
Memorandum

Memorandum No: 23-144

Date: June 13, 2023

To: Honorable Mayor and City Council

From: Ryan Henderson, Interim City Manager 

Re: State of Texas 88th Legislative Session Update V

The 88th State of Texas Legislature adjourned its regular session on Monday, May 29. At 9:00 p.m. that evening, the Governor called what he stated will be a series of special sessions. The items for this first special session are school property tax and border security. Tuesday, May 30, the House and Senate passed their respective property tax relief plans. Both provide relief through school district tax rate compression. The House adjourned *sine die* after the passage of its property tax relief and border security legislation.

State Budget

The historic \$321.3 billion Texas state budget allocates \$144 billion in state tax money towards tax cuts, mental health access, pay raises for state employees, border security, state parks expansion and the state's energy grid, plus infrastructure for broadband and water. The House passed the budget 124-22. Senators approved it 29-2. Comptroller Hegar has certified that the budget is balanced. Governor Abbott has until June 18 to strike any spending lines from the budget.

Preemption

A bill that has been sent to the Governor and will 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. If signed by Governor Abbott, the bill will be effective September 1, 2023. The impact of this legislation may take years to understand through future lawsuits.

Additional preemption bills that passed include:

- **SB 1017** (Birdwell) Preempts cities from regulating an energy source or engine. This was the first targeted preemption bill sent to the Governor. He signed and the effective date is September 1, 2023.

- **SB 784** (Birdwell) Preempts cities from regulating greenhouse gas emissions. This bill was signed by the Governor and is effective September 1, 2023.
- **HJR 126 / HB 1750** (Burns) Limits city regulations of agricultural operations within city limits and the ETJ. HB 1750 was signed by the Governor and effective September 1, 2023. HJR 126 was filed with the Secretary of State for inclusion on the November 7, 2023 ballot.
- **HB 2308** (Ashby) Preempts certain nuisance actions that would affect agricultural operations. Signed by the Governor with a September 1, 2023 effective date.
- **HB 1598** (Darby) Limits a city's ability to regulate siting of municipal solid waste facilities. Sent to the Governor.

Additional legislation that will significantly affect Texas cities includes:

Land Use

- **HB 3053** (Dean) Automatic disannexation elections for areas in some large cities involuntarily annexed between 2015-2017 with some limited exceptions. Signed by the Governor and effective September 1, 2023.
- **SB 2038** (Bettencourt) Requires a city to release an area from the ETJ upon petition from more than 50 percent of qualified voters. Signed by the Governor and effective September 1, 2023.
- **HB 14** (Harris) Third-party review of plans, plats, and inspections 15 days after shot clock. Signed by the Governor and effective September 1, 2023.
- **SB 929** (Parker) Payment for terminating non-conforming use after zoning change. Signed by the Governor and effective May 19, 2023.
- **HB 3699** (Wilson) Platting changes including city can't request certain documents with application if not provided for in state law. Sent to the Governor.
- **HB 1381** (Hernandez) Only one zoning hearing required by zoning commission. Signed by the Governor and effective September 1, 2023.
- **HB 586** (E. Thompson) Consent annexation down a roadway permitted in some cases. Signed by Governor and effective May 23, 2023.
- **HB 2956** (Shine) Consent annexation across a railroad track. Sent to the Governor.
- **HB 1707** (Klick) Preempts city regulations over charter schools. Charter schools must be treated like public schools. Signed by the Governor and effective June 12, 2023.

Property Tax

- **SB 1999** (Bettencourt) Adjusts unused increment rate calculation by converting the rate to a dollar amount that is carried forward. Sent to the Governor.
- **SB 1145** (West) Local option exemption from ad valorem taxation by a county or municipality of all or part of the appraised value of real property used to operate a child-care facility. Signed by the Governor.

Finance and Project Administration

- **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. Signed by the Governor and effective September 1, 2023.
- **HB 3485** (K. Bell) Contractor can stop work on city project without a proper change order. Signed by the Governor and effective September 1, 2023.
- **HB 2965** (Vasut) City can't require construction contractors to waive their rights to cure defects. Signed by the Governor and effective September 1, 2023.

- **SB 271** (Johnson) City must report cyber incidents to state. Signed by Governor and effective September 1, 2023.
- **HB 1922** (Dutton) Building permit fees must be re-adopted every 10 years. Signed by Governor and effective January 1, 2024.
- **HB 4559** (Darby) City population bracket updates for 2020 census. Filed without the Governor's signature and effective September 1, 2023.

Debt

- **HB 4082** (Goldman) Prohibits use of certificates of obligation for stadiums, arenas, civic centers and hotels. Sent to Governor.
- **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. Sent to the Governor.

Economic Development

- **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. Signed by the Governor and effective January 1, 2024.
- **HB 9** (Ashby) / **HJR 125** Relates to the development and funding of broadband and telecommunication services. Signed by the Governor and will provide \$1.5 billion to the Broadband Infrastructure Fund on January 1, 2024, if approved by voters in November 2023.
- **SB 543** (Blanco) Clarifies a city can transfer real property under a 380 agreement. Filed without the Governor's signature and effective May 24, 2023.
- **SB 1340** (Zaffirini) 380 database expanded to include Chapter 312 property tax abatement agreements. Signed by the Governor and effective January 1, 2024.

Public Safety and Health

- **SB 224** (Alvarado/Whitmire) Increases penalties for catalytic converter theft. Signed by the Governor and effective May 29, 2023.
- **HB 1819** (Cook) Repeals city juvenile curfew ordinances except for purposes of emergency management. Signed by the Governor and effective September 1, 2023.
- **SB 1413** (Johnson) Fire department can remove items from right-of-way. Signed by Governor and effective May 27, 2023.
- **SB 1852** (Flores) Active shooter training required for police officers. Signed by Governor and effective September 1, 2023.

Personnel

- **HB 471** (Patterson) Paid sick leave for first responders up to a year, plus disease presumption expansion. Signed by the Governor and effective June 12, 2023.
- **SB 252** (Alvarado) Veterans who are legal permanent residents can be licensed peace officers. Sent to Governor.

Utilities

- **SB 1238** (Nichols) and **HB 9** (Ashby) Outlines eligibility for broadband development and funding. SB 1238 was signed by the Governor and effective June 2, 2023.
- **HB 4385** (Guillen) City can provide sewer service to areas of less than 15 connections without a certificate of convenience and necessity (CCN). Sent to the Governor.

Open Government

- **HB 3033** (Landgraf) 30-day deadline to produce documents after attorney general decision under Public Information Act. Sent to the Governor.
- **SB 1893** (Birdwell) No use of TikTok on any city device. Sent to the Governor.

Assistant City Manager Taylor Lough will continue 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 during the subsequent special sessions. Staff will continue to work with their professional associations as well as the Texas Municipal League to understand the impact of all the legislation that passed thus far.

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