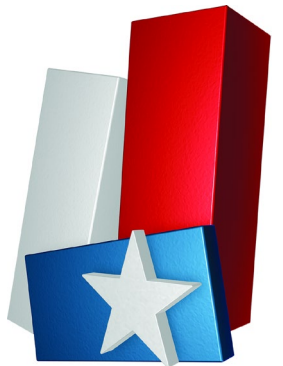
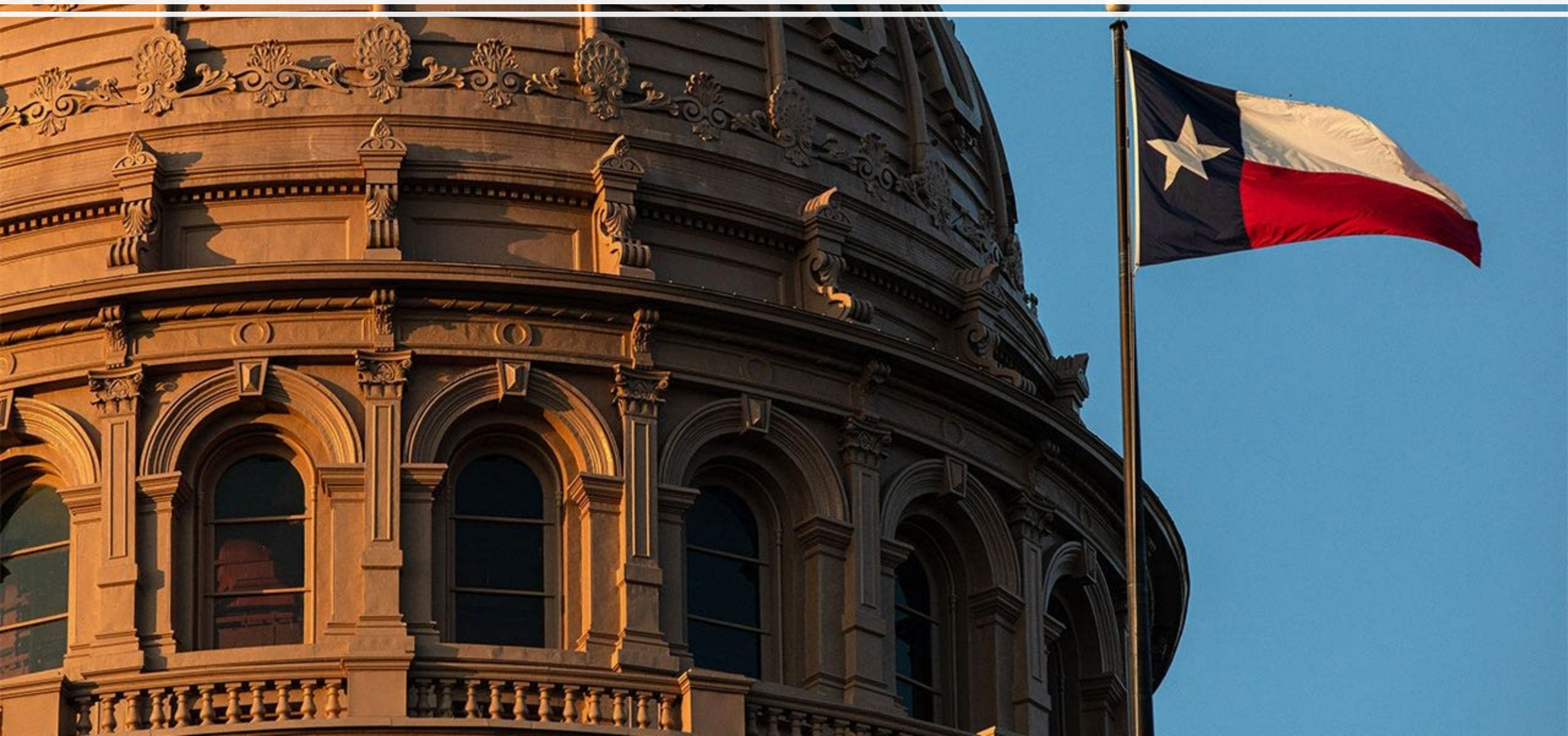


Legislative Wrap-up 88th Legislative Session

Council Presentation
August 21, 2023



88th Texas Legislature



Contract Lobby Team



**Brandon
Aghamalian**

Municipal issues, economic development, property taxes, and transportation and transit issues.



