cities bill was emblematic of a more "hands-off" approach by the legislature regarding immigration-related issues in 2013.

Legislation was filed and heard in the Senate on sanctuary cities in 2015. H.B. 185 by Perry closely resembled H.B. 12 from 2011 in that its aim was to prohibit cities and other local governments from adopting a policy that prohibits the enforcement of state and federal immigration laws. After a lengthy committee hearing, and despite a significant amount of opposition to the bill at the hearing, the Senate Subcommittee on Border Security approved the bill. However, the bill did not receive a vote on the floor of the Texas Senate.

Governor Abbott targeted sanctuary city legislation as a priority in 2017. The renewed focus on the issue stemmed largely from a policy change made by the

Dallas County sheriff regarding federal immigration detention requests.

Immigration-related legislation ultimately passed in 2017. S.B. 4 by Senator Perry created several new provisions in law related to the enforcement of federal and state immigration laws. Specifically, the bill provided (among many other things) that a local entity may not adopt a policy that prohibits or discourages the enforcement of immigration laws, nor can the local entity prohibit the enforcement of immigration laws by demonstrable pattern or practice.

S.B. 4 also required local law enforcement to cooperate with Immigration and Customs Enforcement detainer requests, and it authorized officers to inquire about the immigration status of people they detain or arrest. In addition, the bill subjects elected and appointed officials to a fine, jail time, and possible removal from office for violating the bill.

During the 2017 session, the TML Executive Committee met and approved the position currently in the TML Legislative Program.

Immediately upon the passage of S.B. 4, a lawsuit was filed by the City of El Cenizo that challenged much of the law. Following the initial lawsuit, several other governmental entities, including the cities of El Paso, Austin, and Houston, sued the state arguing the bill was unconstitutional. In August 2017, a federal district judge of the Western District of Texas temporarily blocked most of the law from taking effect by issuing a preliminary injunction. In March 2018, the Fifth Circuit ruled that the bill did not violate the constitution and allowed the law to remain in effect and blocked one part of the bill. The court ruled that the law's "endorsement provision" that punished local officials who endorsed policies that specifically prohibit, or limit enforcement of immigration laws violated the First Amendment.

Even with immigration-related issues as a permanent fixture in the news cycle, the state legislature did not seriously address immigration reform again in a way that impacted cities until the fourth special session in 2023. That fact stems, in large part from, the primacy of federal regulatory authority when it comes to immigration issues. Nevertheless, in the fourth special session in 2023 the legislature passed S.B. 4, which essentially serves as Texas' attempt to regulate in the field of immigration due to the perception of some that the federal government has not fulfilled its responsibility. S.B. 4, among other things, established a criminal offense for a person who enters or attempts to enter the state directly from a foreign nation at any location other than a lawful port of entry. From a city perspective, the bill raises questions about the ability of police departments, both in border cities and across the state, to enforce the new criminal provision.

Secondary to the new criminal offense, the bill would require local government indemnification of an official, employee, or contractor of a local government for damages arising from a cause of action under federal law resulting from an action taken to enforce the new criminal provision up to certain caps, but only for an action taken during the course and scope of the individual's office, employment, or contractual performance and only if the individual did not act in bad faith, with conscious indifference, or with recklessness. A local government official, employee, or contractor would generally be immune from liability for damages arising from a cause of action under state law resulting from an action taken to enforce the new criminal provision. The bill retains the requirement for a local government to indemnify an official, employee, or contractor for reasonable attorney's fees incurred in the defense of a criminal prosecution of the individual for actions to enforce the new criminal provision during the course and scope of the office, employment, or contractual performance.

In March 2024, the U.S. Court of Appeals for the Fifth Circuit blocked S.B. 4 from taking effect as litigation over the law continued. Over two years later, in April 2026, the Fifth Circuit issued an opinion vacating the preliminary injunction from 2024, finding that the two nonprofit organization plaintiffs did not have standing to bring the lawsuit. In May 2026, a federal district judge granted a preliminary injunction preventing some provisions of S.B. 4 from taking effect that involve the state's judicial system under the rationale that those provisions encroach on the federal government's jurisdiction regarding immigration matters.

The most notable immigration legislation to pass in 2025 was S.B. 8 by Senator Schwertner. S.B. 8 requires each sheriff in a county with a population of 100,000 or more to enter in an immigration enforcement agreement with U.S. Immigration and Customs Enforcement. The bill does not directly impact Texas cities or police departments.

In April 2026, Governor Abbott sent letters to Austin, Houston, and Dallas threatening to rescind millions in law enforcement grants to those cities due to city policies the governor believes violate the law established by S.B. 4 in 2017 by limiting the cities' cooperation with U.S. Immigration and Customs Enforcement. At the time of this writing, the cities that received the letter from Governor Abbott had all taken steps to remedy any perceived legal violations of state immigration laws.

The TML Legislative Program provides that the League should take no position on immigration-related legislation that does not impose new and substantial unfunded mandates or unavoidable liabilities on cities.

Severance Pay for City Employees

Prior to 2025, city councils had the discretion to offer severance pay to city employees or contractors as a recruitment tool, as well as recognition of the potential transient nature of certain positions, among other possible reasons. In both the 2021 and 2023 legislative sessions, bills were filed to limit the ability of political subdivisions, including cities, to pay severance in relation to the termination of a person's employment or contract. More specifically, the bills (H.B. 3775 in 2021 and H.B. 1738 in 2023, both by Representative Leach) would have prohibited a severance payment if the payment would be paid from tax revenue and exceed the amount of compensation the employee or independent contactor would have been paid for 20 weeks. Further the legislation would prohibit any severance if the employee or independent contractor were terminated for misconduct. The bills also would require a political subdivision to post each severance agreement in a prominent place on the political subdivision's website.

Delegates at the 2024 TML Policy Summit recommended that TML oppose legislation that would restrict city authority when it comes to employee severance agreements. Despite the League's opposition in 2025, two similar bills both passed and were signed into law: H.B. 762 by Representative Leach and S.B. 2237 by Senator Bettencourt. The bills cap severance pay to certain local government employees at 20 weeks' worth of pay, excluding paid time off or vacation leave, prohibit severance pay when an employee is terminated for misconduct, and require a political subdivision to post each severance agreement in a prominent place on the city's website.

The bills went into effect on September 1, 2025 and apply only to a contract entered into after the effective date, protecting existing severance provisions in employment contracts. However, any changes to an employment agreement with a severance provision after that date will be subject to the limitations and disclosures set forth by the bill. Essentially, if a city makes any changes to an agreement containing a provision for severance pay after September 1, 2025, the city must conform the severance provisions to what is required by both bills. It should also be noted that the bills do not directly affect other provisions in an employment contract, even other provisions related to compensation. Cities and certain employees, like city managers, may still negotiate things like base salary, bonuses, paid time off and vacation leave independent of the requirements in H.B. 762 and S.B. 2237 related to severance pay.

