

# Texas Public Finance Legislative Review

88th Session

Norton Rose Fulbright US LLP - September 2023



# Contents

<b>Introduction</b>	<b>3</b>
<b>Construction</b>	<b>5</b>
<b>Cities</b>	<b>7</b>
<b>Economic development</b>	<b>9</b>
<b>Education</b>	<b>20</b>
<b>Elections</b>	<b>21</b>
<b>Government administration</b>	<b>23</b>
<b>Open meetings</b>	<b>26</b>
<b>Population classification</b>	<b>27</b>
<b>Property tax</b>	<b>30</b>
<b>Public securities</b>	<b>38</b>
<b>Utilities</b>	<b>41</b>
<b>Water</b>	<b>43</b>
<b>Vetoed</b>	<b>47</b>

# Introduction

The 88th Texas Legislature, Regular Session, convened on January 10, 2023, and adjourned *sine die* on May 29, 2023. As is typical when one party controls both houses and the Governor's office, there seemed to be unanimity with respect to the stated legislative objectives as the session began; however, public differences began to surface as to how best achieve those objectives. That is not particularly unique to any legislative process, but the level of public disagreement within the same party drew the attention of many. When the Texas Legislature adjourned its regular session without meaningful property tax reform, the Governor immediately called two back-to-back special sessions to focus on property tax relief. Those special sessions were littered with public statements by State leaders which, at the very least, indicated a lack of coordinated effort between the House and the Senate. Perhaps the greatest evidence of division among State leadership was the unprecedented impeachment of the Texas Attorney General by the House on May 27, 2023 (and subsequent acquittal by the Senate on September 16, 2023, following a public trial). In part, as a means to encourage the House and the Senate to compromise on property tax relief, Governor Abbot began vetoing bills as the deadline to sign or veto bills from the regular session approached.<sup>1</sup> Even after the second special session concluded with the passage of S.B. 2 which focused on property tax relief through the public-school finance system, the Governor promised to call additional special sessions to address what he views as unfinished State business. Clearly, *sine die* does not yet signal the end of the 2023 legislative session.

The following legislative summary prepared by Norton Rose Fulbright's Public Finance team is not intended to be a summary of all bills enacted by the 88th Legislature, but is focused on concerns affecting public finance and how State agencies, local governments and nonprofit corporations finance and build infrastructure. Within that focus, this alert highlights the major bills that were considered or passed, along with particular bills that affect our clients in our practice.

The summaries presented herein should be read with reference to the related bills. Background information provided for each bill was sourced from the statements of intent presented by bill authors and sponsors during the 88th Legislature, and do not reflect the views or opinions of Norton Rose Fulbright.

If you have any additional questions relating to the summaries contained herein, please do not hesitate to contact a member of our public finance team so that we may assist you with specific questions and guidance.

---

<sup>1</sup> Among the bills which were vetoed by the Governor, S.B. 1916, S.B. 1998 and S.B. 2035 are discussed herein even though they did not become law because of the support received in the House and Senate and the impact these bills would have had if enacted.

## Contributors

Lawyer	Office	Email address
Leslie Bacon, Associate	Houston	leslie.bacon@nortonrosefulbright.com
Paul A. Braden, US Head of Public Finance	Dallas	paul.braden@nortonrosefulbright.com
Kacie Byrd, Associate	Dallas	kacie.byrd@nortonrosefulbright.com
Chris Dvorak, Associate	Dallas	christopher.dvorak@nortonrosefulbright.com
Bob Dransfield, Partner	Dallas	robert.dransfield@nortonrosefulbright.com
Kathleen Ellison, Partner	Houston	kathleen.ellison@nortonrosefulbright.com
Charles Graham, Associate	Houston	charles.graham@nortonrosefulbright.com
Chris Guevara, Counsel	Austin	chris.guevara@nortonrosefulbright.com
Arthur Kimball-Stanley, Senior Associate	Austin	arthur.kimball-stanley@nortonrosefulbright.com
Matt Lee, Senior Associate	Austin	matt.lee@nortonrosefulbright.com
Stephanie Leibe, Partner	Austin	stephanie.leibe@nortonrosefulbright.com
Travis Lyle, Associate	Dallas	travis.lyle@nortonrosefulbright.com
Matt McCabe, Senior Associate	Dallas	matt.mccabe@nortonrosefulbright.com
Dimitri Millas, Partner	Houston	dimitri.millas@nortonrosefulbright.com
Drew Moore, Associate	Dallas	drew.moore@nortonrosefulbright.com
Jordan Sawyer, Senior Associate	Dallas	jordan.sawyer@nortonrosefulbright.com
John Sivils, Associate	Dallas	John.sivils@nortonrosefulbright.com
Rick Weber, Of Counsel	Houston	fredric.weber@nortonrosefulbright.com
Reginald Wilson, Senior Associate	Houston	reginald.wilson@nortonrosefulbright.com

# Construction

## **H.B. 1766**      **Author:** Darby; Parker

**Caption:** Relating to the issuance of private activity bonds for qualified residential rental projects.

**Background:** The Texas Department of Housing and Community Affairs (TDHCA) administers a Non-Competitive (4%) Low-Income Housing Tax Credit program. This program, which, according to TDHCA, directs capital toward the development and preservation of affordable rental housing for low-income households, is intended to address the ongoing housing crisis in Texas. A prerequisite to receiving one of these tax credits is that at least 50 percent of the funding for the project comes from private activity bonds, which, in Texas, are issued annually by the Bond Review Board. These bonds are used to finance projects that would otherwise not be financially viable for developers, particularly those focused on providing low-income housing.

**Summary:** H.B. 1766 amends the Government Code to establish more stringent criteria for granting a reservation for qualified residential rental project private activity bonds and now requires the attorney general certify an issuers compliance with certain requirements prior to authorizing such bonds, including confirming compliance with a new cap on the amount of bonds issued to each project in the event the statewide reservations sought exceed 55.75 percent of the state ceiling. It also modifies the prioritization system for reservations among issuers of these bonds, requiring first priority now be given to project that have both applied for low-income housing credits and previously closed a reservation of bonds for a qualified residential rental program in the preceding four years, and which also require an additional issuance of bonds to satisfy statutory requirements and have not previously applied for such subsequent issue. The changes apply to the allocation of the available state ceiling beginning with the 2024 program year.

**Effective Date:** Effective immediately on June 18, 2023

**Affected Statutes:** Sections 1202.003, 1372.0231(f), 1372.0321, 1372.037, and 1372.042(d), Government Code, are amended.

## **H.B. 2518**      **Author:** Bell, Keith; Raymond; Guillen; Bell, Cecil

**Caption:** Relating to required lease terms for public property leased to a nongovernmental entity; creating a criminal offense.

**Background:** Prior to H.B. 2518, leases for public property to non-governmental entities lacked certain mandatory terms that would safeguard the interests of the governmental entity and ensure transparency and accountability in the use of public property. The Texas Government Code requires payment and performance bonds for public work contracts but concerns were raised regarding the payment of subcontractors and suppliers working on projects located on leased public property.

**Summary:** This bill aims to address these concerns by stipulating mandatory lease terms and creating a criminal offense if a person materially misrepresents information. H.B. 2518 amends the Texas Government Code to require leases of public property to non-governmental entities to include certain requirements. These requirements stipulate the execution of payment and performance bonds by the contractor and require the lessee to provide a ninety (90) day notice prior to the commencement of construction, alteration, or repair to leased property. The bill also makes it a class A misdemeanor to materially misrepresent information in a notice of commencement. A governmental entity can stop the proposed construction or alteration within 10 days of receiving the notice.

Additionally, H.B. 2518 amends Section 2252.027 to extend the liability of governmental entities as sureties if the governmental entity fails to include in a lease the new terms required by the bill. Liability does not extend if the person leasing the property from the entity fails to submit the ninety (90) day notice of commencement required by H.B. 2518.

**Effective Date:** September 1, 2023

**Affected Statute:** Sections 2252.909 and 2253.027, Government Code, are amended.

# Cities

**S.B. 2038**      **Author:** Bettencourt

**Caption:** Relating to release of an area from a municipality's extraterritorial jurisdiction by petition or election.

**Background:** Current law does not provide an avenue to release an area from a municipality's extraterritorial jurisdiction (ETJ). Additionally, as the boundaries municipalities to incorporate newly annexed property, its ETJ has expanded to include additional, adjacent property. This has expanded the property in which a municipality has been authorized to exercise certain of its powers as a part of its development processes.

**Summary:** S.B. 2038 outlines the process for releasing an area from a municipality's ETJ through either a petition or an election. If a petition from the owner(s) of the requisite amount of property is filed in accordance with the new statute, the municipality must release the area from the municipality's ETJ. Alternatively, residents can request the municipality to hold an election, at its cost, and on the next uniform election date at least 90 days from the date the election petition is received, to vote on the release. If a majority of qualified voters approve the release, the area is released immediately from the municipality's ETJ. The bill provides exceptions to the petition and/or election process for property satisfying certain specifications, including, specifically property subject to strategic partnership agreements. The bill also modifies a municipalities ETJ expansion process following an annexation. A municipality must now receive a request from the owners of the property that would be included in its ETJ following the annexation in order to expand its ETJ. Finally, the bill requires a municipality release extraterritorial jurisdiction it has added between January 1, 2023 and September 1, 2023. The Act takes effect on September 1, 2023.

**Effective Date:** September 1, 2023

**Affected Statutes:** Sections 42.101-42.105, 42.151-42.156, 42.021 (Subsection e), and 242.001 (Subsection j), Local Government Code, are amended.

**For more information on bills that may be of interest to cities, please see the following:**

- H.B. 1434**      With respect to H.B. 1434 relating to the staggering of terms of aldermen of the governing body of a Type A general-law municipality, please see our discussion in the "Government administration" section of this update.
- H.B. 1707**      With respect to H.B. 1707 relating to the applicability of certain laws to open-enrollment charter schools, please see our discussion in the "Education" section of this update.
- H.B. 2071**      With respect to H.B. 2071 relating to certain public facilities, including public facilities used to provide affordable housing, please see our discussion in the "Economic development" section of this update.
- H.B. 2518**      With respect to H.B. 2518 relating to required lease terms for public property leased to a nongovernmental entity; creating a criminal offense, please see our discussion in the "Construction" section of this update.

- H.B. 3097** With respect to H.B. 3097 relating to the issuance of anticipation notes or other obligations by issuers located along the Gulf Coast in an emergency, please see our discussion in the “Publics Securities” section of this update.
- H.B. 3440** With respect to H.B. 3440 relating to the governmental bodies required to post on the Internet agendas for meetings under the open meetings law, please see our discussion in the “Open meetings” section of this update.
- H.B. 3492** With respect to H.B. 3492 relating to county and municipal authority to impose certain value-based fees and require disclosure of certain information related to subdivision construction, please see our discussion in the “Government administration” section of this update.
- H.B. 3613** With respect to H.B. 3613 relating to the election of the entire governing body of a municipality following each apportionment, please see our discussion in the “Elections” section of this update.
- H.B. 3727** With respect to H.B. 3727 relating to municipal and county hotel occupancy taxes, please see our discussion in the “Economic development” section of this update.
- H.B. 4082** With respect to H.B. 4082 relating to purposes for which a municipality or county may issue an anticipation note or certificate of obligation, please see our discussion in the “Public securities” section of this update.
- H.B. 4494** With respect to H.B. 4494 relating to eligible coastal municipalities for purposes of the municipal hotel occupancy tax, please see our discussion in the “Economic development” section of this update.
- H.B. 4559** With respect to H.B. 4559 relating to the application of statutes that classify political subdivisions according to population, please see our discussion in the “Population classification” section of this update.
- H.B. 5012** With respect to H.B. 1520 relating to the authority of certain municipalities to use certain tax revenue for hotel and convention center projects and other qualified projects, please see our discussion in the “Economic development” section of this update.
- S.B. 543** With respect to S.B. 543 relating to the conveyance of property by a municipality for the public purpose of economic development, please see our discussion in the “Economic development” section of this update.
- S.B. 627** With respect to S.B. 627 relating to the entitlement of certain municipalities to certain tax revenue related to a hotel and convention center project, please see our discussion in the “Economic development” section of this update.
- S.B. 983** With respect to S.B. 983 relating to information maintained by certain municipally owned utilities that provide electricity services and cable, Internet, or broadband services, please see our discussion in the “Utilities” section of this update.
- S.B. 1420** With respect to S.B. 1420 relating to municipal and county hotel occupancy taxes, please see our discussion in the “Economic development” section of this update.
- S.B. 1999** With respect to S.B. 1990 relating to the calculation of the unused increment rate of a taxing unit, please see our discussion in the “Property tax” section of this update.
- S.B. 2192** With respect to S.B. 2192 relating to the notice and petition for the creation of a municipal utility district in certain counties, please see our discussion in the “Water” section of this update.
- S.B. 2350** With respect to S.B. 2350 relating to the voter-approval tax rate used to calculate the unused increment rate of a taxing unit for ad valorem tax purposes, please see our discussion in the “Property tax” section of this update.