Curt Seidlits

Founder, government affairs and lobby strategists.



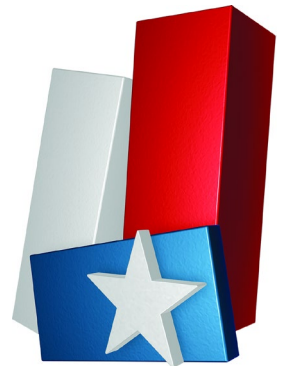
Snapper Carr

Land usage, utilities, military and water issues.



Lynlie Hurd

Municipal issues, water and environmental issues.



Burleson Legislative Delegation



Senator Phil King

Committees:

- Business & Commerce (Vice-Chair)
- Border Security
- Criminal Justice
- Education
- Transportation
- Subcommittee on Higher Education



Rep. DeWayne Burns

Committees:

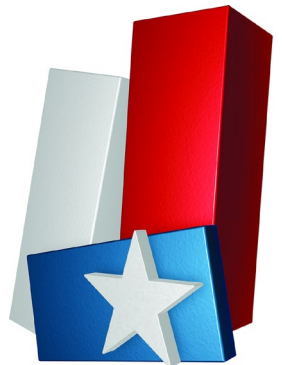
- Land and Resource Management (Chair)
- Higher Education



Rep. David Cook

Committees:

- Criminal Jurisprudence (Vice Chair)
- Calendars
- Juvenile Justice & Family Issues



Property Tax Relief Special Session Update

The Second Special Session was called June 27th. On July 10th, Lt. Gov. Patrick and Speaker Phelan announced a compromise had been reached on property tax relief. House and Senate adjourned July 13th.

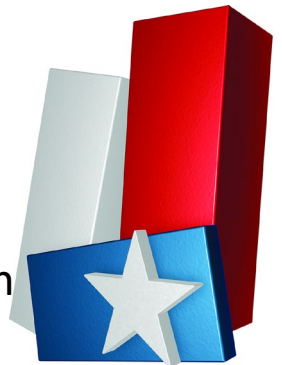
Proposition 4 provides property tax relief by proposing a constitutional amendment to enact Senate Bill 2.

Property Tax Relief – Senate Bill 2:

- Reduces maximum compressed rate for school district M&O property tax rate by 10.7 cents per \$100 valuation.
- Raises school district residence homestead exemption from \$40,000 to \$100,000.
- Non-homesteaded property valued under \$5 million receives a 20% circuit-breaker (appraisal cap) on appraised value increases (3-year pilot project).
- 3 county citizens will be elected county-wide to each County Appraisal Districts (CAD board) of directors in non-partisan positions. The CAD board of directors will select Appraisal Review Board (ARB) members, in each county of 75k population or greater.

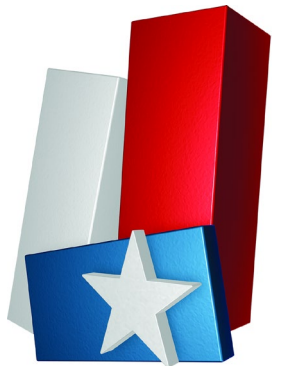
Franchise Tax Reform – Senate Bill 3:

- Doubles the amount of franchise tax exemption from \$1.235 million to \$2.47 million, which will result in 67,000 small to medium sized businesses no longer paying the franchise tax.



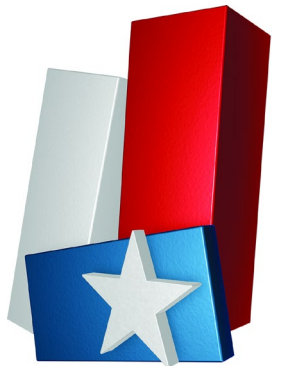
88th Legislative Session – By the Numbers

- **8,344 bills and joint resolutions filed - 1,880 tracked bills (23%)**
- **1,258 bills passed - 230 tracked bills passed**
- **1,073 bills passed (87th Legislative Session)**