Given the passage of H.B. 762 and S.B. 2237, Summit delegates may wish to amend or remove the existing position relating to employee severance agreements.

The TML Legislative Program provides that the League should oppose legislation that would restrict a city's ability to negotiate or enter into an employee severance agreement.

THE TEXAS MUNICIPAL LEAGUE PROPOSED LEGISLATIVE PROGRAM (2027 – 2028)

Introduction

City officials across the state are well aware of the fact that many significant decisions affecting Texas cities are made by the Texas Legislature, not by municipal officials.

During the 2025 session, more than 9,000 bills or significant resolutions were introduced; more than 2,100 of them would have affected Texas cities in some substantial way. In the end, over 1,200 bills or resolutions passed and were signed into law; 262 of them impacted cities in some way.

The number of city related bills as a percentage of total bills filed rises every year. Twenty years ago, around 17 percent of bills filed affected cities in some way. By 2025, that percentage had increased to 23 percent. In other words, almost a quarter of the legislature's work is directed at cities, and much of that work aims to limit municipal authority.

There is no reason to believe that the workload of the 2027 session will be any lighter; it will probably be greater. And for better or worse, city officials will have to live with all the laws that may be approved by the legislature. Thus, the League must make every effort to assure that detrimental bills are defeated and beneficial bills are passed.

The TML approach to the 2027 session is guided by principles that spring from a deeply rooted TML legislative philosophy:

- The League will vigorously oppose any legislation that would erode the authority of Texas cities to govern their own local affairs.

- Cities represent the level of government closest to the people. They bear primary responsibility for provision of capital infrastructure and for ensuring our citizens' health and safety. Thus, cities must be assured of a predictable and sufficient level of revenue and must resist efforts to diminish their revenue.

- The League will oppose the imposition of any state mandates that do not provide for a commensurate level of compensation.

In setting the TML program, the Board recognizes that there is a practical limit to what the League can accomplish during the legislative session. Because the League (like all associations) has finite resources and because vast amounts of those resources are necessarily expended in defeating bad legislation, the Board recognizes that the League must very carefully select the bills for which it will attempt to find sponsors and seek passage.

Each initiative is subjected to several tests:

- Does the initiative have wide applicability to a broad range of cities of various sizes (both large and small) and in various parts of the state?

- Does the initiative address a central municipal value, or is it only indirectly related to municipal government?
- Is this initiative, when compared to others, important enough to be part of TML's list of priorities?
- Will the initiative be vigorously opposed by strong interest groups and, if so, will member cities commit to contributing the time and effort necessary to overcome that opposition?

- Is this initiative one that city officials, more than any other group, should and do care about?

The Board places each legislative issue into one of four categories of effort. Those four categories are:

- **Seek Introduction and Passage** – the League will attempt to find a sponsor, will provide testimony, and will otherwise actively pursue passage. Bills in this category are known as "TML Priority bills."

- **Support** – the League will attempt to obtain passage of the initiative if it is introduced by some other entity.

- **Oppose** – the League will actively and vigorously attempt to defeat the initiative because it is detrimental to member cities.

- **No Position** – the League will take no action.

Our Highest Priority: Oppose Bad Bills
The Board determined that TML's highest priority goal is the defeat of legislation deemed detrimental to cities. As a practical matter, adoption of this position means that the beneficial bills will be sacrificed, as necessary, in order to kill detrimental bills.

The TML Priority Package
The TML Priority Package includes the following items in no particular order:

1. Defeat any legislation that would erode municipal authority in any way, impose an unfunded mandate, or otherwise be detrimental to cities, especially legislation that would:

    a. provide for state preemption of municipal authority in general.

    b. impose further revenue and/or tax caps of any type.

    c. erode the ability of a city to issue debt.

    d. erode municipal authority related to development matters, including with respect to the following issues: (1) annexation; (2) eminent domain; (3) zoning, including legislation limiting a city's ability to regulate accessory dwelling units; (4) regulatory takings; (5) building codes; (6) tree preservation; (7) short-term rentals; (8) the extraterritorial jurisdiction (ETJ); (9) manufactured housing; (10) parkland dedication ordinances; and (11) impact fees.

    e. erode the authority of a city to be adequately compensated for the use of its rights-of-way and/or erode municipal authority over the management and control of rights-of-way, including by state or federal rules or federal legislation.

f. limit or prohibit the authority of city officials to use municipal funds to communicate with legislators; or limit or prohibit the authority of the Texas Municipal League to use any revenue, however derived, to communicate with legislators.

g. reduce or abolish the concept of the ETJ.

2. Seek introduction and passage of any legislation that would:

a. (1) eliminate reauthorization provisions for the collection and use of street maintenance sales and use tax; (2) authorize cities to reimburse themselves from sales and use tax collections for actual election costs required for tax implementation; and (3) clarify that cities may use street maintenance sales tax revenue for all streets and sidewalks in the city.

b. allow cities alternate methods for publications of legal notices.

c. increase the competitive bidding threshold to account for increased costs to cities.

d. create new law enforcement grant programs or expand the language of current law enforcement grant programs and expand eligibility to include those municipalities seeking to establish a police force.

e. amend Section 102.005, Proposed Budget Filed with Municipal Clerk; Public Inspection, Section (a) of the Texas Local Government Code to reduce the required filing period for a proposed municipal budget from 30 days to 21 days.

f. allows political subdivisions to be able to choose to offer voter choice of polling location on election day other than through the Countywide Polling Place Program.

Support
The Board supports legislation that would:

1. make beneficial amendments to H.B. 3167 (2019), the subdivision platting shot clock bill.

2. allow for greater flexibility by cities to fund local transportation projects; amend or otherwise modify state law to help cities fund transportation projects; or provide cities with additional funding options and resources to address transportation needs that the state and federal governments fail to address.

3. provide additional funding to the Texas Department of Transportation for equitable transportation projects that would benefit cities and provide local, state, and federal transportation funding of transportation infrastructure, including rail.

4. allow a city to lower the prima facie speed limit from 30 to as low as 20 miles per hour without the need for a traffic study if a city finds that the prima facie speed limit is unreasonable or unsafe.

5. in relation to federal transit funding: (a) clarify federal congressional intent of federal transit law to protect cities across the United States from being penalized due a to a population drop suffered as a direct result of a natural disaster; (b) explicitly state that only presidentially declared major disasters are covered, in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L.