# Economic development

**H.B. 5**      **Author:** Hunter

**Caption:** Relating to agreements authorizing a limitation on taxable value of certain property to provide for the creation of jobs and the generation of state and local tax revenue; authorizing fees; authorizing penalties.

**Background:** According to a report from the Texas Taxpayers and Research Association (TTARA), in 2021, Texas businesses paid 59.3 percent of state and local taxes—considerably higher than the national average of 43.6 percent. H.B. 5, titled the Texas Jobs, Energy, Technology, and Innovation Act, seeks to create an economic development program to attract jobs and investment to Texas through school district property tax abatement agreements.

**Summary:** H.B. 5 provides that businesses are able to apply to enter into agreements with school districts to limit the taxable value for maintenance and operations taxes of a school district for eligible property being used for an eligible project if the applicant agrees to meet certain job creation and monetary investment benchmarks, which vary depending on the size of the county in which the eligible project is to be located as set forth in the table below:

<b>Population of County in Which Project is Located</b>	<b>Minimum Job Creation</b>	<b>Minimum Investment in First Year of Project</b>
At least 750,000	75 jobs by end of first tax year and average of at least 75 each following tax year until agreement expires.	\$200 million by end of first tax year.
At least 250,000 and less than 750,000	50 jobs by end of first tax year and average of at least 50 each following tax year until agreement expires.	\$100 million by end of first tax year.
At least 100,000 and less than 250,000	35 jobs by end of first tax year and average of at least 35 each following tax year until agreement expires.	\$50 million by end of first tax year.
County with less than 100,000	10 jobs by end of first tax year and average of at least 10 each following tax year until agreement expires.	\$20 million by end of first tax year.

H.B. 5 provides that for school district maintenance and operations ad valorem tax purposes the taxable value for on eligible property subject to a tax abatement agreement for each tax year of the incentive period prescribed by the agreement is equal to: (1) 50 percent of the market value of the property for that tax year; or (2) if the property is located in a qualified opportunity zone, 25 percent of the market value of the property for that tax year. The taxable value of eligible property for school district maintenance and operations ad valorem tax purposes is zero for each tax year beginning with the tax year following the year in which the agreement pertaining to the property is entered into and ending December 31 of the tax year that includes the construction completion date for the applicable eligible project.

These tax abatement benefits are not available to any company that is listed as ineligible to receive a state contract or investment under Chapter 808, 809, 2270, 2271, or 2274, as added by Chapters 529 (S.B. 13), 530 (S.B. 19), and 975 (S.B. 2116), Acts of the 87th Legislature, Regular Session, 2021.

Applications to enter into tax abatement agreements under H.B. 5 must be submitted to the Comptroller for approval in the form prescribed by the Comptroller, together with an economic benefit statement and payment of application fees of the Comptroller and school district, which will be prescribed by the Comptroller. The Comptroller has 60 days from submittal of a complete application to take action on an application. If the Comptroller approves the application, it is sent to the Governor for approval (within 30 days) and to the applicable school district for approval (within 30 days) after such school district holds a public hearing on the application. Once an agreement is entered into, it must be submitted to the Comptroller within seven days.

Businesses that are party to an agreement under H.B. 5 must submit biennial compliance reports to the Comptroller in the form prescribed by the Comptroller. Failure of an applicant to meet the required jobs prescribed by the tax abatement agreement will result in monetary penalties. Further, determination by the Comptroller that an applicant has failed to meet the jobs or wage requirement prescribed by an agreement to which the applicant is a party is a deficiency determination under Section 111.008, Tax Code.

H.B. 5 empowers the Comptroller to adopt rules necessary to interpret and administer H.B. 5, and will expire on December 31, 2033.

**Effective Date:** Except for provisions requiring the Comptroller to develop rules and forms to administer H.B. 5, which take effect September 1, 2023, H.B. 5 is effective January 1, 2024.

**Affected Statutes:** Chapter 403, Government Code, is amended by adding Subchapter T. Section 48.2551(a), Education Code, is amended. Section 48/256, Education Code,

Norton Rose Fulbright - September 2023 8

is amended. Section 2303/507, Government Code, is amended. Section 23.03, Section 26.012, Section 171.602(f) and Section 312.0025(a) Tax Code, are amended.

**H.B. 1515**     **Author:** Clardy; Holland; Canales; Goldman; Bell, Keith

**Caption:** Relating to the continuation and functions of and certain programs subject to rules adopted by the Texas Economic Development and Tourism Office.

**Background:** The 78th Legislature enacted S.B. 275 by Nelson, abolishing the Texas Department of Economic Development and the Texas Aerospace Commission. The functions of the abolished departments were transferred to the Texas Economic Development and Tourism Office (EDT) under the Texas Governor's Office. The mission of EDT is to market and promote Texas as a premier business location and travel destination. EDT provides economic development assistance to companies that are considering relocating to Texas or expanding their operations within the state. EDT also coordinates with state agencies and local partners to provide economic development programs, services, and other resources to help businesses succeed.

**Summary:** H.B. 1515 pertains to the Texas Economic Development and Tourism Office and extends its existence until September 1, 2035. H.B. 1515 also addresses the functions of the aerospace and aviation office, establishment of advisory committees, and general duties of the office. The bill includes provisions to wind up and eliminate the product development and small business incubator program.

H.B. 1515 allows the establishment of advisory committees and outlines their role, in addition to requiring EDT to develop a plan to for engagement with and feedback from stakeholders. Certain reporting requirements have been consolidated under H.B. 1515 to create uniformity across EDT-administered programs. The Act also deals with managing and winding up the product development and small business incubator program investment portfolio. Certain provisions of the Government Code are repealed by this Act.

**Effective Date:** September 1, 2023

**Affected Statutes:** Sections 481.003, 481.0066, 481.00681, 481.0211, 481.022, 481.172, 481.406, 489.105, 489.107, Government Code, and others are amended or repealed.

**H.B. 1689**     **Author:** Murr

**Caption:** Relating to the use of county hotel occupancy tax revenue for an electronic tax administration system and the reimbursement of tax collection expenses.

**Background:** Currently, certain counties in Texas, subject to certain limitations, may impose a hotel occupancy tax on a person who pays for the use or possession of a hotel room, and such counties are authorized to permit a person required to collect and remit the tax to withhold up to one percent of the amount

collected as reimbursement for the cost of collecting the tax. Concerns have been raised that for some counties, the cost of maintaining an electronic tax administration system with other revenue streams can be overly burdensome.

**Summary:** H.B. 1689 expands the usage of hotel occupancy tax revenue by allowing counties authorized to collect a hotel occupancy tax to use hotel occupancy tax revenue to create, maintain, operate, and administer an electronic tax administration system to administer the hotel occupancy tax. The bill requires hotels that use such revenue for an electronic tax administration system to permit the reimbursement of tax collection expenses incurred by persons collecting and reporting hotel occupancy taxes and includes provisions for forfeiture of reimbursement in case of noncompliance with tax payment or reporting requirements.

More specifically, H.B. 1689 amends the Tax Code to allow counties in Texas to spend up to two percent or \$75,000 (whichever is lesser) of the revenue derived from the hotel occupancy tax each year for creating, maintaining, operating, and administering an electronic tax administration system to administer the hotel occupancy tax. A county may also contract with a third party for assistance in the creation, maintenance, operation, or administration of the tax administration system. Additionally, the bill requires a county that uses hotel occupancy tax revenue for the electronic tax administration system to permit a person required to collect and pay the hotel occupancy tax to withhold up to one percent of the tax collected as reimbursement for the cost of tax collection; provided, however, the reimbursement is subject to forfeiture if the person required to report, collect and pay the hotel occupancy tax fails to pay the tax or file the required report.

**Effective Date:** June 9, 2023

**Affected Statutes:** Section 352.005, Tax Code, and Subchapter B, Chapter 352, Tax Code, are amended.

## H.B. 2071

**Author:** Jetton, Jacey; Harris, Cody; DeAyala; Cortez; Lozano

**Caption:** Relating to certain public facilities, including public facilities used to provide affordable housing.

**Background:** Texas Local Government Code Chapter 303 allows a city, county, school district, housing authority or special district to create a Public Facility Corporation (PFC). Current laws govern the operation of PFCs and multifamily residential developments, including provisions for tax exemptions and compliance with affordability requirements. Current law exempts a leasehold or other possessory interest in real property owned by a PFC from property taxes. Some have called for reforms including increased accountability and a review of the impact of the existing tax exemption policies on the state's revenue and funding, including public education funding.

**Summary:** H.B. 2071 attempts to address these issues, as well as restructure the qualifications for multifamily residential development exemptions. H.B. 2071 amends the Local Government Code, introducing yearly audit requirements for PFCs and mandating the Texas Department of Housing and Community Affairs

to adopt rules to implement these new regulations. The bill instructs the Legislative Budget Board to conduct a study assessing the long-term fiscal impacts of tax exemptions for multifamily housing developments. Changes have also been made to the qualifications for an exemption for a multifamily residential development, including requirements on the percentage of units reserved for individuals and families earning less than 80% of the area median income. Provisions of the bill apply to taxes imposed for a tax year beginning on or after the effective date of the bill and to multifamily residential developments that are approved or acquired on or after the effective date of the bill by a PFC or its sponsor.

**Effective Date:** June 18, 2023

**Affected Statutes:** Sections 303.0421, 303.0425, and 303.0426, Local Government Code, are added; Section 392.005, Local Government Code, is amended.

#### **H.B. 3727**

**Author:** Anderson

**Caption:** Relating to municipal and county hotel occupancy taxes.

**Background:** Current law requires municipalities and counties that impose a hotel occupancy tax to submit to the Comptroller an annual report disclosing certain information regarding the tax; however, there are still some categories of hotel occupancy tax uses that are not reported to the state. Further, the Tax Code has been amended many times since the initial enactment of laws permitting hotel occupancy taxes, resulting in confusing and sometimes contradictory provisions.

**Summary:** H.B. 3727 is an omnibus local hotel occupancy tax bill that seeks to increase accountability and transparency with respect to the collection and use of hotel occupancy tax revenue for qualified hotel and convention center projects, as well as amend the Tax Code to clear up underinclusive and inconsistent provisions regarding hotel occupancy taxes. Additionally, H.B. 3727 provides a mechanism for the state to claw back lost revenue invested in a hotel and convention center project if the project has not generated adequate revenues to offset state funds used to invest in the project.