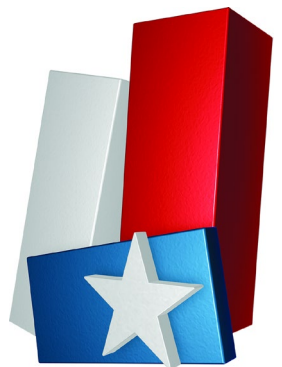
Governor Abbott Priorities

- **Property Tax Relief**
- **Ending Covid Restrictions**
- **School Choice**
- **School Safety**
- **Bail Reform**
- **Border Security**
- **Prosecution of fentanyl deaths**



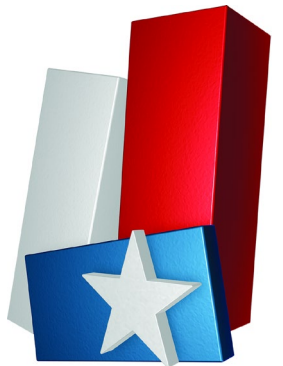
Lt. Governor Patrick Priority Bills

- **Property Tax Relief**
 - **S.B. 3:** Increasing homestead exemption from \$40,000 to \$70,000 and tangible business property exemption. **S.B. 4:** Additional school property tax relief. **S.B. 5:** Increasing business personal property tax. \$76 million fiscal note for cities. **(All failed in the regular session)**
- **Law Enforcement**
 - **S.B. 22:** Rural law enforcement funding.
- **Infrastructure**
 - **S.B. 28:** Addressing Texas' future water needs.
- **COVID-19**
 - **S.B. 29:** Banning COVID-19 mandates.



Speaker Phelan Priority Bills

- **Economic Development**
 - **H.B. 5:** School district tax abatement program.
- **Broadband Funding**
 - **H.B. 9:** Broadband Infrastructure Fund.
- **Development Plans and Platting**
 - **H.B. 14:** 3rd party review and inspections for development documents and permits.



Special Session(s)



Cutting Room Floor

Local Preemption

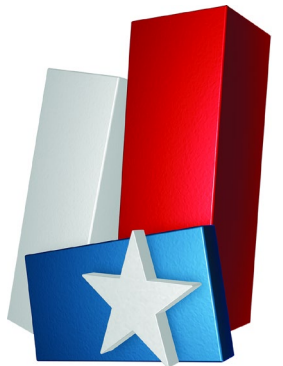
- Regulating state license holders
- City occupational licenses
- Commercial activity

Land Use

- Disannexation
- Minimum lot size and small lot preemption
- Accessory dwelling units by right
- HUD code manufactured housing by right
- Building height restrictions
- ETJ size, density in ETJ, required services and ordinance enforcement in ETJ
- STRs and residential amenity preemption

Economic Development

- 380 agreement limitations



Cutting Room Floor (Cont.)

City Administration

- Community censorship
- Prohibiting transferring utility fund revenue to general fund
- Streaming services not video services for franchise fees

Debt

- Debt service fund use limitations
- Certificate of obligation restrictions
- November debt elections

Personnel

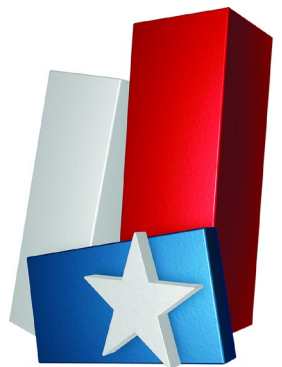
- Automatic civil service over 10,000 population

Property Tax

- 5% appraisal cap
- State money for cities impacted by disabled vet exemption
- Repeal of de minimis rate for cities under 30,000 (fire truck provision)
- Pay-go financing reform

Sales Tax

- Destination sales tax sourcing
- Street maintenance sales tax reforms



Cutting Room Floor (Cont.)

Elections

- Ballot language restrictions and liability
- Sale of parkland without election

Public Safety

- Emergency services district bills
- Mandatory homeless camping ban complaints and enforcement
- Firefighter investigation procedure