100-707); and (c) protect federal transit funding streams for urbanized areas until the execution of the next decennial census.

6. in relation to federal legislation, provide states greater authority over management of train delays in conjunction with affected cities.

7. provide greater authority to the Texas Department of Transportation to improve city railroad crossings and install signal lights where there are safety concerns.

8. require city consent before the Texas Commission on Environmental Quality (TCEQ) is authorized to issue a standard permit for a rock crushing operation, cement crushing operation, or any similar activity that may be authorized under a standard air permit from TCEQ within the corporate limits or ETJ of a city. Alternatively, or in addition, such legislation may: (a) authorize a city to restrict, prevent, or regulate the locating of such activities in the city's corporate limits or ETJ in other manners, such as imposing minimum distance from such operations and schools, hospitals, churches, and residences; (b) require TCEQ to provide notice of applications for standard permits to cities for activities proposed in the city's corporate limits or ETJ and require TCEQ to address any and all comments received from the City as required by Sec. 382.112 of the Texas Health & Safety Code; or (c) prohibit TCEQ from issuing a standard permit for activities proposed in the city's corporate limits or ETJ unless the city verifies that the proposed activity is authorized under the city's zoning ordinance or comprehensive plan to locate at the proposed location.

9. treat broadband service similar to other critical utility infrastructure to ensure statewide availability, equity, and affordability for citizens and businesses.

10. modernize the Texas Universal Fund through revenue sources that ensure long-term sustainability for the provision of broadband services.

11. increase existing or create new grant program funding that provides financial assistance to local governmental public safety agencies for public safety resources, including legislation that supports the use and the purchase of body cameras and associated data storage costs.

12. harden the state's electric grid against blackouts, especially those caused by extreme weather events.

13. provide additional tools for municipally owned electric utilities to harden their systems against blackouts, especially those caused by extreme weather events.

14. provide stabilization and funding for the electric grid in response to increased demand.

15. promote increased flexibility under the Texas Open Meetings Act, including flexibility for public participation, so long as the legislation doesn't mandate any new costs on local governments.

16. give cities more input in the municipal utility district development process within the city limits and ETJ, including legislation that promotes additional transparency in the process for cities and city residents.

17. raise the threshold for the ¾ super majority requirements triggered by the opposition of landowners close to proposed zoning changes from 20% of property ownership interest within the notification area, to 50%, and/or lower the super majority vote requirement.

18. add safeguards to the formation of new municipal utility districts (MUDs) through the Texas Commission on Environmental Quality process, limit MUDs administrative costs, require MUDs to meet in the cities they tax from, coordinate with local cities or counties on MUD board elections, and provide additional financial information to citizens in an open and transparent manner.

19. allow for the expansion and preservation of diverse, affordable housing in cities, including additional appropriations.

20. increase the maximum hiring age for firefighters in a civil service city from age 35 to 45, or to eliminate the maximum hiring age altogether.

21. make beneficial amendments to H.B. 2439 (2019), the building materials bill.

22. prohibit the Texas Department of Transportation from requiring municipalities requesting toll road frontage improvements, ramp improvements, and other competing facilities to pay for any revenue reduction from improvements and maintenance costs of the improvements.

23. require city consent for a housing finance corporation to operate within the city.

24. prohibit housing finance corporations from taking action that would remove property from the tax rolls without approval of the governing body of the jurisdiction in which the property is located.

25. make beneficial amendments to S.B. 2038 (2023), the ETJ removal bill.

26. make beneficial amendments to H.B. 1750 and H.J.R. 126 (2023), both related to agricultural operations within cities.

27. cap state fees on municipal court convictions.

28. provide confidentiality and protection of information originally judges and their families extended to courthouse employees and employees of the Office of Court Administration.

29. study the adequacy of rural firefighting capabilities and rural technical rescue capabilities for rural jurisdictions.

30. enhance professionalism in policing and provide funding to assist police agencies in achieving accreditation status with a recognized state or national accrediting body.

31. fully fund the disabled veterans homestead exemption property tax relief program to assist cities uniquely impacted by high concentrations of disabled veterans homestead exemptions, enabling them to more effectively manage property tax rates.

32. ensure cities maintain their authority to determine lot sizes, parking, and density requirements in the city limits and these planning and zoning regulations are left to the individual cities, not the legislature.

33. codify Texas Commission on Environmental Quality guidance on regionalization for wastewater treatment facilities and improve permitting requirements around wastewater to ensure long term safety and security of package plants, so long as the legislation does not impose an unfunded mandate.

34. clarify a homeowners association's ability to fine residents during declared periods of drought.

35. make beneficial amendments to H.B. 3613 (2023), relating to mandatory elections following redistricting.

36. provide funding for city police officers modeled after H.B. 1354 (2023), providing state financial assistance to cities to pay minimum police salaries of $55,000 per year.

37. authorize cities to use local hotel occupancy tax revenue derived from short term rentals on essential city services provided to short term rentals.

38. provide additional state grant funding to the Texas Water Development Board as identified in the State Water Plan.

39. require nursing homes and assisted facilities to have generators for the purpose of providing backup power to meet all the needs of their residents, including air conditioning and heat, and to require that nursing homes and assisted living facilities have generators or a comparable power source and fuel to run for at least 72 hours during a power outage; also requiring this obligation to be placed on all nursing homes and assisted living facilities by a date certain and requiring inspections to be conducted to ensure the operation of the required requirement.

40. revise the ballot language for the street maintenance sales and use tax to mirror the ballot language used for the reauthorization of crime control districts and fire control, prevention, and emergency medical services districts so that early elections are not needed for reauthorization elections occurring as a result of the fluctuations in the uniform election dates.

41. protect the personal information of members of city advisory committees to the same extent such protections are afforded to city officers and employees.

42. clarify notice requirements for zoning classification changes.

43. eliminate required relocation assistance to persons and entities that allow their property to become substandard and unfit for human use or habitation and allow cities to provide such assistance in order to promote a public purpose with an appropriate use of public funds.

44. repeal S.B. 1152 (2019), allowing a certificated telecommunications provider to elect to pay compensation for use of the right of way for internet or cable but not both.

45. amend the definition of "video service" in Chapter 66 of the Utilities Code to mean video programming services provided by a video service provider through wireline facilities located, at least in part, in a public right-of-way without regard to what technology was used to deliver such services, including via internet service.

46. provide solutions for funding, processes, and systems to address the growing yet chronic challenges for law enforcement in the mental health arena.

47. limit or regulate the acquisition of single-family homes by institutional investors.