#### **Restriction of use of funds for visitor information centers**

H.B. 3727 prohibits a municipality from using municipal hotel occupancy tax revenue for a visitor information center to acquire a site for, construct, improve, enlarge, equip, repair, staff, operate, or maintain any part of a building or facility that is not primarily used to distribute or disseminate tourism-related information to tourists.

#### **Advertising expenses of municipalities**

H.B. 3727 requires a municipality with a population of less than 200,000 to allocate an amount of hotel occupancy tax revenue collected by the municipality that is not less than the amount of revenue received by the municipality from the tax at a rate of one percent of the cost of a room for advertising and conducting

solicitations and promotional programs to attract tourists and convention delegates to the municipality.

H.B. 3727 removes the requirement that at least 50 percent of the hotel occupancy tax revenue collected by a municipality with a population of 200,000 or greater be allocated for advertising and conducting solicitations and promotional programs to attract tourists and convention delegates to the municipality.

H.B. 3727 removes provisions from Section 351.103, Tax Code, that excepted certain municipalities from complying with the requirement to allocate hotel occupancy tax revenue to certain purposes contained in Section 351.103.

H.B. 3727 requires a municipality with a population of more than 1.6 million to allocate at least 23 percent of the hotel occupancy tax revenue collected by the municipality for advertising and conducting solicitations and promotional programs to attract tourists and convention delegates to the municipality, except that the allocation is subject to and is prohibited from impairing the authority of the municipality to make certain payments.

### **Historical restoration and preservation**

The bill provides that not more than 15 percent of the hotel occupancy tax revenue collected by a municipality, rather than only a municipality having a population of more than 125,000, is authorized to be used for the purposes provided by Section 351.101(a)(5), Tax Code (relating to historical restoration and preservation projects or activities or for programs encouraging tourists to visit such sites). However, municipalities that adopted an ordinance before January 1, 2023, providing for the allocation of hotel occupancy tax revenue of an amount in excess of 15 percent to purposes provided by Section 351.101(a)(5), Tax Code, may continue to allocate tax revenue as provided by that ordinance until the ordinance is repealed or expires or until the revenue is no longer used for those specific purposes.

### **Public transportation**

The bill amends Section 351.110(c), Tax Code, to provide that hotel occupancy tax revenues derived under Chapter 351 can be used for a transportation system described by Section 351.110(a) that is primarily used by tourists (as opposed to a transportation system described by Section 351.110(a) that transports tourists).

### **Claw back**

H.B. 3727 adds Section 351.162, Tax Code, which implements the claw back mechanism described below to allow the State of Texas to recapture revenues on qualified projects first commenced on or after January 1, 2024, or, in the case of qualified projects that were authorized before January 1, 2023, by a municipality with a population of 175,000 or more, January 1, 2027. The bill excludes qualified projects that are subject to an economic development agreement authorized by Chapter 380, Local Government, which were entered into on or before January 1, 2022.

Pursuant to the bill, on the 20th anniversary of the date a hotel designated as a qualified hotel by a municipality as part of a qualified project to which Section 351.162, Tax Code, applies is open for initial occupancy, the Comptroller must determine:

- (1) the total amount of state tax revenue received under Section 351.156 (Entitlement to Certain Tax Revenue) and, if applicable, under Section 351.157 (Additional Entitlement for Certain Municipalities), by the municipality from the qualified project during the period for which the municipality was entitled to receive that revenue; and
- (2) the total amount of state tax revenue described by paragraph (1), above, received by the state during the period beginning on the 10th anniversary of the date the qualified hotel opened for initial occupancy and ending on the 20th anniversary of that date from the same sources from which the municipality received the revenue described by paragraph (1), above.

The Comptroller will provide notice to the municipality if the amount determined by paragraph (1) above exceeds the amount determined by paragraph (2) above. The municipality must then remit monthly payments to the Comptroller, with the first payment being due within 30 days after receipt of notice from the Comptroller, and then on the 20th day of each subsequent month, in an amount equal to the total amount of municipal hotel occupancy tax revenue received by the municipality from the qualified hotel in the preceding month until the amount remitted to the Comptroller equals the total amount due as stated in the notice.

#### **Municipality's and County's annual report to Comptroller**

H.B. 3727 amends Sections 351.009 and 352.009, Tax Code, to change the deadline for cities and counties that impose a hotel occupancy tax to submit their annual reports to the Comptroller from February 20 to March 1. Further, the bill imposes two additional requirements that must be included in each entity's hotel occupancy tax report to the Comptroller:

- (1) the amount and percentage of the revenue from the tax imposed by Chapter 351 or Chapter 352, as applicable, allocated by the municipality or county to each use authorized by Chapter 351 or Chapter 352 for which the municipality or county used the revenue during the municipality's preceding fiscal year, stated separately as an amount and percentage for each applicable use, rather than the amount and percentage of such revenue allocated by the municipality or county to only certain specified uses; and
- (2) the total amount of any revenue from the tax imposed by Chapter 351 or Chapter 352, as applicable, collected in any preceding fiscal year of the municipality or county that has not been spent by the municipality or county and the amount of such unexpended revenue, if any, that remains in the municipality's or county's possession in the fiscal year in which the report is due.

Further, each entity's hotel occupancy tax report is now only permitted to be submitted on a form prescribed by the Comptroller and cannot be submitted by a link to, or a clear statement describing the location of, the information required to be reported that is posted on the entity's Internet website.

Finally, H.B. 3727 repeals Sections 351.103(d) (relating to the prohibition on certain municipalities from allocating more than fifty percent of the hotel occupancy tax revenue collected for the purposes of funding certain historical restoration and preservation projects under certain circumstances) and Section 351.103(e), Tax Code (relating to the requirement that for a municipality to use hotel occupancy tax revenue collected by the municipality for certain purposes it is required to comply with Section 351.103 (Allocation of Revenue: General Rule)), and Section 351.110(b), Tax Code (relating to the ownership requirements of a municipally funded transportation system used to transport tourists).

**Effective Date:** Effective immediately on June 12, 2023

**Affected Statutes:** Sections 351.001, 351.009, 351.101, 351.1021, 351.103 and 351.152, Tax Code, are amended. Sections 351.161, 351.162, and 351.163, Tax Code, are added. Sections 351.103(d) and (e), and Section 351.110(b), are repealed.

**H.B. 4494**      **Author:** Vasut

**Caption:** Relating to eligible coastal municipalities for purposes of the municipal hotel occupancy tax.

**Background:** The Tax Code permits certain municipalities deemed an "eligible coastal municipality" to allocate hotel occupancy tax revenues for different purposes, including certain purposes related to public beaches. The Village of Surfside Beach was not classified as an eligible coastal municipality permitted to allocate hotel occupancy tax revenues as provided under the Tax Code due to its small population.

**Summary:** H.B. 4494 modifies the definition of "eligible coastal municipality" under Section 351.001(3) of the Tax Code to include the Village of Surfside Beach. The new definition includes two categories of eligible coastal municipalities: (i) a home-rule municipality that borders on the Gulf of Mexico and has a population of less than 80,000, and (ii) a municipality that borders on the Gulf of Mexico and has a population of less than 1,500.

**Effective Date:** Effective immediately on June 11, 2023

**Affected Statute:** Section 351.001(3), Tax Code, is amended.

**H.B. 5012**      **Author:** Clardy; Shine; Bowers; Capriglione Cook; Gámez; Gerdes; Manuel, Morales, Eddie; Stucky.

**Caption:** Relating to the authority of certain municipalities to use certain tax revenue for hotel and convention center projects and other qualified projects.

**Background:** Under current law, certain municipalities in Texas are authorized to receive a rebate for a period of 10 years of the state hotel occupancy taxes and state sales taxes collected at certain hotels and at certain qualified commercial retail outlets located within 1,000 feet. To qualify for a rebate, the hotel must, among other requirements, be located within 1,000 feet of a municipality-owned convention center facility and, in most cases, on land owned by the municipality. The rebated taxes can be used by a municipality to service bonds or other obligations incurred for the construction of the project. After the 10-year period has elapsed, the rebates cease, and all state hotel taxes and state sales taxes collected are deposited to the state's general revenue fund.

Convention centers and convention center hotels assist the state economy by attracting out-of-state conventions, business meetings, and visitors to Texas in addition to assisting with local revitalization and development efforts. Having an adequate supply of hotel rooms located near a convention center is critical to event planners and makes Texas more competitive in national and international tourism markets.

Accordingly, H.B. 5012 seeks to extend to additional municipalities the entitlement to receive those rebates and, following recommendations from the 87th Legislature interim hearings of the Senate Committee on Natural Resources and Economic Development, H.B. 5012 includes a "claw back" provision to allow the State to recoup its revenues over time in certain newly authorized projects. Additionally, the bill seeks to add certain municipalities to the authorization to create and implement project financing zones.

**Summary:** H.B. 5012 revises the definition of "hotel-associated revenue" in Section 351.1015(a)(2), Tax Code, and amends Section 351.1015(b) and 351.1015(e), Tax Code, relating to "qualified hotels" and "qualified projects." The bill also amends the applicability provisions in Section 351.152, Tax Code and Section 351.153, Tax Code. H.B. 5012 adds Sections 351.152(46)-(64), Tax Code, and redefines "qualified establishment" in Section 351.157, Tax Code.

### **Claw back**

H.B. 5012 adds Section 351.161, Tax Code, which implements the claw back mechanism described below to allow the State of Texas to recapture revenues on qualified projects first commenced on or after January 1, 2024, or, in the case of qualified projects that were authorized before January 1, 2023, by a municipality with a population of 175,000 or more, January 1, 2027. The bill excludes qualified projects that are subject to an economic development agreement authorized by Chapter 380, Local Government, which were entered into on or before January 1, 2022.

Pursuant to the bill, on the 20th anniversary of the date a hotel designated as a qualified hotel by a municipality as part of a qualified project to which Section 351.161, Tax Code, applies is open for initial occupancy, the Comptroller must determine:

- (1) the total amount of state tax revenue received under Section 351.156 (Entitlement to Certain Tax Revenue) and, if applicable, under

Section 351.157 (Additional Entitlement for Certain Municipalities), by the municipality from the qualified project during the period for which the municipality was entitled to receive that revenue; and

- (2) the total amount of state tax revenue described by paragraph (1), above, received by the state during the period beginning on the 10th anniversary of the date the qualified hotel opened for initial occupancy and ending on the 20th anniversary of that date from the same sources from which the municipality received the revenue described by paragraph (1), above.

The Comptroller will provide notice to the municipality if the amount determined by paragraph (1) above exceeds the amount determined by paragraph (2) above. The municipality must then remit monthly payments to the Comptroller, with the first payment being due within 30 days after receipt of notice from the Comptroller, and then on the 20th day of each subsequent month, in an amount equal to the total amount of municipal hotel occupancy tax revenue received by the municipality from the qualified hotel in the preceding month until the amount remitted to the Comptroller equals the total amount due as stated in the notice.

**Effective Date:** September 1, 2023.

**Affected Statutes:** Sections 351.1015(a)(2), 351.152, 351.153(a) and 351.157, Tax Code, is amended. Section 351.161, Tax Code, is added. Section 351.157(c), Tax Code, is repealed.

## S.B. 543

**Author:** Blanco

**Caption:** Relating to the conveyance of property by a municipality for the public purpose of economic development.

**Background:** Current law prevents municipalities from conveying land as part of a Chapter 380 economic development agreement. Municipalities have expressed that these statutory requirements to convey or sell land are time-consuming, burdensome, and a disincentive to companies seeking to relocate to Texas.

**Summary:** S.B. 543 authorizes a municipality to transfer real property it owns to an entity as a part of a Chapter 380 agreement. The entity must prove that it will use the property in a manner that primarily promotes a public purpose of the municipality relating to economic development. The bill requires the agreement to include provisions to ensure the municipality is granted sufficient control to ensure the public purpose is accomplished and the municipality receives the return benefit. Additionally, the bill requires the municipality to provide notice of the land transfer in a local newspaper. Lastly, the bill prohibits a transfer of real property if the property was obtained through eminent domain.

