
Memorandum

Memorandum No: 23-128

Date: April 14, 2023

To: Honorable Mayor and City Council

From: Ryan Henderson, Interim City Manager



Re: State of Texas 88th Legislative Session Update III

A month a half remains in the regular session of the 88th State of Texas Legislature. There has been speculation of a possible special session this summer related to the governor's emergency item of property tax relief. Yesterday the House passed H.B. 2 lowering the appraisal cap from 10% to 5%. The Senate has passed S.B. 3 to increase the homestead exemption from \$40,000 to \$70,000, provide an additional \$20,000 to seniors and additional tax relief for businesses. S.B. 5, also passed by the Senate, would increase the business personal property tax.

Additional bills relating to economic development and finance include:

- H.B. 5 (Hunter), also known as the Texas Jobs and Security Act, is a proposal to replace Chapter 313 and serve as a state-wide economic development tool that will attract businesses and create thousands of jobs. This bill is pending in the House Ways and Means Committee.
- H.B. 3594 (Spiller) would allow cities using pay-as-you-go financing to go up to a 4% rollback.
- H.B. 1492 (Ordaz) and S.B. 543 (Blanco) fix a loophole to allow transfer of property under a 380 agreement.
- S.B. 1117 (Hancock) and H.B. 1303 (Geren) delineates that franchise fees do not include streaming services. S.B. 1117 was voted from Senate Business and Commerce this week.

Several bills filed this session would impose one-size-fits-all land use regulations designed to increase residential density across the state:

- H.B. 3921 (Goldman) and S.B. 1787 (Bettencourt), related to residential lot size, would dictate that the minimum lot size for every city in a county over 300,000 cannot be more than 1,400 square feet, greater than 20' wide x 60' deep, or less than 31.1 homes per acre. The bills would also prohibit application of certain parking, setback, and building story regulations on small lots. Both bills were heard in committee last week.
- H.B. 2789 (Holland) and S.B. 1412 (Hughes), related to accessory dwelling units (ADUs), would require that every city allow someone to build, sell, or rent an ADU on any lot in any residential zoning district or an unzoned lot. The bills would also prohibit a city from imposing certain size, parking, or external ADU feature requirements.

- H.B. 2970 (Guillen), related to HUD-manufactured homes, would require that every city allow someone to build, sell, or rent a HUD-manufactured home in any residential zoning district. The bill would also prohibit a city from imposing other regulations on HUD-manufactured homes that are more stringent than those applied to new single-family or duplex homes. Per the filed bill, a HUD-manufactured home must be valued equal to or greater than the median value of any single-family home within 500 feet of its location and meet compatible aesthetic standards in the same area.

Additional bills related to development include:

- H.B. 9 (Ashby) relates to the development and funding of broadband and telecommunication services. A substitute was voted from House State Affairs.
- H.B. 866 (Oliverson) and H.B. 14 (Cody Harris) modify the platting shot clock. It passed the House.
- H.B. 1776 (Ed Thompson), S.B. 659 (Eckhardt) and H.B. 4492 (Caroline Harris) make it easier to annex emergency service districts if and when the city is ready to provide those services.
- H.B. 2224 (Hernandez) provides cities the ability to lower the residential speed limit to 25 mph without a traffic study.
- H.B. 2561 (Tepper) specifies that cities must conduct disannexation elections in every area annexed between 2015 and 2019. It was heard in the House Land and Resource Management committee on March 29.
- S.B. 369 (Campbell), related to automatic disannexation, delineates that any area in which the city is not providing or causing the provision of full municipal services is automatically disannexed as of December 31, 2023 unless the city is not required to provide full municipal services under an annexation service plan or has entered a written agreement. The Texas Municipal League (TML) provided written testimony. This bill is pending after a hearing in Senate Local Government.
- S.B. 2349 (Bettencourt), related to municipal utility districts (MUDs), makes significant changes to procedures of creating a municipal utility district including limiting the ability of a city to protest the creation of a MUD in the city's extraterritorial jurisdiction and eliminating the ability of a city to prohibit the creation of an in-city MUD. This was heard in Local Government Committee on April 12.

Bills that would significantly affect Texas cities include:

- H.B. 2266 (Leach) allows a state license holder to bring legal action against a city if city regulation results in adverse economic impact on the license holder. TML provided written testimony citing examples of possible legal action, such as if a restaurant with a TABC license sues a city for enforcing health codes. This bill was voted from House Judiciary and Civil Jurisprudence.
- H.B. 2127 (Burrows) and S.B. 814 (Creighton) seek to prevent cities and counties from adopting or enforcing local ordinances or orders related to any activity contained in several state codes unless expressly allowed to do so by state law. A committee substitute for H.B. 2127 was voted from House State Affairs this week and S.B. 814 was heard in Senate Business in Commerce this week. The substitute of H.B. 2127 is scheduled for debate and vote on Tuesday, April 18. An in-depth analysis may be found online at <https://www.tml.org/883/April-7-2023-Number-14#Preemption>

Assistant City Manager Taylor Lough continues to work with the Offices of Senator Paxton and Representatives Leach and Frazier, the Texas Municipal League, and city staff to track and review legislation that may substantially affect the City of Anna. The City Manager's Office will continue to

provide members of the 88th Legislature information about the City of Anna and its operations that may assist in drafting, review, and/or action during the session.

- c. Taylor Lough, Assistant City Manager
Greg Peters, Interim Assistant City Manager
Clark McCoy, City Attorney
Carrie Land, City Secretary
Management Team