48. (a) allow cities to unilaterally remove themselves from an emergency services district (ESD) if the city is capable of providing services to the area; (b) expressly authorize ESDs to expand into a city's corporate limits or ETJ only with city council approval; (c) require an ESD to enter into a sales and use tax sharing agreement with a city when a city annexes territory located in an ESD and, should negotiations fail, enter into binding arbitration and/or mediation; and (d) change the governance structure for ESDs from appointed boards to elected board to produce accountability to taxpayers, for ESDs above a certain size threshold.

49. require a rural water supply corporation to notify the nearest municipality, and any Certificate of Convenience and Necessity (CCN) holder closer than the nearest municipality, to inform the entity, via certified mail, of:
    a) any pending transfer;
    b) any failure to comply with infrastructure improvements per existing and/or development agreements;
    c) any failure to comply legally with contractual agreements;
    d) any failure to refund finances for improvements, meters, hydrant meters and/or infrastructure related equipment;
    e) any failure to provide adequate staffing;
    f) any failure to provide defined licensed operators, technicians, backflow inspectors;
    g) any failure to refund finances to public improvement district bond obligations;
    h) any failure to produce a third-party audit by the annual meeting for its customer members; and
    i) any failure to have day-to-day administration and/or operation support.

    With one or more violations based on the above list is determined, the water supply corporation is to be sold, placed under receivership, and/or transferred to another entity, then the nearest municipality has first right to asset transfer and/or customers of the corporation.

50. (a) create new grant programs to assist rural cities with costs related to the expansion or upgrading of infrastructure and utility facilities required due to the rapid population growth; or (b) alternatively, expand the definition of "in-need" communities for purposes of the Texas Water Development Board's Economically Distressed Areas Program to include those cities whose median household income is more than 75% of the median household income of the state, but nonetheless need legislative support to alleviate the strains on their resources imposed by Texas' rapid population growth and to meet the needs of their growing community.

51. change the municipal utility district (MUD) application and creation process by supporting the following reforms:
    a) removing the Texas Commission of Environmental Quality (TCEQ) from the creation process transferring all MUD creation powers to the Texas legislature;
    b) capacity, and road infrastructure to meet the needs of MUD developments without depleting resources of existing and entitled city and county developments;
    c) requiring MUDs obtain city and/or county acceptance of MUD engineering and market data
    d) analysis, verified by agreed upon third party reviewer, to protect city and county taxpayers from poorly planned MUDs that may potentially harm existing or planned developments or interfere with planned capital improvements;
    e) removing a MUD's ability to use powers of eminent domain;

f) requiring proposed MUDs to provide adequate notice, land dedication, and advance funding to school districts accommodating a fast-growing student population;
g) setting new criteria limiting the amount of MUD debt issuance and placing caps on ongoing administrative costs to protect future MUD residents from exorbitant ongoing MUD taxes;
h) requiring MUDs to contract for police, fire, ambulance, animal control, and solid waste removal ensuring services are provided to MUD residents at actual cost and not subsidized by other entities;
i) changing the MUD debt issuance election process to increase transparency and oversight;
j) exempting MUDs from the ability to petition out of a city's ETJ and/or CCN to avoid financial obligations and standards required for responsible land development; and
k) providing for an exception to allow city annexation in lieu of MUD creation if taxes created for proposed MUD financing exceed an adjacent city's stacked tax and city is able and willing to provide all essential services.

52. clarify the ability of Type A general law cities to accept donations of money or other property on behalf of the city for the purpose of performing a function conferred by law on the city or a city officer.

53. preserve local authority to establish and enforce food safety regulations based on local data, risk assessment, and public health expertise.

Oppose
The Board opposes legislation that would:

1. negatively expand appraisal caps but take no position on legislation that would authorize a council-option reduction in the current ten-percent cap on annual appraisal growth.

2. impose new property tax or sales tax exemptions that substantially erode the tax base.

3. limit the type of incentives available to the city or that would limit any use of incentives by a city.

4. further erode local control as it pertains to retirement issues.

5. substantively change or expand the scope of the current disease presumption law, unless doing so is supported by reputable, independent scientific research.

6. require candidates for city office to declare party affiliation in order to run for office.

7. eliminate any of the current uniform election dates.

8. restrict city authority to draft ballot propositions in such a way that reflects the full fiscal impact of the proposition.

9. require preclearance of city ballot propositions by a state agency.

10. erode city solid waste franchise fee authority.

11. repeal the Texas Department of Public Safety's Failure to Appear/Failure to Pay Program through OmniBase Services.

12. restrict a city's ability to negotiate or enter into an employee severance agreement.

13. restricts or preempts the authority of home-rule cities to regulate food safety practices or enforce standards for food service establishments within their jurisdictions.

14. facilitates the expansion of unregulated or inadequately regulated food production practices that increase the risk to public health.

No Position

The Board takes no position on legislation that relates to immigration matters, so long as it does not impose new and substantial unfunded mandates or unavoidable liabilities on cities.

The Board takes no position on legislation that would impact local sourcing of sales and use taxes.

Other

The Board takes the following additional actions: with regard to economic development: (1) take no position on legislation that would broaden the authority of Type A or Type B economic development corporations; and (2) oppose legislation that would limit the authority of Type A or Type B economic development corporations statewide, but take no position on legislation that is regional in scope and that is supported by some cities in that region.

TML Board Action: Items Removed from the Legislative Program

At its meeting on June 26, 2026, the TML Board of Directors voted to remove the following items from the Legislative Program:

Seek Introduction and Passage

- Promote pay as you go financing for capital expenditures by authorizing a dedicated property tax rate that is classified similarly to the debt service tax rate in property tax rate calculations.

Support

- Make beneficial amendments to the equity appraisal statute; close the “dark store” theory of appraisal loophole; and require mandatory disclosure of real estate sales prices.
- Authorize a council-option city homestead exemption expressed as a percentage or flat-dollar amount.
- Convert the sales tax reallocation process from a ministerial process into a more formalized and transparent administrative process.
- Authorize a city council to opt-in to requiring residential fire sprinklers in newly constructed single-family dwellings.
- Establish that expenditures of Community Development Block Grant funds by cities are a governmental function.
- Provide consistency and uniformity in the compliance deadlines and fees for compliance dismissals of Class “C” misdemeanors.
- Rectify the wording of Texas Government Code Section 29.013 to eliminate the requirement that a city secretary notify the Texas Judicial Council of elected or appointed mayors or municipal court clerks.
- Protect from disclosure the list of applicants for a mail-in ballot up until the time ballots are sent for those applications, regardless of whether a request is made for the applications.
- Allow for the expenditure of municipal hotel occupancy tax revenue for construction of improvements in municipal parks and trails/sidewalks that connect parks, lodging establishments, and other tourist attractions, and related public facilities.
- Require equitable treatment of local governments by preventing a state official or state agency from placing additional restrictions on a city’s use of federal funds from future stimulus legislation related to a health pandemic, in contravention of congressional intent.
- Require counties to share timely information on health emergencies with cities.