**Effective Date:** Effective immediately on May 24, 2023

**Affected Statutes:** Chapter 253, Local Government Code, is amended by adding Section 253.0125.

**S.B. 627**      **Author:** Menéndez

**Caption:** Relating to the entitlement of certain municipalities to certain tax revenue related to a hotel and convention center project.

**Background:** Currently, the distribution of tax revenue generated by hotel and convention center projects varies depending on the specific agreements negotiated between developers and local governments. In some cases, all tax revenue generated by the project goes directly to the developer, while in other cases, local governments may negotiate for a portion of the revenue to be returned to them in the form of taxes or other fees.

**Summary:** S.B. 627 allows municipalities to place the property ownership in a nonprofit entity that is acting as or on behalf of a municipality or that is directed and operated exclusively by the municipality, creates a “zone” of nearby restaurants, bars, spas, and retail establishments, swimming pools and swimming facilities owned or operated by the qualified hotel, similar to other larger municipalities; and adds claw back language relating to qualified hotel projects of municipalities with more than 70 percent of population of a county with a population of 1.5 million or more.

**Effective Date:** Effective immediately on June 18, 2023

**Affected Statutes:** Section 351.153(a) and Section 351.157, Tax Code, are amended. Section 351.161, Tax Code, is added.

**S.B. 1420**      **Author:** Birdwell

**Caption:** Relating to municipal and county hotel occupancy taxes.

**Background:** Current law requires municipalities and counties that impose a hotel occupancy tax to submit to the Comptroller an annual report disclosing certain information regarding the tax; however, there are still some categories of hotel occupancy tax uses that are not reported to the state. Further, the Tax Code has been amended many times since the initial enactment of laws permitting hotel occupancy taxes, resulting in confusing and sometimes contradictory provisions.

**Summary:** S.B. 1420 is nearly identical to H.B. 3727. The only difference between the two omnibus hotel occupancy tax bills is that H.B. 3727 also amends the Tax Code to make Subchapter C of Chapter 351, Tax Code (relating to municipal hotel and convention center projects) also applicable to a municipality that is the county seat of a county (a) through which the Brazos River flows; and (b) in which a national monument is located.

**Effective Date:** June 2, 2023.

**Affected Statutes:** Sections 351.001, 351.009, 351.101, 351.1021, 351.103, 351.110(c) and 352.009, Tax Code, are amended. Sections 351.161, 351.162, and 351.163, Tax Code, are added. Sections 351.103(d) and (e), and Section 351.110(b), Tax Code, are repealed.

# Education

**H.B. 1707**     **Author:** Klick; Leo-Wilson; Jetton, J.; Johnson, J.

**Caption:** Relating to the applicability of certain laws to open-enrollment charter schools.

**Background:** Section 12.105, Education Code, states that “an open-enrollment charter school is part of the public school system of this state.” On certain occasions and in certain municipalities, however, charter schools have not been treated in the same manner as independent school districts with regard to certain issues, including zoning, permitting, code compliance, and other local ordinances. To the extent that charter schools have been disadvantaged by such treatment, the costs of the school have increased and its educational mission has become impaired.

**Summary:** H.B. 1707 seeks to address these concerns by ensuring that open enrollment charter schools and school districts are treated in the same manner when it comes to certain aspects of local government.

H.B. 1707 requires a political subdivision to consider an open-enrollment charter school a school district for purposes of zoning, project permitting, platting and replatting processes, business licensing, franchises, utility services, signage, subdivision regulation, property development projects, the requirements for posting bonds or securities, contract requirements, land development standards as provided by Section 212.902, Local Government Code, tree and vegetation regulations, regulations of architectural features of a structure, construction of fences, landscaping, garbage disposal, noise levels, fees or other assessments, and construction or site development work if the governing body of the charter school provides to the political subdivision certification, in writing, that no administrator, officer, or employee of the charter school and no member of the governing body of the charter school or its charter holder derives any personal financial benefit from a real estate transaction with the charter school.

Open-enrollment charter schools considered school districts under H.B. 1707 must comply with the same requirements imposed by the political subdivision on a campus of a school district.

H.B. 1707 also provides that open-enrollment charter schools do not have the power of eminent domain and that school districts and open-enrollment charter schools are exempt from the provisions of Subchapter C (Municipal Drainage Utility Systems), Local Government Code.

**Effective Date:** Effective immediately on June 12, 2023

**Affected Statutes:** Section 12.1058, Education Code, is amended. Section 212.902, Local Government Code, is amended. Section 552.053(b), Local Government Code, is amended. Section 12.103(c), Education Code, is repealed.

# Elections

## H.B. 3613 Author: Cain

**Caption:** Relating to the election of the entire governing body of a municipality following each apportionment.

**Background:** In 2021, after the 2020 federal census, municipalities began reapportioning city council districts. In some municipalities, this meant that some residents would be moved in to a new district but then would be unable to vote for their city council member in the following election. Thirteen residents in Austin, who were shifted between council districts after such reapportionment, filed a lawsuit alleging that they were disenfranchised through this process. The lawsuit eventually ended up at the Texas Supreme Court, which chose not to take up the case. H.B. 3613 seeks to address this issue by requiring certain municipalities to elect all members of the municipal governing body on the first uniform election date following the census and any necessary reapportionment.

**Summary:** H.B. 3613 amends the Local Government Code to require a municipality that is divided into districts, wards, or other areas from which members of its governing body are elected to (i) elect all members of the governing body following each apportionment on the first uniform election date that allows sufficient time to comply with any requirements of law; and (ii) if members of the governing body of the municipality serve staggered terms, adopt an equitable process to determine which members of the governing body serve shorter terms to accommodate such an election that accounts for the remaining time in each member's term and whether the term of any member elected from a particular district, ward, or area was previously shortened.

**Effective Date:** September 1, 2023

**Affected Statutes:** Section 21.006, Local Government Code, is added.

## S.B. 924 Author: Springer

**Caption:** Relating to the combination of certain election precincts.

**Background:** Some county election precincts have no facility within the precinct that can serve as a polling location. S.B. 924 seeks to remedy this issue by allowing counties with a population of up to 1.2 million to combine two or more county election precincts on the recommendation of the county election board if there is not a facility available for use as a polling location.

**Summary:** S.B. 924 amends the Election Code to revise the procedures for combining county election precincts as follows:

- restricts the authority of a commissioners court to combine precincts in a general election or special election for which use of county election precincts is required to only those commissioners courts located in

counties with a population of less than 1.2 million and only if each of the following is true:

- the county election board has recommended such combination;
  - the commissioners court cannot secure a location in a facility for use as a suitable polling place; and
  - the location of the combined polling place adequately serves the voters of the combined precinct.
- raises the cap on the number of registered voters a combined precinct may contain from 5,000 to 10,000;

As a result of these revised procedures for combining county election precincts, the legislature repealed:

- the authorization for county election precincts in a county with a population of 250,000 or more to be combined if such changes result in county election precincts with 500 or more but fewer than 750 registered voters; and
- the authority of the county commissioners court for a general or special election to combine precincts for the purpose of avoiding unreasonable expenditures for election equipment, supplies, and personnel if changes to the precinct boundaries would result in precincts with fewer than 500 registered voters; and
- the authority of the county executive committee of a political party conducting a primary election to combine precincts for the purpose of avoiding unreasonable expenditures for election equipment, supplies, and personnel if changes to the precinct boundaries would result in precincts with fewer than 500 registered voters.

**Effective Date:** September 1, 2023

**Affected Statutes:** Sections 42.006(a) and 42.0051, Election Code, are amended; and Section 42.0051(b), Election Code, is repealed.

# Government administration

**H.B. 1434**      **Author:** Buckley

**Caption:** Relating to the staggering of terms of aldermen of the governing body of a Type A general-law municipality.

**Background:** Under current law, when the governing body of a Type A general-law municipality does not currently have staggered terms for an aldermen, that governing body does not have the authority to adopt staggered terms. Having an entire municipal governing body up for election at one time can be disruptive and leads to the possibility of complete turnover in one election. However, a Type A general-law municipality currently does not have the authority to avoid this scenario by adopting staggered terms for municipal aldermen if the municipality does not already have staggered terms. H.B. 1434 seeks to provide the governing body of a Type A general law municipality the authority to vote to stagger the terms of its aldermen.

**Summary:** H.B. 1434 amends the Local Government Code to authorize the governing body of a Type A general-law municipality whose aldermen are not already serving staggered terms of office to establish staggered terms by majority vote. The bill requires that the staggering be accomplished by the aldermen drawing lots.

**Effective Date:** Effective immediately on June 9, 2023

**Affected Statutes:** Section 22.034, Local Government Code, is amended.

**H.B. 2800**      **Author:** Paul; Morales, E.

**Caption:** Relating to meetings of a county election board.

**Background:** Having county election board meetings in person and open to the public will increase transparency about how elections are operated. H.B. 2800 imposes this requirement and requires notice of each meeting.

**Summary:** H.B. 2800 amends the Election Code to require meetings of a county election board to be held in person and be open to the public. If a county maintains a website, the bill also requires the county clerk to post notice of each county election board meeting on the county's website not later than 48 hours before each meeting.

**Effective Date:** September 1, 2023

**Affected Statutes:** Section 51.002, Election Code, is amended.

**H.B. 3492**      **Author:** Stucky

**Caption:** Relating to county and municipal authority to impose certain value-based fees and require disclosure of certain information related to subdivision construction.

**Background:** Pursuant to the Texas Constitution, regulatory fees assessed by a municipality that are not proportional to the operating costs of the program for which the fee is charged and that return more than what it costs to run the program associated with the regulation constitute an unconstitutional occupations tax. Texas municipalities and counties frequently calculate fees based on the cost or estimated value of the improvement itself, and doing so can result in a fee that is an unauthorized occupations tax because these figures do not bear a reasonable relationship to the municipality's or county's cost of performing the services covered by the fee.

**Summary:** H.B. 3492 applies only to an application, review, engineering, inspection, acceptance, administrative, or other fee imposed by a municipality or county related to the acceptance, review, or processing of engineering or construction plans or for the inspection of improvements for construction of a subdivision or lot or a related improvement associated with or required in conjunction with that construction that is assessed by the municipality or county.

H.B. 3492 amends Chapter 212 and Chapter 232 of the Local Government Code to prohibit municipalities and counties, respectively, from considering the cost of constructing or improving the public infrastructure for a subdivision, lot, or related property development in determining the amount of the fee imposed by the municipality or county for the acceptance, review or processing of engineering or construction plans or for the inspection of such improvements. The bill requires that municipalities and counties determine the fee by considering the actual cost to, as applicable, review and process the engineering or construction plan or to inspect the public infrastructure improvement. In determining the actual cost, municipalities and counties may consider (i) the fee that would be charged by a qualified, independent third-party for such services; (ii) the hourly rate for the estimated actual direct time of the municipal or county employees performing such services; or (iii) the actual costs assessed to the municipality or county by a third-party that provides such services.

H.B. 3492 prohibits municipalities and counties from requiring the disclosure of the value of or cost of constructing or improving a residential dwelling or the public infrastructure improvements for a subdivision, lot, or related property development as a condition of obtaining approval for or acceptance of such construction or public infrastructure improvements, except as required by FEMA for participation in the National Flood Insurance Program. The bill also requires municipalities and counties that imposes a fee for reviewing or processing an engineering or construction plan or inspecting a public infrastructure improvement to annually publish the fee and the hourly rate and estimated direct time incurred by municipal or county employees for a fee calculated based on the hourly rates and estimated direct time. Municipalities and counties must publish such information on their website or, if no website is maintained by the municipality or the county, in a newspaper of general circulation in the county in which the municipality is primarily located, or in the county, respectively.

