
Memorandum

Memorandum No: 23-135

Date: May 9, 2023
To: Honorable Mayor and City Council
From: Ryan Henderson, Interim City Manager 
Re: State of the 88th Legislative Session Update IV

Yesterday was the last day for House committees of the 88th Texas Legislature to report out House bills. The last day of the regular session is on May 29.

The two chambers differ on how to address the Governor's priority to reduce property taxes, yet each have filed legislation totaling almost \$17 million each for property tax relief. The House passed H.B. 2 lowering the appraisal cap from 10% to 5%, applying caps to businesses and compressing independent school districts' tax 15 cents. The Senate passed S.B. 3 to increase the independent school districts' homestead exemption from \$40,000 to \$70,000, provide an additional \$20,000 in school district tax relief to seniors and businesses. S.B. 5, also passed by the Senate, would increase the business personal property tax. The Lt. Governor has stated he will not hear the appraisal cap.

A bill that could significantly affect Texas cities is HB 2127 by Representative Burrows. The bill preempts city and/or county regulations in a field occupied by the following codes: Agriculture, Business and Commerce, Finance, Insurance, Labor, Natural Resources, Property, and Occupations, unless expressly authorized. In other words, this bill seeks 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 by state law. It passed House and was voted from Senate State Affairs without amendments. If passed by the Senate, likely this week, it would go directly to the Governor.

Additional bills that will significantly affect Texas cities and were or will soon be sent to the Governor include:

- SB 1017 (Birdwell) Preempts cities from regulating an energy source or engine. This is the first targeted preemption bill sent to the Governor.
- HB 2308 (Ashby/Perry) Limits city regulation of agricultural operations within city limits and ETJ. Passed the Senate. House concurred with amendments.
- SB 1238 (Nichols) Outlines eligibility for broadband infrastructure funds. Passed Senate and House. Conference committee appointed on May 5.

- SB 2038 (Bettencourt/C. Bell) requiring a city to release an area from the ETJ if the population of an area is less than 200 and upon petition from more than 50 percent of qualified voters. Requires release of an area with a population of 200 or more from the ETJ after a petition and election. Passed the House and can be sent to the Governor.

Bills that will significantly affect Texas cities and passed their respective chamber:

- HB 5 (Hunter) Replaces Chapter 313 with a new state law that creates a new economic development program for tax abatement agreements between the owner of a new investment project and a school district. Passed the House.
- HB 471 (Patterson) Paid sick leave for first responders up to a year, plus disease presumption expansion. Passed the House and referred to Senate Business & Commerce.
- HB 1750 (Burns) / HJR 126 and SB 1421 (Perry) Both bills limit city regulation of agricultural operations within the city limits and ETJ. HB 1750 passed House and was voted favorably from Senate Water, Agriculture & Rural Affairs and SB 1421 passed the Senate and was referred to House Agriculture & Livestock committee.
- HB 1819 (Cook) Repeals city juvenile curfew ordinances except for purposes of emergency management. Passed the House.
- HB 2265 (Leach) Prohibits or limits the award of compensatory damages for a delay in a construction contract caused solely by a governmental entity. Passed the House.
- HB 2308 (Ashby) Preemption of certain ordinances that regulate agricultural operations. Passed House.
- HB 2806 (Canales) Allows billboards to relocate in certain areas if the billboard use is discontinued due to a public construction project and requires a city to provide for the relocation by a special exception to any applicable zoning ordinance. Passed the House.
- HB 3490 (Rogers) Requires a city to provide written notice containing certain information regarding any proposed zoning change that could result in the creation of a nonconforming use. If a nonconforming use is required by a city to cease operation, the owner or lessee of the property is entitled to receive either payment for costs associated with closing the operation or additional time to engage in the nonconforming use. Passed the House.
- HB 3492 (Stucky) Prohibits cities from using the cost of constructing or improving public infrastructure as a factor in determining certain value-based fees related to engineering, inspection, and subdivision. Passed the House.
- HB 4175 (Cody Harris) Requires a city to provide full municipal services to certain areas in the ETJ. Passed the House.
- SB 130 (Campbell) City cannot regulate private wages or benefits. Passed the Senate.
- SB 175 (Middleton) City cannot hire lobbyist or join organization that lobbies. Passed Senate with amendments permitting joining of lobbying organization.
- SB 1419 (Birdwell) Prohibits cities from making a loan or grant of public money under a Chapter 380 economic development agreement from the proceeds of property taxes or other city obligations payable from property taxes and adding transparency measures. Passed the Senate.
- SB 2037 (Bettencourt) Prohibits cities from applying subdivision regulations or minimum lot sizes or setbacks or certain road and groundwater regulations in the ETJ. Passed the Senate.
- SB 2035 (Bettencourt) Prevents issuance of an anticipation note or Certificate of Obligation within five years of a failed bond election for the same project. Passed the Senate.
- SB 224 (Alvarado/Whitmire) Increases penalties for catalytic converter theft. Passed Senate and voted favorably from House Homeland Security.

- SB 1419 (Birdwell) Does not allow Ch. 380 grants to come from property taxes. Imposes a 10-year limit on agreements with three, five-year extensions. Does not allow a 380 agreement with a Ch. 312 agreement. Imposes 15 day waiting period. Passed Senate and referred to House Ways & Means.

Reported from committee:

- HB 159 (Landgraf) Yearly tax rates must be published in newspaper. Reported favorably from House Ways and Means.
- HB 2925 (Martinez) Automatic civil service in cities over 10,000 population without an election. Reported favorably from House County Affairs.
- HB 4385 (Guillen) City can provide sewer service to areas of less than 15 connections without a Certificate of Convenience and Necessity (CCN). Reported favorably from House Natural Resources Committee.
- SB 117 (Hancock) Video services do not include streaming for franchise fee purposes. Reported favorably from Senate Business and Commerce.
- SB 491 (Hughes) Preemption of certain building height regulations. Reported favorably from Senate Local Government.
- SB 946 (Sparks) All debt elections must be held in November. Reported favorably from Senate State Affairs.
- SB 1412 (Hughes) Accessory Dwelling Units allowed by right in single family zoning or un-zoned areas. Reported from Senate Local Government.
- SB 1999 (Bettencourt) Adjusts unused increment rate calculation by converting the rate to a dollar amount that is carried forward. Reported from Senate Local Government.
- SB 2035 (Bettencourt) Prevents issuance of an anticipation note or CO within five years of a failed bond election for the same project. Reported favorably from Senate Local Government.

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 the 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