- Require the State of Texas to create a state regulatory process for oil and gas and CO_2 pipeline routing that:

    - enables affected communities and landowners to provide input prior to establishment and publication of routes.
    - provides for negotiation on routes when municipalities believe that substantial threats to economic development, natural resources, or standard of living are potential outcomes.
    - intrastate pipelines will comply with environmental and economic impact study standards, including the participation of local governmental entities and public participation.
    - pipeline operators shall have in place performance bonds like those the state has in its own contracts.

- Mitigate the cost and liabilities of a generation or distribution outage event caused by a natural disaster from being passed on to cities and city residents.

- Ensure that each city gets at least one vote on appraisal district board members.

- Promote increased flexibility under the Texas Open Meetings Act, including flexibility for public participation, so long as the legislation doesn't mandate any new costs on local governments.

- Allow for competitive procurement of the professional services enumerated in the Professional Services Procurement Act by home rule and general law municipalities.

- Allow a city official to submit a request for an attorney general letter ruling under the Public Information Act by email at no charge.

- Amend Sec. 52.095, Election Code, related to the requirement that cities are only able to assign a letter of the alphabet to the measure that corresponds to its order on the ballot.

Oppose

- Limit or eliminate the current flexibility of the Major Events Reimbursement Program or Events Trust Fund as a tool for cities to attract or host major events and conventions.

- Impose additional state fees or costs on municipal court convictions or require municipal courts to collect fine revenue for the state.

July 17, 2026

MEMORANDUM

TO: TML Member Cities
TML Regional Officers
TML Affiliate Presidents

FROM: JJ Rocha, TML Director of Public Policy & Engagement

SUBJECT: Resolutions for the 2026 TML Annual Conference

League advocacy efforts are based on a legislative program that is developed by member city officials. The program is essential to the legitimacy of the League's advocacy efforts. To develop the program, city officials provide input in primarily two ways.

First, a member city, TML region, or TML affiliate may submit a resolution for consideration at the business meeting of each year's annual conference. Each city is asked to provide one delegate to serve as its liaison at the meeting. The representatives will be briefed on the content of the resolutions and given a chance to discuss and vote on whether they merit inclusion in the legislative program.

Second, member city officials can participate in the League's Municipal Policy Summit. The report of the Summit takes the form of a resolution that is submitted to the annual conference in interim years. The summit participants were appointed by the TML President in early 2026 based on volunteers and others chosen to balance the demographics of the TML membership at large. The Policy Summit is set to meet in August 2026.

With regard to the resolutions process, the TML Constitution states that resolutions for consideration at the annual conference must be submitted to the TML headquarters 45 calendar days prior to the first day of the Annual Conference. For 2026, this provision means that resolutions from any member city, TML region, or TML affiliate must arrive at the TML headquarters no later than 5:00 p.m. on **September 28, 2026**.

The TML Board of Directors has adopted several procedures governing the resolutions process. Please review the following items carefully and thoroughly.

1. No resolution may be considered at the annual TML business meeting unless it has prior approval of: (a) the governing body of a TML member city; (b) the governing body or

membership of a TML affiliate, or (c) the membership of a TML region at a regional meeting.

2. TML member cities, regions, and affiliates that wish to submit a resolution **must** complete a resolution cover sheet. The cover sheet is available here.

3. It is recommended that any resolution state one of four categories to better direct League staff. Those categories are:

   - **Seek Introduction and Passage** means that the League will attempt to find a sponsor, will provide testimony, and will otherwise actively pursue passage. Bills in this category are known as "TML bills."

   - **Support** means the League will attempt to obtain passage of the initiative if it is introduced by a city or some other entity.

   - **Oppose**.

   - **Take No Position**.

4. Resolutions submitted will be thoroughly discussed at the TML Annual Conference. Each city is asked to provide one delegate to serve as its liaison at the annual business meeting at which resolutions will be considered. The delegate isn't required to have any special expertise, and an elected official representative is encouraged but not required. The delegate must sign up in person at a table outside of the meeting room. Cities are encouraged to sign up their delegate early.

5. The city, region, or affiliate that submits a resolution is encouraged to send a representative to the business meeting to explain the resolution. The business meeting will meet at **3:00 p.m.** on **Thursday, November 12, 2026**, at the Henry B. González Convention Center in San Antonio.

Under the TML Constitution, resolutions received after the deadline of **September 28, 2026**, must not only have the attached cover sheet, but also must "state the reason precluding timely submission." These late resolutions may be considered at the annual conference only if two-thirds of the representatives present and voting agree to suspend the submission rule and consider the resolution.

Resolutions may be submitted by mail or by email (preferred) to JJ Rocha, director of public policy & engagement, at:

1821 Rutherford Lane, Suite 400
Austin, Texas 78754
Email: **resolutions@tml.org**

If you have questions or would like any assistance, please call 512-231-7400 at any time.

2026 TML RESOLUTION COVER SHEET

Sponsoring Entity: TML Municipal Policy Summit

Brief Background: This resolution is the report of the TML Municipal Policy Summit. It represents the culmination of the work undertaken by the Summit delegates regarding legislative priorities.

What the Resolution is Intended to Accomplish: This resolution and the accompanying TML legislative program with modifications and additions (highlighted in the attached program draft by strikeouts (deleted) and underlines (added) are intended to assist the membership and the TML Board in identifying priority legislative issues. Most, if not all, of the issues described in the report are self-explanatory. Any of the issues can be fully described and explained by Summit delegates and/or TML staff during the Annual Business Meeting

How the Resolution is City-Related/How it addresses a Municipal Issue: This resolution addresses issues that have been identified as city-related by Summit delegates.

Statewide Importance: The issues addressed in this resolution and the accompanying TML fixed legislative program with modifications and additions are of statewide importance by definition. The Summit included delegates from each part of the state, and the delegates carefully considered statewide importance – and other factors – when making recommendations

Submitted By: Summit Chair and TML President Andrea Barefield, Councilmember, City of Waco

For further information: JJ Rocha
Director of Public Policy & Engagement
jj@tml.org

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A RESOLUTION ADOPTING THE REPORT OF
THE 2026 TML MUNICIPAL POLICY SUMMIT

WHEREAS, the 2026 TML Municipal Policy Summit was appointed by TML President Andrea Barefield in early 2026; and

WHEREAS, over 100 municipal officials from cities of every size across the state served on the Summit; and

WHEREAS, the Summit reviewed the legislative program, studied numerous city-related issues, and recommends certain modifications and additions to the program; and

WHEREAS, the Summit has completed its work and has drafted the attached legislative program;

NOW, THEREFORE, BE IT RESOLVED by the delegates assembled at this 2026 Annual Conference of the Texas Municipal League that the attached program from the TML Municipal Policy Summit be accepted and adopted.