**Effective Date:** September 1, 2023

Affected Statutes: Sections 212.906 and 232.901, Local Government Code, are added.

**H.B. 4510**      **Author:** Smithee

**Caption:** Relating to reporting of certain information by state agencies and counties, including information related to appropriated money, activities of certain consultants, and tax revenue.

**Background:** Prior law required state agencies and institutions of higher education to submit annual financial reports to the Comptroller, among other state authorities, not later than November 20th of each year. The prior submission process for the annual financial reports was tedious and time consuming which necessitated the historical November 20th deadline. Now, due to technological updates, the submission process has been streamlined for state agencies and institutions of higher education.

**Summary:** H.B. 4510 addresses reporting requirements for state agencies and counties in Texas. It focuses on the submission of annual financial reports, the option of submitting an audited financial report in place of an annual financial report, and the reporting of the activities conducted by consultants under recovery audits. H.B. 4510 provides the Comptroller additional time to compile individual annual financial reports into the Comptroller's annual comprehensive financial report. More specifically, H.B. 4510 amends the Texas Government Code and the Texas Health and Safety Code to require state agencies submit an annual financial report regarding the agency's use of appropriated money by November 1st of each year, except that institutions of higher education still have until November 20th of each year to submit an annual financial report. Additionally, in lieu of an annual report, state agencies have the option to submit an audited financial report not later than December 15th of each year. The bill also makes certain amendments regarding the Comptroller's report summarizing consultant activities during recovery audits to the legislature, governor, state auditor's office, and Legislative Budget Board, now to be issued not later than February 1 of each year, if a recovery audit was completed during the preceding fiscal year. Lastly, H.B. 4510 grants the Texas Department of Health and Human Services the authority to request specific tax-related information from counties for determining eligibility for state assistance under the Indigent Health Care and Treatment Act.

**Effective Date:** September 1, 2024

**Affected Statutes:** Section 2101.011 and Section 2115.005, Government Code and Section 61.040, Health and Safety Code are amended.

# Open meetings

**H.B. 3440**      **Author:** Canales

**Caption:** Relating to the governmental bodies required to post on the Internet agendas for meetings under the open meetings law.

**Background:** Under current law, governmental entities above a certain size that maintain a website must post their meeting agendas online. H.B. 3440 seeks to give more Texans access to the agendas of their local government through the Internet.

**Summary:** H.B. 3440 amends the Government Code to establish that the following governmental bodies and economic development corporations that maintain an Internet website, or for which an Internet website is maintained, are required to post a meeting agenda concurrently with notice of a meeting on the entity's website in addition to any other places at which the agenda must be posted, regardless of population:

- a municipality;
- a county;
- a public school district;
- the governing body of a junior college or junior college district, including a college or district that has changed its name;
- an economic development corporation organized under the Development Corporation Act;
- a regional mobility authority included within the meaning of an "authority" as defined by Section 370.003, Transportation Code;
- a joint board created under provisions related to county and municipal airports; and
- a district or authority created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution.

H.B. 3440 repeals Section 551.056(c), Government Code, which has a more limited list of government bodies that are required to post meeting agendas online.

**Effective Date:** September 1, 2023

**Affected Statutes:** Section 551.056(b), Government Code, is amended; Section 551.056(c), Government Code, is repealed.

# Population classification

**H.B. 4559**      **Author:** Darby

**Caption:** Relating to the application of statutes that classify political subdivisions according to population.

**Background:** The purpose of H.B. 4559 is to take into account the new census data contained in the 2020 federal census and to update population brackets as necessary so that the statutes using those brackets continue to apply to the political subdivisions for which the brackets were intended. A reference in a statute to the population of a political subdivision means the population according to the most recent federal census. See Sections 311.005(3), 312.011(2), Government Code. Therefore, as population data changes with the release of each federal census, the political subdivision for which a population bracket was designed may no longer be in (or excluded from) the bracket unless the bracket is updated.

**Summary:** H.B. 4559 amends various statutes to revise the population-based descriptions of certain political subdivisions used to limit the applicability of various provisions of state law to reflect changes in population that took place between the 2010 and 2020 decennial federal censuses so that the provisions continue to apply to the intended subdivisions.

As it relates to issuers of public debt, H.B. 4559 makes the following changes:

- Amends Section 45.105(e), Education Code, to limit the authority of an independent school district to dedicate a portion of its tax levy to support a junior college district that it governs to school districts in a county with a population that exceeds 2.5 (up from 2.0) million.
- Amends Section 53A.49(a), Education Code, to allow higher education facility corporations created under Section 53A.35(b), Education Code, to issue bonds for certain accredited primary and secondary schools located in a county with a population of more than 2.5 (up from 2.0) million and within three miles of an area designated as an enterprise zone under Chapter 2303, Government Code.
- Amends Section 1331.051, Government Code, to authorize only municipalities with a population of 950,000 (up from 750,000) or more to incur debt supported by property taxes up to 10% of total appraised value, notwithstanding inconsistent charter limits.
- Amends Section 263.025, Health and Safety Code, to allow for counties with population of 24,000 to 24,500 or 24,700 to 27,000 (in lieu of the current bracket of 24,500 to 25,500) to use excess money in the county hospital operating fund to make improvements to (or pay county bonds issued for the construction and improvement of) a county hospital facility.

- Amends Chapter 1371, Government Code (which authorizes variable rate and short-term debt obligations and related interest rate hedges and credit agreements) to authorize only the following hospital authorities and districts as “issuers”: (a) a hospital authority that has a population of more than 3.3 million or is included, in whole or part, in a standard metropolitan statistical area that includes a county with a population that exceeds 2.5 (up from 2.2) million and (b) a hospital district in a county that has a population of more than two 2.5 (up from 2) million.
- Amends Section 1431.001(2), Government Code, to revise the definition of “eligible countywide district” for which counties are authorized to issue anticipation notes to include only a flood control district or a hospital district the boundaries of which are substantially coterminous with the boundaries of a county with a population of 3 million or more or a hospital district created in a county with a population of more than 1.2 million (up from 800,000) that was not included in the boundaries of a hospital district before September 1, 2003.
- Amends Chapter 1476, Government Code, to limit counties given authority by the chapter (to issue limited amounts of certificates of indebtedness for county buildings or state highways) to counties with a population of more than 2.5 (up from 2) million.
- Amends Section 1506.101 et seq, which authorizes revenue bonds for parking improvements in certain coastal municipalities, to extend only to a municipality that is located on the Gulf of Mexico or on a channel, canal, bay, or inlet connected to the Gulf of Mexico, and has a population of either (a) more than 53,000 (up from 47,500) and less than 84,000 (up from 73,000) or (b) more than 115,000 (down from 17,000) and less than 160,000.
- Amends Section 285.002, Health & Safety Code, to extend authority to enter into revenue anticipation loans only to a county having (1) a population of at least 1.2 million (up from 800,000) or at least 830,000 and not more than 870,000, in addition to certain countywide hospital districts.
- Amends Section 334.0082, Local Government Code, to authorize a municipality to develop and finance a venue project if it has a population of at least 250,000 (up from 176,000), borders the Rio Grande, and approved a sports and community venue project before January 1, 2009, or is located in certain border counties.
- Amends Section 382.002, Local Government Code, to authorize the following counties to create public improvement districts with bonding authority: (a) a county with a population of 1.5 million or more, other than a county that borders on the Gulf of Mexico or a bay or inlet of the gulf, or has two municipalities located wholly or partly in its boundaries each having a population of 225,000 or more, as provided in prior law, and (b) a county with a population of 70,000 or more that (i) is adjacent to a county

described in clause (a) in which a municipality with a population of 90,000 (up from 35,000) or more is primarily situated and (ii) includes all or a part of the extraterritorial jurisdiction of a municipality with a population of 1.1 million or more.

- Amends Section 504.002, Local Government Code, to authorize to create a “Type A” economic development corporation with bonding authority, among other municipalities, a municipality located within the territorial limits of, but has not elected to become a part of, a regional transportation authority the principal municipality of which has a population of more than 1.3 million (up from 750,000) and was created under either of two chapters of and is operating under Chapter 452, Transportation Code.
- Amends Section 562.016, Local Government Code, to authorize a county with a population of 2.5 (up from 2) million or more and any adjoining county to issue general obligation bonds to finance a water or sewer utility system that provides service within a municipality.
- Amends Section 451.3625(a), Transportation Code, to prohibit a transportation authority confirmed before July 1, 1985, and whose principal municipality has a population of less than 1.3 million (up from 850,000) from issuing short-term debt without an election.

H.B. 4559 also modifies the population brackets of code sections that authorize interlocal solid waste disposal contracts, terms of participation in retirement systems, control of utility systems, creation of hospital districts and toll road and transportation authorities, elections to exceed tax rates, annexation, extraterritorial jurisdiction, sales and excise taxes, tax exemptions and reinvestment zones, and other actions that do not involve issuing debt or appear to be de minimis.

Also, H.B. 4559 clarifies that its provisions are not intended to revive a law that was impliedly repealed by a law enacted by the 87th Legislature or a previous legislature. The bill also specifies that, to the extent that a law enacted by the 88th Legislature, Regular Session, 2023, conflicts with its provisions, the other law prevails, regardless of the relative dates of enactment or the relative effective dates.

**Effective Date:** September 1, 2023

**Affected Statutes:** Certain provisions related to population-based descriptions of certain political subdivisions within the Agriculture Code, Alcoholic Beverage Code, Code of Criminal Procedure, Education Code, Election Code, Family Code, Government Code, Health and Safety Code, Human Resources Code, Insurance Code, Local Government Code, Natural Resources Code, Occupations Code, Parks and Wildlife Code, Property Code, Tax Code, Transportation Code, Utilities Code, and Water Code, and certain provisions in Vernon’s Texas Civil Statutes.

# Property tax

**H.J.R. 2**      **Author:** Metcalf; Meyer; Burrows; Raymond; Thierry

**Caption:** Proposing a constitutional amendment to authorize the legislature to establish a temporary limit on the maximum appraised value of real property other than a residence homestead for ad valorem tax purposes; to increase the amount of the exemption from ad valorem taxation by a school district applicable to residence homesteads; to adjust the amount of the limitation on school district ad valorem taxes imposed on the residence homesteads of the elderly or disabled to reflect increases in certain exemption amounts; to except certain appropriations to pay for ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations; and to authorize the legislature to provide for a four-year term of office for a member of the governing body of certain appraisal entities.

**Background:** H.J.R. 2 is the corresponding constitutional amendment necessary to enable the Property Tax Relief Act (S.B. 2 of the second special session of the 88th Legislature) to go into effect.

**Summary:** In an effort to stymie further property tax increases, H.J.R. 2, if approved by the voters at the November 7, 2023 election, would amend the Texas Constitution to allow the Legislature to enact the following policies of the Property Tax Relief Act:

- Temporarily limit the annual maximum appraised value of non-homestead real property and prescribe additional eligibility requirements to qualify for this limitation.
- Increase the homestead exemption from \$40,000 to \$100,000 (applicable for the 2023 tax year).
- Provide for four-year terms for members of the governing body of an appraisal entity in counties with a population of 75,000 or more.

Further, H.J.R. 2 provides that appropriations from state tax revenues made for the purpose of paying for property tax relief do not count toward the constitutional spending limit.

**Effective Date:** November 7, 2023, if approved by election.

**H.B. 456**      **Author:** Craddick; Gere; Cook; Burrows; Rose

**Caption:** Relating to an exemption from ad valorem taxation of certain interests in a mineral in place owned by certain charitable organizations.

**Background:** Currently, the statutory property tax exemption afforded to charitable organizations extends only to buildings and tangible personal property that are intended to be used exclusively by organization, improvements to real property under construction, and related use land. The exemption does not extend to royalty interests.