Open Government

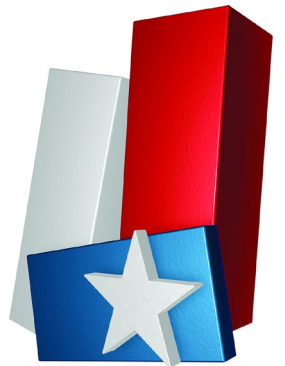
- Online public notices

Purchasing

- Increased competitive bidding threshold

Transportation

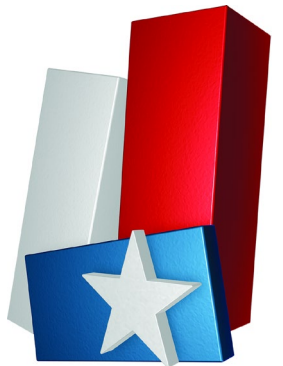
- Billboard relocation
- Lowered speed limit without traffic study



Preemption – H.B. 2127

H.B. 2127:

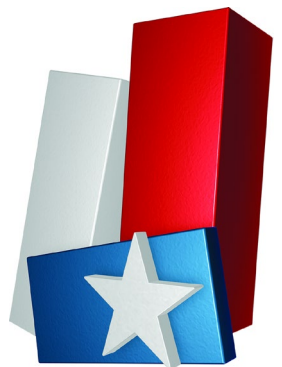
- Expressly preempts certain home rule city regulations;
- Potentially preempts other home rule city regulations in fields occupied by state statute in particular codes, depending on how courts rule;
- Creates a cause of action for lawsuits against a home rule city to determine whether a city regulation is preempted; and
- Requires three months' notice before a claimant may bring a lawsuit against a city.



Preemption – H.B. 2127

What city authority is expressly protected?

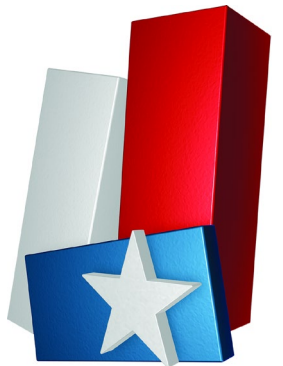
- Existing payday lending ordinances, if valid under previous law
- Existing regulations of the retail sale of dogs or cats, until the state adopts statewide regulations
- Ability to regulate a massage establishment
- Ability to maintain roads, impose taxes, and carry out any authority expressly authorized by statute
- Authority to conduct a public awareness campaign
- Ability to negotiate terms of a collective bargaining agreement
- Adoption of policies related to city employees



Preemption – H.B. 2127

Which city regulations are expressly preempted by the bill?

- Regulations relating to employment leave, hiring practices, breaks, employment benefits, scheduling practices, and other terms of employment that exceed or conflict with federal or state law.
- Regulations involving the breeding, care, treatment, or sale of animals or animal products if person holds a license for the business issued by federal or state government.
- Regulations of evictions or delivery of notice to vacate prior to an eviction.



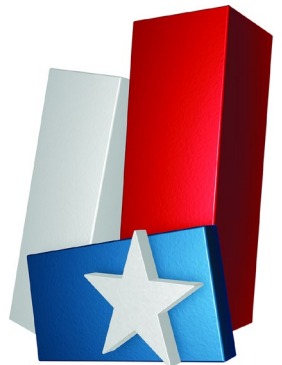
Preemption – H.B. 2127

Which city regulations *may* be preempted by the bill?

Unless expressly authorized, a city ordinance that regulates conduct in a field of regulation that is occupied by a provision of one of the following codes is void and unenforceable:

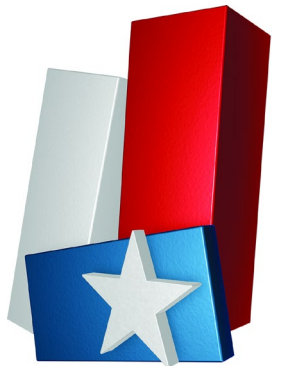
- Agriculture Code
- Business & Commerce Code
- Finance Code
- Insurance Code
- Labor Code
- Natural Resources Code
- Occupations Code
- Property Code

When does a state statute occupy a field of regulation?