PASSED AND APPROVED by the membership of the Texas Municipal League this 12th day of November, 2026 at San Antonio, Texas.

APPROVED:

____
Andrea Barefield,
President

ATTEST:

____
Monty Wynn,
Executive Director

THE TEXAS MUNICIPAL LEAGUE PROPOSED
LEGISLATIVE PROGRAM
(2027 – 2028)

Introduction

City officials across the state are well aware of the fact that many significant decisions affecting Texas cities are made by the Texas Legislature, not by municipal officials.

During the 2025 session, more than 9,000 bills or significant resolutions were introduced; more than 2,100 of them would have affected Texas cities in some substantial way. In the end, over 1,200 bills or resolutions passed and were signed into law; 262 of them impacted cities in some way.

The number of city related bills as a percentage of total bills filed rises every year. Twenty years ago, around 17 percent of bills filed affected cities in some way. By 2025, that percentage had increased to 23 percent. In other words, almost a quarter of the legislature's work is directed at cities, and much of that work aims to limit municipal authority.

There is no reason to believe that the workload of the 2027 session will be any lighter; it will probably be greater. And for better or worse, city officials will have to live with all the laws that may be approved by the legislature. Thus, the League must make every effort to assure that detrimental bills are defeated and beneficial bills are passed.

The TML approach to the 2027 session is guided by principles that spring from a deeply rooted TML legislative philosophy:

- The League will vigorously oppose any legislation that would erode the authority of Texas cities to govern their own local affairs.

- Cities represent the level of government closest to the people. They bear primary responsibility for provision of capital infrastructure and for ensuring our citizens' health and safety. Thus, cities must be assured of a predictable and sufficient level of revenue and must resist efforts to diminish their revenue.

- The League will oppose the imposition of any state mandates that do not provide for a commensurate level of compensation.

In setting the TML program, the Board recognizes that there is a practical limit to what the League can accomplish during the legislative session. Because the League (like all associations) has finite resources and because vast amounts of those resources are necessarily expended in defeating bad legislation, the Board recognizes that the League must very carefully select the bills for which it will attempt to find sponsors and seek passage.

Each initiative is subjected to several tests:

- Does the initiative have wide applicability to a broad range of cities of various sizes (both large and small) and in various parts of the state?

- Does the initiative address a central municipal value, or is it only indirectly related to municipal government?

- Is this initiative, when compared to others, important enough to be part of TML's list of priorities?

- Will the initiative be vigorously opposed by strong interest groups and, if so, will member cities commit to contributing the time and effort necessary to overcome that opposition?

- Is this initiative one that city officials, more than any other group, should and do care about?

The Board places each legislative issue into one of four categories of effort. Those four categories are:

- **Seek Introduction and Passage** – the League will attempt to find a sponsor, will provide testimony, and will otherwise actively pursue passage. Bills in this category are known as "TML Priority bills."

- **Support** – the League will attempt to obtain passage of the initiative if it is introduced by some other entity.

- **Oppose** – the League will actively and vigorously attempt to defeat the initiative because it is detrimental to member cities.

- **No Position** – the League will take no action.

Our Highest Priority: Oppose Bad Bills
The Board determined that TML's highest priority goal is the defeat of legislation deemed detrimental to cities. As a practical matter, adoption of this position means that the beneficial bills will be sacrificed, as necessary, in order to kill detrimental bills.

The TML Priority Package
The TML Priority Package includes the following items in no particular order:

1. Defeat any legislation that would erode municipal authority in any way, impose an unfunded mandate, or otherwise be detrimental to cities, especially legislation that would:

   a. provide for state preemption of municipal authority in general.

   b. impose further revenue ~~and/or~~, tax, and/or expenditure caps of any type.

c. erode the ability of a city to issue debt.

d. erode municipal authority related to development matters, including with respect to the following issues: (1) annexation; (2) eminent domain; (3) zoning, including legislation limiting a city's ability to regulate accessory dwelling units; (4) regulatory takings; (5) building codes; (6) tree preservation; (7) short-term rentals; (8) the extraterritorial jurisdiction (ETJ); (9) manufactured housing; (10) parkland dedication ordinances; (11) impact fees; (12) abolish the concept of the ETJ; and (13) data centers.

e. erode the authority of a city to be adequately compensated for the use of its rights-of-way and/or erode municipal authority over the management and control of rights-of-way, including by state or federal rules or federal legislation.

f. limit or prohibit the authority of city officials to use municipal funds to communicate with legislators; or limit or prohibit the authority of the Texas Municipal League to use any revenue, however derived, to communicate with legislators.

~~g. reduce or abolish the concept of the ETJ.~~

2. Seek introduction and passage of any legislation that would:

a. (1) eliminate reauthorization provisions for the collection and use of street maintenance sales and use tax; (2) authorize cities to reimburse themselves from sales and use tax collections for actual election costs required for tax implementation; and (3) clarify that cities may use street maintenance sales tax revenue for all streets and sidewalks in the city.

~~b. allow cities alternate methods for publications of legal notices~~

~~c. increase the competitive bidding threshold to account for increased costs to cities.~~

d. (1) create new law enforcement grant programs and additional funding or expand the language of current law enforcement grant programs and funding; and (2) expand eligibility to include those municipalities seeking to establish a police force.

e. make beneficial amendments to S.B. 1851 (2025), the city audit compliance penalty bill.

f. make beneficial amendments to S.B. 2038 (2023), the ETJ removal bill.

Support
The Board supports legislation that would:

1. make beneficial amendments to H.B. 3167 (2019), the subdivision platting shot clock bill.

2. allow for greater flexibility by cities to fund local transportation projects; amend or otherwise modify state law to help cities fund transportation projects; or provide cities with additional funding options and resources to address transportation needs that the state and federal governments fail to address.

3. provide additional funding to the Texas Department of Transportation for equitable transportation projects that would benefit cities and provide local, state, and federal transportation funding of transportation infrastructure, including rail.

4. allow a city to lower the prima facie speed limit from 30 to as low as 20 miles per hour without the need for a traffic study if a city finds that the prima facie speed limit is unreasonable or unsafe.

5. in relation to federal transit funding: (a) clarify federal congressional intent of federal transit law to protect cities across the United States from being penalized due a to a population drop suffered as a direct result of a natural disaster; (b) explicitly state that only presidentially declared major disasters are covered, in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 100-707); and (c) protect federal transit funding streams for urbanized areas until the execution of the next decennial census.