**Summary:** H.B. 456 amends Section 11.18(a), Tax Code, to entitle charitable organizations to an exemption from property taxes for mineral in place, including royalty interests, that either (1) are not severed from the surface estate or (2) were donated to the organization by the previous owner of the interest. Like other statutory tax exemptions, the new exemption is valid only to the extent permitted by Article VIII, Section 2 of the Texas Constitution.

**Effective Date:** January 1, 2024.

**Affected Statutes:** Section 11.18(a), Tax Code, is amended.

## H.B. 3273

**Author:** Thierry

**Caption:** Relating to public notice of the availability on the Internet of property-tax related information.

**Background:** Over the past two legislative sessions, the legislature has worked to enhance the transparency related to the adoption of property tax rates by requiring appraisal districts to mail postcard notices to all property owners by August 7 stating where relevant property tax information may be found online. Postcard mailing costs, like all appraisal district operational costs, are funded by property tax revenues. According to the Texas Association of Appraisal Districts, large metropolitan counties spent over \$4,000,000 on this item alone last year. H.B. 3273 seeks to reduce appraisal district costs while furthering the legislature's intent of enhancing transparency with regard to the estimated amount of property taxes.

**Summary:** H.B. 3273 replaces the notice mailing requirement with requirements that (i) the chief appraiser of each appraisal district post such notice prominently on the appraisal district's website, if the appraisal district maintains a website, and (ii) the assessor for each taxing unit that participates in the appraisal district post such notice prominently on the taxing unit's website. The bill specifies that a statement in the notice regarding local property tax databases be in bold typeface and requires the notice to include instructions describing how an owner may register on the district's website to have notifications regarding updates to the property tax database delivered to the owner by email. The bill additionally requires the chief appraiser to publish the notice by August 7 or as soon thereafter as practicable in a newspaper of general circulation in the county for which the district is established. If no such newspaper exists, the notice must be posted at the appraisal office for the district. The bill empowers the Comptroller to adopt rules regarding the format, posting, and publication of the notice. H.B. 3273 only applies to notices required to be delivered.

**Effective Date:** January 1, 2024

**Affected Statutes:** Section 25.19(m), Tax Code, is redesignated as Section 25.19(11) and amended; Section 26.04, Section 26.05(d-1), Section 26.17, and Section 41.46(a), Tax Code are amended.

**H.B. 4456**      **Author:** Bettencourt

**Caption:** The bill relates to the calculation of certain ad valorem tax rates of a school district.

**Background:** In 2019, the Texas Legislature revised the formula for public entities, including school districts, to calculate tax rates. These revisions amended provisions of the Tax Code and removed the definition for the no-new-revenue maintenance and operations tax rate. One shortfall of the previous legislation was the lack of clear direction as to how school districts were to calculate the no-new-revenue maintenance and operations tax rate. More specifically, the prior calculation did not account for revenue school district’s received from state aid. Additionally, taxing entities are required to complete and file forms provided by the Texas Comptroller of Public Accounts to document tax rate calculations, however, changes to the calculations due to the 2019 legislation have caused confusion with the forms.

**Summary:** H.B. 4456 amends several sections of the Tax Code to modify the calculation and submission of ad valorem tax rates for school districts. The bill removes the requirement for the Comptroller to prescribe tax rate calculation forms for school districts to calculate and submit the no-new-revenue tax rate and the voter approval tax rate. Instead, the Comptroller shall prescribe the tax rate calculation forms for use by school districts as required by Chapter 26 of the Texas Tax Code. The bill clarifies that the “no-new-revenue maintenance and operations rate” for a school district is now calculated as provided by the Texas Education Code.

**Effective Date:** January 1, 2024

**Affected Statutes:** Sections 5.07(f), 26.012(18), 26.05(b), and 26.17(b), Tax Code, are amended.

**H.B. 4645**      **Author:** Flores; Troxclair; Cole; Hinojosa; Howard

**Caption:** Relating to the exemption from ad valorem taxation of certain property used to provide low-income or moderate-income housing.

**Background:** In 2021, the Texas Legislature passed H.B. 115 to create a property tax exemption for specific nonprofits in Travis and Midland counties receiving donated land to develop permanent supportive housing for those experiencing homelessness. However, the costs of improving communities have been high, slowing the production of low-income to moderate-income housing.

**Summary:** H.B. 4645 expands provisions created by H.B. 115 providing qualifying nonprofit organizations a property tax exemption for leasing land under a ground lease and constructing or rehabilitating low-income to moderate-income housing for individuals or families, thereby reducing costs and expediting construction and rehabilitation.

Specifically, the bill amends Section 11.1825, Tax Code, to provide that an organization that leases land under a ground lease is entitled to an exemption from taxation of the improvements owned by the organization that the

organization constructs or rehabilitates and uses to provide housing to individuals or families meeting the income eligibility requirements of Section 11.1825, Tax Code.

**Effective Date:** January 1, 2024.

**Affected Statutes:** Section 11.1825, Tax Code, is amended.

## S.B. 2

**Author:** Bettencourt.

**Caption:** Relating to providing property tax relief through the public-school finance system, exemptions, limitations on appraisals and taxes, and property tax administration; authorizing the imposition of a fee.

**Background:** The Governor's charge for the second special session which led to the filing of S.B. 2 included the following: (i) "Legislation to cut property-tax rates solely by reducing the school district maximum compressed tax rate in order to provide lasting property-tax relief for Texas taxpayers;" (ii) "Legislation to put Texas on a pathway to eliminate school district maintenance and operations property taxes;" (iii) "Legislation relating to providing property tax relief through the public school finance system, exemptions, limitations on appraisals and taxes and property tax administration;" and (iv) "Legislation relating to the amount of the total revenue exemption from the franchise tax and the exclusion of certain taxable entities from the requirement to file a franchise tax report." In response, the legislature filed S.B. 2 (the "Property Tax Relief Act") to provide taxpayers with meaningful property tax relief from rising property values and property taxes through school district M&O tax compression, increase to the school district mandatory homestead exemption, and use of a portion of the State's historic budget surplus.

### Summary:

#### Property tax compression

S.B.2 reduces the school district maximum compressed rate calculated under Section 48.2551 or 48.2552(b), Education Code, by \$0.107 for the 2023 - 2024 school year.

Certain school districts impacted by this compression will receive additional state aid for the 2022-2023 school year.

#### Expansion of homestead exemption

S.B.2 amends Section 11.13, Tax Code, to provide homeowners an exemption from taxation by a school district of \$100,000, rather than \$40,000.

S.B.2 entitles certain school districts whose state and local revenue used to service debt eligible under Chapter 46, Education Code, is impacted by the expansion of the homestead exemption and limitations on tax increases, and school districts who suffer revenue shortfalls due to the increased homestead expansions and the limitation on tax increases on the homestead of elderly or disabled homeowners, to additional state aid (i.e., "hold harmless") for debt that

is issued prior to September 1, 2023, or is approved by the voters but not yet issued as of September 1, 2023.

School districts that adopted an additional homestead tax exemption under Section 11.13(n) for the 2022 tax year are prohibited from reducing or repealing the exemption until December 31, 2027.

The provision increasing the residential homestead exemption to \$100,000 will be submitted to the voters of the State on November 7, 2023.

### **Property tax calculation**

S.B. 2 makes changes to the calculation of the appraisal ratio of property under Section 1.12(d), Tax Code, to which Sections 23.23 and 23.231, Tax Code, apply.

S.B. 2 provides for a 20% “circuit breaker” cap for the next three years on increases to the taxable appraised values for non-homestead properties valued at \$5 million and under, including residential and commercial properties.

S.B. 2 changes the definition of “taxable value” for purposes of Section 403.403, Government Code, relating to the determination of school district property values, as the market value of all taxable property less certain amounts, including the amount by which the market value of property to which Section 23.23 or 23.231, Tax Code, applies, rather than by the market value of a residence homestead to which Section 23.23, Tax Code, applies, exceeds the appraised value of that property as calculated under Section 23.23. or 23.231, Tax Code, as applicable, rather than under that section.

Finally, S.B. 2 prospectively applies certain of its provisions relating to the calculation of voter-approval tax rate of school districts, the assessed value of property, and the assessment of taxes on property as if S.B. 2 were already in effect for the 2023 tax year.

Certain provisions of S.B. 2 are contingent upon the constitutional amendment proposed by H.J.R. 2 being approved by the voters of the State on November 7, 2023.

**Effective Date:** Except as noted below, S.B. 2 takes effect on the 91st day after the last day of the legislative session (September 27, 2023). However, certain provisions of S.B. 2 are contingent upon the passage of the constitutional amendment proposed by H.J.R. 2 being approved by the voters of the State on November 7, 2023.

### **Affected Statutes:**

#### **Education Code**

Sections 49.0042 and 49.0121, 48.2555 and 48.283, Education Code, are added.

Sections 48.2542, 48.2543, 48.2556 (effective January 1, 2025), 49.004 (effective only if the constitutional amendment proposed by H.J.R. 2 passes), 49.154 and 49.308, Education Code, are amended.

### Tax Code

Sections 6.03, 6.033(a), 6.036(a), 6.41, 6.42(a), 6.425(e), 11.13, 11.26, 25.19(b) 25.19(g), 25.23, 26.04, 26.08, 26.09, 26.15, 31.01, 31.02 Tax Code, are amended. Sections 1.12(d), 41.41(a) and 42.46, Tax Code, are amended (immediately and further amendments effective January 1, 2027).

Section 11.26(a-1)-(a-3), Tax Code, are repealed. Sections 11.26(a-5)-(a-7) and (a-9), Tax Code, are repealed (effective January 1, 2025).

Section 23.231, Tax Code, is added.

Section 6.052(f), Tax Code, is amended (effective January 1, 2024).

Sections 6.0301, 6.032 and 26.0401, Tax Code, are added.

### Government Code

Section 403.302, Government Code, is amended.

Section 403.302(d), Government Code, is amended (effective immediately and a further amendment effective January 1, 2027).

### S.B. 1381

**Author:** Eckhardt

**Caption:** Relating to the eligibility of the surviving spouse of an elderly person who qualified for a local option exemption from ad valorem taxation by a taxing unit of a portion of the appraised value of the deceased person's residence homestead to continue to receive an exemption for the same property from the same taxing unit in an amount equal to that of the exemption for which the deceased person qualified without applying for the exemption.

**Background:** Under current law, when an individual who is receiving an over 65 or disabled exemption passes away, the surviving spouse must submit a new exemption application with the appraisal district to continue to receive the exemption.

**Summary:** S.B. 1381 amends current law relating to the eligibility of the surviving spouse of an elderly person who qualified for a local option exemption from ad valorem taxation by a taxing unit of a portion of the appraised value of the deceased person's residence homestead to continue to receive an exemption for the same property from the same taxing unit in an amount equal to that of the exemption for which the deceased person qualified without applying for the exemption.

The surviving spouse is able to continue to receive the exemption without filing a new application if (1) the appraisal district learns of the person's death from any source, including the death records maintained by the vital statistics unit of the Department of State Health Services or a local registration official; and (2) the surviving spouse is otherwise eligible to receive the exemption as shown by information in the records of the appraisal district that was provided to the appraisal district in an application for an exemption under Section 11.13 on the property or in correspondence relating to the property; or information provided by

the Texas Department of Public Safety to the appraisal district under Section 521.049, Transportation Code.

**Effective Date:** January 1, 2024.

**Affected Statutes:** Section 11.43, Tax Code is amended.

**S.B. 1999**

**Author:** Bettencourt

**Caption:** Relating to the calculation of the unused increment rate of a taxing unit.

**Background:** The Texas Legislature made overhauls to the property tax system in 2019, including the creation of the “unused increment rate” which allowed taxing units to “bank” additional increment that could then be levied in the succeeding three years. The current method of calculating the unused increment rate of taxing units in Texas lacks clarity and provides confusion for taxing entities and taxpayers alike.