Preemption – H.B. 2127

- H.B. 2127 is effective September 1, 2023.
- Three-month notice prior to suit gives cities ability to review and repeal or amend, if necessary, before suit.
- Extent of city preemption won't be fully known for years while courts define "field preemption."
- **On July 3, 2023, the City of Houston filed a lawsuit in Travis County against the State of Texas to declare H.B. 2127 unconstitutional, and thus, unenforceable.**
- **City of Houston filed motion for summary judgment July 19. City of San Antonio officially intervened July 24.**



Land Use – ETJ Release

S.B. 2038

- Release of an area from ETJ by petition or election
- ETJ release provisions don't apply to an area:
 - Designated as industrial district
 - Subject to a strategic partnership agreement
 - Located within five miles of a military base
 - Voluntarily annexed into a city's ETJ if located in high growth county with population over 240,000.
 - Located in certain parts of San Antonio ETJ
- Annexations after January 1, 2023 do not expand the ETJ unless would-be residents of the ETJ request inclusion
- If an area is released from ETJ, any city/county interlocal agreements giving city authority to regulate subdivisions is terminated as to the area and county is granted authority



Land Use – Agricultural Operations

H.B. 1750 / H.J.R. 126

- City can't impose a requirement that applies to agricultural operations located in the city limits unless:
 - City health officer or consultant makes findings identifying evidence of health hazards; and
 - Resolution with clear and convincing evidence that requirement is necessary to protect residents in vicinity of agricultural operation from certain dangers; and
- No city requirements that directly or indirectly prohibit generally accepted agricultural practices, prohibit the use of pesticides or other measures to control vermin or disease-bearing insects, or require an agricultural operation to receive certain state designations;
- City may impose 12-inch maximum height for vegetation related to an agricultural operation if operation located near ROW or property boundary



Land Use – Platting and Subdivisions

H.B. 3699 – Platting review process changes, including:

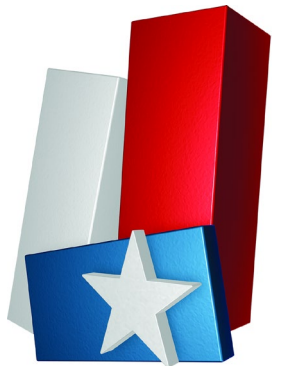
- removing plans from 30-day shot clock
- allowing city to delegate plat review to staff
- allowing city submittal calendars
- requiring all plat application materials to be published
- prohibits a city or P&Z from requiring an analysis, study, document, agreement, or similar requirement to be included as part of a plat application, development permit, or subdivision of land if not explicitly allowed by state law

H.B. 14 - Authorizes third party review of development documents or permits and third party inspections if not acted upon or completed within 15 days of a statutory deadline



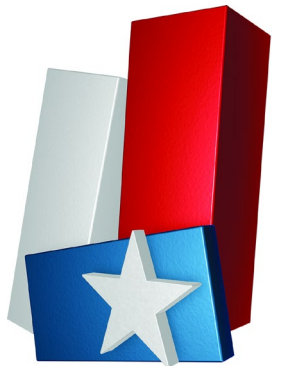
Land Use - Other

- **H.B. 586** – Consent annexation of roadway adjacent to/connecting annexed area
- **H.B. 1381** – One public hearing for P&Z preliminary zoning report
- **H.B. 1526** – Parkland dedication in cities over 800,000
- **H.B. 1707** – Charter schools treated like public schools
- **H.B. 2308** - *Preempts certain ordinances that regulate agricultural operations*
- **S.B. 929** – Compensation for involuntary termination of non-conforming use
- **S.B. 2453** – Energy/water conservation exceptions to building materials preemption



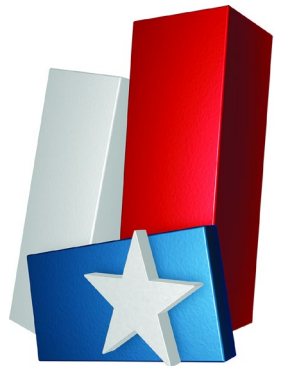
City Finance

- **H.B. 1228** – Electronic property tax communication system
- **H.B. 2071** – Public facility corporation requirements and restrictions
- **S.B. 1999** – Calculating unused increment tax rate
- **S.B. 379** – Family care product sales tax exemption
- **S.B. 543** – *City transfer of real property in 380 agreements*
- **S.B. 1340** – Expands comptroller’s 380 agreement database and reporting requirements for cities
- **H.B. 4082** – Defines “public work” for CO and anticipation note purposes; Limits COs or TANs for new stadiums, arenas, convention centers, or hotels
- **H.B. 1922** – Mandatory 10-year renewal of city building permit fees
- **H.B. 3492** – Prohibits value-based city permit fees
- **H.B. 3727/S.B. 1420** – numerous city hotel occupancy tax changes, including new reporting requirements