6. in relation to federal legislation, provide states greater authority over management of train delays in conjunction with affected cities.

7. provide greater authority and funding to the Texas Department of Transportation to improve city railroad crossings and install signal lights where there are safety concerns.

8. ensure that cities have equitable access to funding for railroad crossing safety.

9. require city consent before the Texas Commission on Environmental Quality (TCEQ) is authorized to issue a standard permit for a rock crushing operation, cement crushing operation, or any similar activity that may be authorized under a standard air permit from TCEQ within the corporate limits or ETJ of a city. Alternatively, or in addition, such legislation may: (a) authorize a city to restrict, prevent, or regulate the locating of such activities in the city's corporate limits or ETJ in other manners, such as imposing minimum distance from such operations and schools, hospitals, churches, and residences; (b) require TCEQ to provide notice of applications for standard permits to cities for activities proposed in the city's corporate limits or ETJ and require TCEQ to address any and all comments received from the City as required by Sec. 382.112 of the Texas Health & Safety Code; or (c) prohibit TCEQ from issuing a standard permit for activities proposed in the city's corporate limits or ETJ unless the city verifies that the proposed activity is authorized under the city's zoning ordinance or comprehensive plan to locate at the proposed location.

10. treat broadband service similar to other critical utility infrastructure to ensure statewide availability, equity, and affordability for citizens and businesses.

11. modernize the Texas Universal Fund through revenue sources that ensure long-term sustainability for the provision of broadband services.

12. increase existing or create new grant program funding that provides financial assistance to local governmental public safety agencies for public safety resources, including legislation that supports the use and the purchase of body cameras and associated data storage costs.

13. harden the state's electric grid against blackouts, especially those caused by extreme weather events.

14. provide additional tools for municipally owned electric utilities to harden their systems against blackouts, especially those caused by extreme weather events.

15. provide stabilization and funding for the electric grid in response to increased demand.

16. give cities more input in the municipal utility district development process within the city limits and ETJ, including legislation that promotes additional transparency in the process for cities and city residents.

17. ~~raise the threshold for the ¾ super majority requirements triggered by the opposition of landowners close to proposed zoning changes from 20% of property ownership interest within the notification area, to 50%, and/or lower the super majority vote requirement.~~

18. add safeguards to the formation of new municipal utility districts (MUDs) through the Texas Commission on Environmental Quality process, limit MUDs administrative costs, require MUDs to meet in the cities they tax from, coordinate with local cities or counties on MUD board elections, and provide additional financial information to citizens in an open and transparent manner.

19. allow for the expansion and preservation of diverse, affordable housing in cities, including additional appropriations.

20. increase the maximum hiring age for firefighters in a civil service city from age 35 to 45, or to eliminate the maximum hiring age altogether.

21. make beneficial amendments to H.B. 2439 (2019), the building materials bill.

22. prohibit the Texas Department of Transportation from requiring municipalities requesting toll road frontage improvements, ramp improvements, and other competing facilities to pay for any revenue reduction from improvements and maintenance costs of the improvements.

23. require city council consent for a housing finance corporation, housing authority, and/or public facility corporation to operate within the city.

24. prohibit housing finance corporations, housing authorities, and/or public facility corporations from taking action that would remove property from the tax rolls without approval of the city governing body of the jurisdiction in which the property is located.

25. make beneficial amendments to H.B. 1750 and H.J.R. 126 (2023), both related to agricultural operations within cities.

26. cap state fees on municipal court convictions.

27. provide confidentiality and protection of information originally judges and their families extended to courthouse employees and employees of the Office of Court Administration.

28. ~~study the adequacy of rural firefighting capabilities and rural technical rescue capabilities for rural jurisdictions.~~

29. enhance professionalism in policing and provide funding to assist police agencies in achieving accreditation status with a recognized state or national accrediting body.

30. fully fund the disabled veterans homestead exemption property tax relief program to assist cities uniquely impacted by high concentrations of disabled veterans homestead exemptions, enabling them to more effectively manage property tax rates.

31. ensure cities maintain their authority to determine lot sizes, parking, and density requirements in the city limits and these planning and zoning regulations are left to the individual cities, not the legislature.

32. codify Texas Commission on Environmental Quality guidance on regionalization for wastewater treatment facilities and improve permitting requirements around wastewater to ensure long term safety and security of package plants, so long as the legislation does not impose an unfunded mandate.

33. ~~clarify a homeowners association's ability to fine residents during declared periods of drought.~~

34. make beneficial amendments to H.B. 3613 (2023), relating to mandatory elections following redistricting.

35. provide additional funding for city police officers modeled after H.B. 1354 (2023), providing state financial assistance to cities to pay minimum police salaries of $55,000 per year.

36. authorize cities to use local hotel occupancy tax revenue derived from short term rentals on essential city services provided to short term rentals.

37. provide additional state grant funding to the Texas Water Development Board ~~as~~ for projects consistent with ~~identified~~ the State Water Plan.

38. require nursing homes, assisted facilities, licensed group homes, and apartments advertised to seniors as independent living facilities to have generators for the purpose of providing backup power to meet all the needs of their residents, including air conditioning and heat, and to require that nursing homes and assisted living facilities have generators or a comparable power source and fuel to run for at least 72 hours during a power outage, and require rental disclosure statements when generators are not available; also requiring this obligation to be placed on all nursing homes, assisted living facilities, licensed group homes, and apartments advertised to seniors as independent living facilities by a date certain and requiring inspections to be conducted to ensure the operation of the required requirement.

39. revise the ballot language for the street maintenance sales and use tax to mirror the ballot language used for the reauthorization of crime control districts and fire control, prevention, and emergency medical services districts so that early elections are not needed for reauthorization elections occurring as a result of the fluctuations in the uniform election dates.

40. protect the personal information of members of city advisory committees to the same extent such protections are afforded to city officers and employees.

41. clarify notice requirements for zoning classification changes.

42. eliminate required relocation assistance to persons and entities that allow their property to become substandard and unfit for human use or habitation and allow cities to provide such assistance in order to promote a public purpose with an appropriate use of public funds.

43. repeal S.B. 1152 (2019), allowing a certificated telecommunications provider to elect to pay compensation for use of the right of way for internet or cable but not both.

44. amend the definition of "video service" in Chapter 66 of the Utilities Code to mean video programming services provided by a video service provider through wireline facilities located, at least in part, in a public right-of-way without regard to what technology was used to deliver such services, including via internet service.

45. provide solutions for funding, processes, and systems to address the growing yet chronic challenges for law enforcement in the mental health arena.