**Summary:** S.B. 1999 aims to provide a clearer and more consistent approach to calculating the unused increment rate for taxing units by converting the rate to a dollar amount yield that a taxing unit may carry forward through the addition of definitions for “foregone revenue amount” and “preceding total value.” The bill provides the “foregone revenue amount” is the greater of zero or a specific dollar amount calculated using a formula. “Preceding total value” refers to a taxing unit’s total value in the previous tax year. The calculation involves summing the “foregone revenue amounts” from the three preceding years and dividing it by specific tax rate differences for those years.

**Effective Date:** January 1, 2024

**Affected Statutes:** Sections 26.013(a) and 26.013(b), Tax Code, are amended.

**S.B. 2289**

**Author:** Huffman; Alvarado; and West

**Caption:** Relating to the exemption from ad valorem taxation of equipment or inventory held by a manufacturer of medical or biomedical products to protect the Texas healthcare network and strengthen our medical supply chain.

**Background:** The current tax structure on medical and biomedical manufacturing inventories can discourage capital investment and expansion. Due in part to cost, much of the world’s medical and biomedical manufacturing is located abroad. S.B. 2289 seeks to exempt from property taxation tangible personal property that is used or produced by medical and biomedical manufacturers.

**Summary:** S.B. 2289 amends the Tax Code to entitle a person to an exemption from property taxation of medical or biomedical property the person owns or leases that is located in a medical or biomedical manufacturing facility that the person owns or leases.

The bill prohibits the governing body of a taxing unit from providing for taxation of exempted medical or biomedical property and includes this property tax exemption for medical or biomedical property among the exemptions that, once allowed, need not be claimed in subsequent years and among the exemptions for

which a person may qualify on a pro-rated basis if the property was acquired after January 1 of a tax year.

**Effective Date:** This Act takes effect January 1, 2024, but only if S.J.R 87 is approved by the voters.

**Affected Statutes:** Section 11.36, Tax Code, is added; and Sections 11.42(d) and Section 11.43(c), Tax Code, are amended.

**S.B. 2350**

**Author:** Bettencourt

**Caption:** Relating to the voter-approval tax rate used to calculate the unused increment rate of a taxing unit for ad valorem tax purposes.

**Background:** Generally, when a property tax rate has been adopted in Texas, no changes can be made to the truth-in-taxation worksheets used to calculate the no new-revenue rate and the voter-approval rate for that tax year. Recently, there have been requests from governing bodies to update the truth-in-taxation worksheet after the tax rate has been adopted (usually to correct an error in the worksheet).

The current Texas Tax Code defines the “voter-approval tax rate” as “a taxing unit’s voter-approval tax rate in the applicable preceding tax year less the unused increment rate for that preceding tax year.”

**Summary:** The purpose of S.B. 2350 is to clarify the process for completing truth-in-taxation worksheets and adopting the voter-approval tax rate by codifying that once the voter-approval tax rate is adopted by the taxing unity, the truth-in-taxation worksheets may not be changed or adjusted. S.B. 2350 amends Section 26.013(a)(2) of the Texas Tax Code to redefine the “voter-approval tax rate” as “a taxing unit’s voter approval tax rate in the applicable preceding tax year, as adopted by the taxing unit during the applicable preceding tax year, less the unused increment rate for that preceding tax year.”

**Effective Date:** June 18, 2023

**Affected Statute:** Section 26.013(a)(2), Tax Code, is amended.

# Public securities

**H.B. 1748**      **Author:** Leach

**Caption:** Relating to the use of a facsimile signature on certain public securities and related certificates.

**Background:** State law currently requires the Comptroller (or his designee) physically sign public securities registered by the Comptroller. To comply with this requirement, the Comptroller appoints a bond clerk and assistants who perform all duties related to bond registration, including manually signing the certificates of registration. During the COVID-19 pandemic, the governor temporarily suspended the manual signature requirement, allowing Comptroller staff to place facsimile signatures on PDFs of bond documents for outside parties. This eliminated the need for in-person document deliveries and pickups and expedited document processing and delivery. H.B. 1748 enshrines this flexibility into law.

**Summary:** H.B. 1748 repeals provisions of the Uniform Facsimile Signature of Public Officials Act which required a public security contain at least one manually subscribed signature and that each public security have the Comptroller's or his designee's manual signature before being registered by the Comptroller. The bill amends the Government Code authorizing the use of a facsimile signature of the Comptroller or a designated deputy on a public security required to be registered by the Comptroller or a certificate on that security.

**Effective Date:** September 1, 2023

**Affected Statutes:** Section 618.003, Government Code, is amended; Section 618.004, Government Code is repealed.

**H.B. 3097**      **Author:** Leo-Wilson; Bonnen; Morrison; Thompson, Ed; Manuel

**Caption:** Relating to the issuance of anticipation notes or other obligations by issuers located along the Gulf Coast in an emergency.

**Background:** The prevalence of natural disasters along the Texas Gulf Coast highlights the importance of local governments having the ability to access emergency funding following a hurricane or tropical storm. In 2007, the 80th Texas Legislature added Section 1431.015 to Chapter 1431, Government Code pertaining to the issuance of anticipation notes. They added Section 1431.015 to Chapter 1431 which allowed an issuer located within 70 miles of the Gulf of Mexico or of a bay or inlet of the gulf to authorize the issuance of an anticipation note or other obligation in the event of an emergency resulting from a hurricane or tropical storm, regardless of other requirements for the issuance of anticipation notes in Chapter 1431.

Chapter 1431, Government Code, provides that the governing body of a local government issuing anticipation notes may exercise the authority granted to the governing body of an issuer under Chapter 1371, Government Code, thereby giving it more flexibility in the procedures for issuance of such obligations.

However, a city issuing obligations under Chapter 1371, Government Code, must have outstanding long-term indebtedness that is rated by a nationally recognized rating agency in one of the four highest rating categories, and any obligations issued under Chapter 1371, Government Code, must be rated.

**Summary:** H.B. 3097 amends Section 1431.015 of the Government Code to eliminate the rating requirements in Chapter 1371 for cities issuing anticipation notes or other obligations following an emergency resulting from a hurricane or tropical storm and for the anticipation notes or other obligations themselves issued following an emergency resulting from a hurricane or tropical storm.

**Effective Date:** Effective immediately on June 18, 2023

**Affected Statutes:** Section 1431.015(b), Government Code, is amended.

#### H.B. 4082

**Author:** Goldman; Tepper.

**Caption:** Relating to the purposes for which a municipality or county may issue an anticipation note or certificate of obligation.

**Background:** Current law authorizes certain governmental entities to issue anticipation notes and certificates of obligation for, among other things, any “public work”; however, the law does not provide a definition of “public work.” H.B. 4082 seeks to address concerns regarding the purposes for which cities and counties can issue anticipation notes and certificates of obligation by defining “public work.”

**Summary:** H.B. 4082 limits the purposes for which a city or county can issue anticipation notes and certificates of obligation by adding Section 271.043(7-a), Local Government Code to define “public work” to mean the following public improvements:

- a. a street, road, highway, bridge, sidewalk, or parking structure;
- b. a landfill;
- c. an airport;
- d. a utility system, water supply project, water treatment plant, wastewater treatment plant, or water or wastewater conveyance facility;
- e. a wharf or dock;
- f. a flood control and drainage project;
- g. a public safety facility, including a police station, fire station, emergency shelter, jail, or juvenile detention facility;
- h. a judicial facility;

- i. an administrative office building housing the governmental functions of the municipality or county;
- j. an animal shelter;
- k. a library; or
- l. a park or recreation facility that is generally accessible to the public and is part of the municipal or county park system.
- m. Means the rehabilitation, expansion, reconstruction, or maintenance of an existing stadium, arena, civic center, convention center, or coliseum that is owned and operated by the municipality or county or by an entity created to act on behalf of the municipality or county; and

Under H.B. 4082, “public work” specifically excludes:

- a. a facility for which more than 50 percent of the average annual usage is or is intended to be for professional or semi-professional sports;
- b. a new stadium, arena, civic center, convention center, or coliseum that is or is intended to be leased by a single for-profit tenant for more than 180 days in a single calendar year; and
- c. a hotel.

**Effective Date:** September 1, 2023.

**Affected Statutes:** Section 1431.001, Government Code and Section 271.043, Local Government Code are amended.

# Utilities

## **S.B. 983**      **Author:** Paxton

**Caption:** Relating to information maintained by certain municipally owned utilities that provide electricity services and cable, Internet, or broadband services.

**Background:** Governmental providers of cable, Internet, or a broadband service in Texas asked to be permitted to discuss related matters in executive sessions, as they may do for electric and gas utility services, since the communication services are highly competitive with regard to pricing and logistics.

**Summary:** S.B. 983 allows the governing body of a governmental electric utility that provided cable, Internet, or broadband services on or before January 1, 2003, to discuss “competitive matters” related to such services in executive session. A “competitive matter” for these purposes means a matter that is related to the utility’s competitive activity, including commercial information, and would, if disclosed, give advantage to competitors or prospective competitors. This does not include, however, the same categories of utility service information which they may discuss only in public session under existing law.

Further, S.B. 983 requires a municipally owned utility that provides both electricity and broadband services (and that provided electricity and cable, Internet, or broadband services on or before January 1, 2003) to maintain separate books and records of broadband service operations and to ensure that the rates charged for provision of electric service do not include any broadband service or other costs not related to the provision of electric service.

**Effective Date:** September 1, 2023.

**Affected Statutes:** Section 552.133, Government Code, is amended. Section 552.915, Local Government Code, is added.

## **S.B. 2013**      **Author:** Schwertner; King

**Caption:** Relating to access to and the security of certain critical infrastructure.

**Background:** Electric utility infrastructure, including the ERCOT power region, is at risk for disruption from external and internal sources, including possibly from equipment manufactured by companies in or controlled by hostile countries.

**Summary:** In an effort to harden the security of the Texas power grid, S.B. 2013 forbids ERCOT to register business entities to operate in its power region unless they (a) certify that they comply with Chapter 113, Business and Commerce Code, as amended (which prohibits agreements relating to critical infrastructure in Texas with companies known to be owned by citizens of or headquartered in China, Iran, North Korea, Russia, or another designated country, if the company would be granted direct or remote access to or control of such infrastructure other than for permitted support) and (b) agree to report to ERCOT each purchase of any critical electric grid equipment or service from such a company, including any purchase

made in the five years before the effective date of S.B. 2013, and attest to ERCOT that the purchase will not result in access to or control of its critical electric grid equipment by such a company, except for permitted support. In addition, ERCOT is authorized to immediately suspend or terminate an entity's registration or access to ERCOT systems if ERCOT reasonably suspects that it is a company described in (a) above.

S.B. 2013 also amends Section 2274.0101 et seq., which currently prohibits state and local governmental entities from entering into contracts described in (a) above with respect to any communication infrastructure system, cybersecurity system, electric grid, hazardous waste treatment system, or water treatment facility, by (i) extending the prohibition to ERCOT and (ii) expanding the definition of restricted companies to include affiliates described in ERCOT protocols.

S.B. 2013 requires ERCOT to obtain from the Department of Public Safety (or a private vendor) criminal history and other necessary background information before hiring a prospective employee who is critical to the security of the electric grid.

S.B. 2013 authorizes the Public Utility Commission to adopt any rules necessary to administer S.B. 2013. Further, the attorney general is authorized to conduct periodic audits of the attestations submitted by business entities and to prioritize the audits as necessary to protect critical infrastructure.