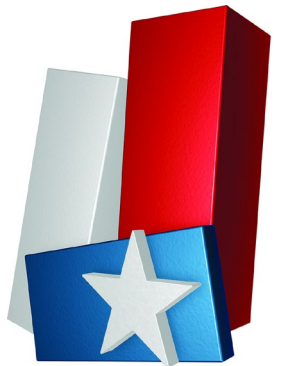
Public Safety

- **H.B. 3** – School safety officers
- **H.B. 1442/H.B. 2899** – Confiscating cars used in street takeovers
- **H.B. 1819** – Prohibits local juvenile curfews
- **H.B. 3137** – Prohibits mandatory firearm insurance
- **H.B. 3660** – Trap-Neuter-Release program affirmative defense
- **H.B. 3858** – Peace officer wellness program
- **S.B. 224** – Increased catalytic converter theft penalties
- **S.B. 267** – TCOLE law enforcement agency accreditation
- **S.B. 1319** – Mandatory overdose reporting
- **S.B. 1445** – TCOLE sunset bill
- **S.B. 29** – Ban on local COVID-19 orders
- **H.B. 3186** – Mandatory youth diversion programs



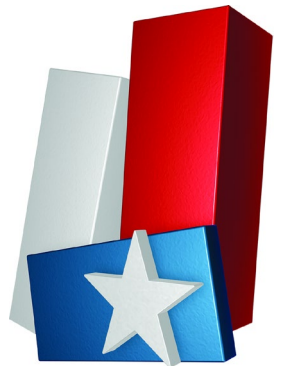
Personnel

- **H.B. 471** – Paid illness and injury leave for first responders
- **H.B. 1486** – 911 dispatch mental health leave policy
- ***H.B. 1661*** – *Raises maximum police officer hiring age to 45 in civil service city*
- **H.B. 2468** – Lifetime workers' comp benefits for first responder serious bodily injury



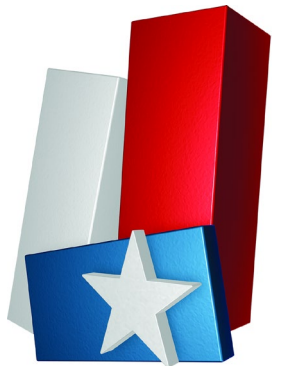
Open Government and Elections

- **H.B. 30** – *Repeals PIAs dead suspect exception*
- **H.B. 3033** – PIA request reforms (business days, vexatious requestors, electronic submission)
- **H.B. 3440** – Posting meeting agenda notices
- **S.B. 943** – Requires newspaper to place notice on newspaper’s website, use notice clearinghouse (if available)
- **H.B. 1434** – Staggering Type A alderman terms
- **H.B. 2626** – Reporting city official political contributions
- **H.B. 3613** – *Unifying single member district councilmember terms after apportionment*



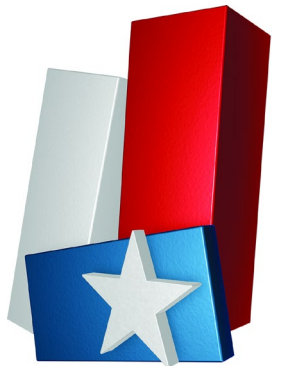
Other City Administration

- **H.B. 2464** – TMRS optional cost of living adjustment
- **H.B. 3579** – Local regulation of massage establishments
- **S.B. 12** – Prohibiting sexually-oriented performances
- **S.B. 232** – Removing local officials for conviction of certain offenses
- **S.B. 271** – Reporting local government cybersecurity incidents
- **S.B. 577** – Preempting local food regulations more stringent than state law
- **S.B. 1893** – *Tik-Tok ban on city devices*



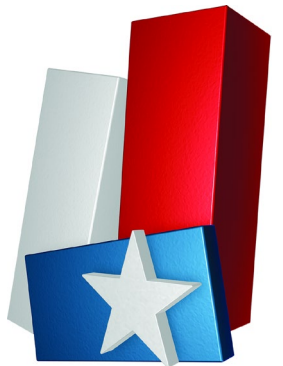
Purchasing

- **H.B. 1817** – Lobbying contract disclosure requirement
- **H.B. 2518** – Public work contract requirements
- **H.B. 2965** – Waiving construction defect damages in public construction contracts
- **H.B. 3485** – Limits use of unsigned change orders