46. limit or regulate the acquisition of single-family homes by institutional investors.

47. (a) allow cities to unilaterally remove themselves from an emergency services district (ESD) if the city is capable of providing services to the area; (b) expressly authorize ESDs to expand into a city's corporate limits or ETJ only with city council approval; (c) require an ESD to enter into a sales and use tax sharing agreement with a city when a city annexes territory located in an ESD and, should negotiations fail, enter into binding arbitration and/or

mediation; and (d) change the governance structure for ESDs from appointed boards to elected board to produce accountability to taxpayers, for ESDs above a certain size threshold.

48. require a rural water supply corporation to notify the nearest municipality, and any Certificate of Convenience and Necessity (CCN) holder closer than the nearest municipality, to inform the entity, via certified mail, of:

    a) any pending transfer;
    b) any failure to comply with infrastructure improvements per existing and/or development agreements;
    c) any failure to comply legally with contractual agreements;
    d) any failure to refund finances for improvements, meters, hydrant meters and/or infrastructure related equipment;
    e) any failure to provide adequate staffing;
    f) any failure to provide defined licensed operators, technicians, backflow inspectors;
    g) any failure to refund finances to public improvement district bond obligations;
    h) any failure to produce a third-party audit by the annual meeting for its customer members; and
    i) any failure to have day-to-day administration and/or operation support.

    With one or more violations based on the above list is determined, the water supply corporation is to be sold, placed under receivership, and/or transferred to another entity, then the nearest municipality has first right to asset transfer and/or customers of the corporation.

49. (a) create new grant programs to assist rural cities with costs related to the expansion or upgrading of infrastructure and utility facilities required due to the rapid population growth; or (b) alternatively, expand the definition of "in-need" communities for purposes of the Texas Water Development Board's Economically Distressed Areas Program to include those cities whose median household income is more than 75% of the median household income of the state, but nonetheless need legislative support to alleviate the strains on their resources imposed by Texas' rapid population growth and to meet the needs of their growing community.

50. ~~change the municipal utility district (MUD) application and creation process by supporting the following reforms:~~

    a. ~~removing the Texas Commission of Environmental Quality (TCEQ) from the creation process transferring all MUD creation powers to the Texas legislature;~~
    b. ~~requiring MUDs to provide sufficient evidence of the availability of water supply, wastewater capacity, and road infrastructure to meet the needs of MUD~~

~~developments without depleting resources of existing and entitled city and county developments;~~

~~c. requiring MUDs obtain city and/or county acceptance of MUD engineering and market data analysis, verified by agreed upon third party reviewer, to protect city and county taxpayers from poorly planned MUDs that may potentially harm existing or planned developments or interfere with planned capital improvements;~~

~~d. removing a MUD's ability to use powers of eminent domain;~~

~~e. requiring proposed MUDs to provide adequate notice, land dedication, and advance funding to school districts accommodating a fast-growing student population;~~

~~f. setting new criteria limiting the amount of MUD debt issuance and placing caps on ongoing administrative costs to protect future MUD residents from exorbitant ongoing MUD taxes;~~

~~g. requiring MUDs to contract for police, fire, ambulance, animal control, and solid waste removal ensuring services are provided to MUD residents at actual cost and not subsidized by other entities;~~

~~h. changing the MUD debt issuance election process to increase transparency and oversight;~~

~~i. exempting MUDs from the ability to petition out of a city's ETJ and/or CCN to avoid financial obligations and standards required for responsible land development; and~~

~~j. providing for an exception to allow city annexation in lieu of MUD creation if taxes created for proposed MUD financing exceed an adjacent city's stacked tax and city is able and willing to provide all essential services.~~

51. (a) increase transparency and accountability for municipal utility districts; (b) increase state and local oversight of municipal utility districts; and (c) improve coordination between municipal utility districts and other local governments on matters related to public safety, natural resources, infrastructure, and land use; and (d) ensure municipal utility districts pay a proportionate share of all infrastructure costs as well as actual costs of ongoing services required to serve their development.

52. provide for an exception for ETJ withdrawal for land that lies within the boundaries of an established Municipal Development District.

53. require smaller package plants permit applicants be subject to same water quality and nutrient removal standards imposed on higher-flow wastewater treatment facilities.

54. provide additional funding for financial assistance programs offered by the Texas Water Development Board.

55. allow for internet-only publication of legal notices.

56. increase the competitive bidding threshold to account for increased costs to cities.

57. modernize competitive procurement thresholds applicable to municipal affiliate entities.

58. clarify that: (a) municipalities perform a governmental function when entering into contracts to pass-through CDBG-DR funds; and (b) immunity is not waived when entering into contracts to pass-through federal or state disaster recovery funds on goods and services that benefit qualified private citizens and damaged private property and does not benefit the municipality.

Oppose

The Board opposes legislation that would:

1. negatively expand appraisal caps but take no position on legislation that would authorize a council-option reduction in the current ten-percent cap on annual appraisal growth.

2. impose new property tax or sales tax exemptions that substantially erode the tax base.

3. limit the type of incentives available to the city or that would limit any use of incentives by a city.

4. further erode local control as it pertains to retirement issues.

5. substantively change or expand the scope of the current disease presumption law, unless doing so is supported by reputable, independent scientific research.

6. require candidates for city office to declare party affiliation in order to run for office.

7. eliminate any of the current uniform election dates.

8. ~~restrict city authority to draft ballot propositions in such a way that reflects the full fiscal impact of the proposition.~~

9. ~~require preclearance of city ballot propositions by a state agency.~~

10. erode city solid waste franchise fee authority.

11. repeal the Texas Department of Public Safety's Failure to Appear/Failure to Pay Program through OmniBase Services.

12. ~~restrict a city's ability to negotiate or enter into an employee severance agreement.~~

13. diminish local control of municipally owned utilities or imposes regulatory requirements that fail to recognize the unique governance structure and public-service mission of community-owned utilities.

14. erode local authority over utility financial management, including the transfer of enterprise fund revenues to a city general fund for the purposes of: (a) indirect cost allocations; (b)

payments in lieu of taxes (PILOTs); (c) franchise fees or right-of-way compensation fees; or (d) any other lawful purpose.

No Position

The Board takes no position on legislation that relates to immigration matters, so long as it does not impose new and substantial unfunded mandates or unavoidable liabilities on cities.

The Board takes no position on legislation that would impact local sourcing of sales and use taxes.

Other

The Board takes the following additional actions: with regard to economic development: (1) take no position on legislation that would broaden the authority of Type A or Type B economic development corporations; and (2) oppose legislation that would limit the authority of Type A or Type B economic development corporations statewide, but take no position on legislation that is regional in scope and that is supported by some cities in that region.