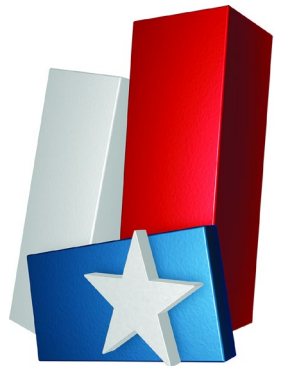
Utilities and Environment - Broadband

- ***H.B. 9/H.J.R. 125*** – *Creates Broadband Infrastructure Fund*
- **S.B. 1238** – Broadband Infrastructure Fund eligibility
- **S.B. 2119** – Creating statewide broadband service maps



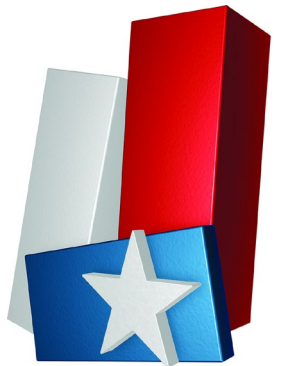
Utilities and Environment - Other

- ***H.B. 1500*** – *PUC sunset bill (Electric Grid Reforms)*
- **H.B. 1598** – Preempts local solid waste facility regulations
- **H.B. 3810** – Unplanned public water supply outage and boil water advisories
- ***S.B. 28/S.J.R. 75*** – *Texas Water Fund and New Water Supply for Texas Fund*
- **S.B. 784** – State has exclusive jurisdiction over greenhouse gas regulations
- **S.B. 1017** – Local engine and energy source regulations
- **S.B. 1397** – TCEQ sunset
- **S.B. 1860** – No city charter climate provisions



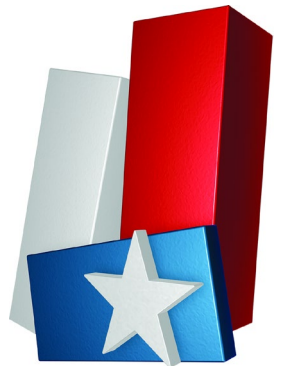
Bills Vetoed by Gov. Abbott

- Veto period ended June 18.
- Vetoes are directly related to property tax relief and education issues. The subject matter of vetoed bills could be added to future calls.
- Abbott vetoed 76 bills and made one line-item veto to the budget bill, H.B. 1..
- Vetoed bills included the following city related bills:
 - **S.B. 2035** – Limiting the use of COs and TANs
 - **H.B. 2956** – *Allowing for annexation across a railroad right-of-way (Rep. Shine)*
 - **H.B. 4759** – Dangerous dogs
 - **S.B. 269** – Law Enforcement Agency Accreditation
 - **S.B. 1399** – Renewal of Air Quality Permits
 - **S.B. 1439** – Business Personal Property Tax Exemption
 - **S.B. 1916** – Public Improvement Districts
 - **S.B. 1998** – Property Tax Rate Calculation
 - **S.B. 2453** – Exceptions to Building Material Preemption
 - **S.B. 2493** – Landlord repairs



Constitutional Amendment Election Nov. 7

- Prop 1 is HJR 126 (Right to Farm Within City Limits)
- Prop 2 is SJR 64 (Property Tax Exemption for Child Care)
- Prop 3 is HJR 132 (Prohibition of State Tax Based on Net Worth)
- Prop 4 is HJR 2 (Property Tax Relief)
- Prop 5 is HJR 3 (Texas University Fund)
- Prop 6 is SJR 75 (Texas Water Fund)
- Prop 7 is SJR 93 (Texas Energy Fund)
- Prop 8 is HJR 125 (Broadband Infrastructure Fund)
- Prop 9 is HJR 2 (TRS COLAs)
- Prop 10 SJR 87 (Property Tax Exemption for Biomedical Equipment)
- Prop 11 is SJR 32 (El Paso County Authority to Issue Bonds for Parks)
- Prop 12 is HJR 134 (Abolish Galveston County Treasurer's Office)
- Prop 13 is HJR 107 (Increase Mandatory Age of Retirement for State Judges)
- Prop 14 is SJR 74 (Texas Parks Centennial Conservation Fund)



Questions?