**Effective Date:** September 1, 2023.

**Affected Statutes:** Section 113.001, Business and Commerce Code, is amended. Section 411.1183, Government Code, is added. Section 2274.0101, Government Code, is amended. Section 39.151, Utilities Code, is amended. Section 39.360, Utilities Code, is added.

# Water

## **H.B. 3437**      **Author:** Holland

**Caption:** Relating to the authority to approve change orders for certain contracts for the construction, repair, and renovation of water district facilities.

**Background:** Under current law, a water district board may grant authority to an official or employee responsible for purchasing or administering a contract to approve a change order that involves an increase or decrease of \$50,000 or less. The threshold was established over 10 years ago and has since not been updated to reflect construction cost increases. H.B. 3437 raises the threshold from \$50,000 or less to \$150,000 or less.

**Summary:** H.B. 3437 amends the Water Code to allow a water district board to grant authority to an official or employee responsible for purchasing or for contract administration to approve a change order for certain construction, equipment, materials, and machinery contracts that involves an increase or decrease of \$150,000 or less. The bill applies only to a change order approved on or after the bill's effective date. Change orders that, in the aggregate, increase the original contract by more than 25% may be issued only as a result of certain unanticipated conditions remains in effect.

**Effective Date:** September 1, 2023

**Affected Statutes:** Section 49.273(i), Water Code is amended.

## **S.J.R. 75**      **Author:** Perry; Eckhardt; Hall; Hinojosa; West; Zaffirini

**Caption:** Proposing a constitutional amendment creating the Texas water fund to assist in financing water projects in this state.

**Background:** According to the 2022 State Water Plan, Texas' water demands are projected to increase by approximately 9 percent. However, in that same time frame, Texas' existing water supplies are projected to decline by approximately 18 percent, resulting in a potential water shortage by 2070. The Texas Section of the American Society of Civil Engineers has given the state a grade of "C-" for drinking water infrastructure and "D" for wastewater infrastructure. The study "Hidden Reservoirs: Addressing Water Loss in Texas" found that Texas utilities are losing more than the water needs of Austin, Fort Worth, El Paso, Laredo, and Lubbock combined per year.

**Summary:** S.J.R. 75 proposes an amendment to the Texas Constitution to create the Texas Water Fund as a special fund in the state treasury outside the general revenue fund and administered by the Texas Water Development Board (TWDB) as provided by general law, which provides funding for water projects throughout Texas.

**Effective Date:** The constitutional amendment proposed by this Joint Resolution will be submitted to the voters at an election to be held November 7, 2023.

**Affected Statutes:** Article III, Texas Constitution.

**S.B. 28**

**Author:** Perry; Blanco; Creighton; Eckhardt; Flores; Hall; Hancock; Hinojosa; Kolkhorst; Parker; Schwertner; West; Zaffirini

**Caption:** Relating to financial assistance provided and programs administered by the Texas Water Development Board.

**Background:** S.B. 28 seeks to create the New Water Supply for Texas Fund, the statewide water public awareness account, and the Texas Water Fund to provide financial assistance to address pressing water challenges. According to the 2022 State Water Plan, Texas' population is expected to increase by 73 percent from 2020 to 2070, and water demands are projected to increase by approximately nine percent, from 17.7 million to 19.2 million acre-feet per year. However, in that same timeframe, Texas' existing water supplies are projected to decline by approximately 18 percent, resulting in a potential water shortage of 6.9 million acre-feet per year in 2070.

**Summary:**

S.B. 28 amends the Texas Water Code to create the New Water Supply for Texas Fund (NWSTF), the statewide water public awareness account, and the Texas Water Fund (TWF) to provide financial assistance for certain projects relating to water supply in Texas. The bill also requires the Texas Water Development Board (TWDB) to establish rules for a water audit program.

**New Water Supply for Texas Fund**

The stated goal of the NWSTF is to develop new water supplies by December 31, 2033. The fund will be used to provide financial assistance to political subdivisions to develop new water projects through desalination, produced water treatment, and aquifer storage and recovery.

**Statewide Water Public Awareness Account and Program**

S.B. 28 establishes the statewide water public awareness account as an account in the general revenue fund that consists of (i) money appropriated to the TWDB for deposit to the credit of the account; (ii) money transferred by the TWDB to the credit of the account from other funds available to the TWDB; (iii) money from gifts or grants to the account from any source; (iv) proceeds from the sale of educational or public awareness materials, publications, and other items deposited to the credit of the account; and (v) interest earned on the investment of money in the account and depository interest allocable to the account. The account may be used by the TWDB to develop, administer, and implement the statewide water public awareness program.

The bill authorizes the TWDB to invest, reinvest, and direct the investment of available money in the account as provided by law for the authorized investment of state funds and exempts the account from the application of statutory provisions relating to the use of dedicated revenue for purposes of managing treasury funds.

## Texas Water Fund

S.B. 28 establishes the TWF as a special fund in the state treasury outside the general revenue fund administered by the TWDB. This is a flexible fund where monies may be disbursed to existing programs such as the Water Assistance Fund, State Water Implementation Fund (SWIFT), NWSTF, the State Revolving Fund, the Rural Water Assistance Fund, the Water Development Fund, and the statewide water public awareness account. Money will funnel through these existing programs, but only if a project has been approved for funding under the applicable program. Priority will be given to funding projects serving rural areas and cities with a population of 150,000 or less, shovel ready projects, water conservation awareness and conservation, and water loss mitigation.

## Water Audits

The bill requires the TWDB by rule to establish a program to provide technical assistance to retail public utilities providing potable water in conducting required water audits and in applying for financial assistance from the TWDB to mitigate the utility system's water loss. The bill requires the TWDB to post on its website information that (i) summarizes certain information relating to the required water audits; (ii) summarizes the measures taken by retail public utilities to reduce water loss; (iii) identifies the utilities participating in the program; and (iv) details the use of financial assistance provided under the program.

The bill requires the TWDB to adopt rules relating to the program not later than January 1, 2024.

## Miscellaneous Provisions

The bill revises provisions relating to the advisory committee of the SWIFT for Texas by replacing the advisory committee members that are members of each committee of the Senate and House having primary jurisdiction over natural resources with the chair of each committee of the Senate and House having primary jurisdiction over water resources.

The bill specifies that obtaining and using financing from funds and accounts administered by the TWDB are authorized uses of the rural water assistance fund.

**Effective Date:** This Act takes effect September 1, 2023, except Section 6 (relating to the creation and management of the TWF) takes effect January 1, 2024, but only if S.J.R. 75 is approved by the voters.

**Affected Statutes:** Sections 10.010, 15.438, 15.472, 15.474(a), 15.994(c), 16.0121, and 16.4021(b), Water Code, are amended; Subchapters C-1, H-1, and Section 16.027, Water Code, are added; and Section 16.401, Water Code, is redesignated as Section 16.026.

**S.B. 2192**      **Author:** Hall

**Caption:** Relating to the notice and petition for the creation of a municipal utility district in certain counties.

**Background:** Currently, the Texas Commission on Environmental Quality (TCEQ) is required to notify the commissioners court of a county in which certain proposed municipal utility districts are to be located promptly after a district creation petition is filed with the TCEQ. S.B. 2192 seeks to give additional notice in order for a commissioners court to properly act on such a petition by providing for a pre-petition notice with respect to a petition requesting creation of a municipal utility district all of which is to be located outside the corporate limits of a municipality.

**Summary:** S.B. 2192 amends the Water Code to set out requirements relating to the notice and petition for the creation of a proposed municipal utility district all of which is to be located outside the corporate limits of a municipality. The bill requires notice to be sent by certified mail to the commissioners court of each county in which the proposed district is to be located before the petition is filed with the Texas Commission on Environmental Quality (TCEQ). The notice must (i) generally describe the boundaries of the land to be included in the proposed district, including, if possible, by metes and bounds or by lot and block number if there is a recorded map or plat and survey of the area to be included in the district; and (ii) inform the commissioners court of the right to respond to the notice, review the petition, and submit to the TCEQ a written opinion on the proposed district's creation.

The notice must be sent by certified mail at least 30 days before the date the petition is filed with the TCEQ. Also, the petition must include a copy of the notice required by the bill.

**Effective Date:** September 1, 2023.

**Affected Statutes:** Sections 54.001 and 54.015, Water Code, are amended; Section 54.0135, Water Code, is added.

# Vetoed

The following bills passed through both the House and Senate, but were ultimately vetoed by the Governor, and therefore are only included herein to the extent they may indicate topics of concern to the Legislature as it relates to public finance.

**S.B. 1916**      **Author:** Parker

**Caption:** Relating to publication of public improvement district service plans and assessments on certain public Internet websites.

**Background:** Chapter 372 of the Texas Local Government Code currently requires an entity approving a service and assessment plan related to a public improvement district file a copy of the plan and each annual update with the county clerk's office.

**Summary:** This bill requires the publication of service and plans authorized in connections with public improvement district on public Internet websites maintained by a municipality or county. within seven days of approving, amending, or updating the service plan. The bill also requires a governing body such each approved assessment roll levying assessments on property within a public improvement district to each appraisal district in which the property subject to the assessment is located no later than seven days after the assessment roll is approved. Additionally, the bill provides specific requirements for the format of the assessment roll and requires appraisal districts to provide specific information related to each assessment roll.

**Effective Date:** Not Applicable: **Vetoed** by the governor.

**Affected Statutes:** Not Applicable, however, the following statutory provisions were the subject of S.B. 1916: Section 372.013(f), Section 372.016 (heading and subsection c), Section 372.017 (adding subsections c, d, and e), Local Government Code, and Section 26.17(b), Tax Code, are amended.

**S.B. 1998**      **Author:** Bettencourt

**Caption:** Relating to the calculation of certain ad valorem tax rates.

**Background:** Current law requires that the Comptroller prescribe tax rate calculation forms to be used by the designated officer of taxing units for purposes of calculating a no-new-revenue tax rate and voter-approval tax rate, as required under Chapter 26, Tax Code.

**Summary:** In an effort to allow taxpayers to more easily verify the accuracy of the information input by the taxing units in the tax rate calculation forms, S.B. 1998 requires that each line item entry on the tax rate calculation forms include a hyperlink to a document that evidences the accuracy of the entry. The inclusion of this information will allow taxpayers to more easily verify the accuracy of the tax rate calculation forms.

**Effective Date: Not Applicable: Vetoed** by governor on June 15, 2023.

**Affected Statutes:** Not Applicable, however, the following statutory provisions were the subject of S.B. 1998. Section 5.07(g) and Section 26.04(d-1), Tax Code are amended. Section 26.03(e), Tax Code, is added.

**S.B. 2035**

**Author:** Bettencourt

**Caption:** Relating to issuance of anticipation notes and certificates of obligation.

**Summary:** S.B. 2035 proposed to amend the Government Code and the Local Government Code in Texas to regulate issuance of anticipation notes and certificates of obligation. The bill prohibited the governing body of an issuer from authorizing an anticipation note to pay a contractual obligation if a bond proposition for the same purpose was previously submitted to voters at an election within the past five years and failed. Specific exceptions allowed authorization of anticipation notes in certain cases, such as for natural disasters, federal court orders, and compliance with state or federal laws. The bill also granted certain authority to governing bodies concerning issuance of obligations under Chapter 1371 and amended provisions related to certificates of obligation. The changes would have applied to anticipation notes or certificates of obligation authorized on or after September 1, 2023.

**Effective Date: Not Applicable: Vetoed** by the Governor.

**Affected Statutes:** Not Applicable, however, the following statutory provisions were the subject of S.B. 2035: Sections 1431.002 and 1431.003(b), Government Code, and Section 271.047(d), Local Government Code, are amended.

<b>Appendix A: How a bill becomes a law</b>	<b>50</b>
<b>Appendix B: How a local and consent bill becomes a law</b>	<b>52</b>
<b>Appendix C: How Joint Resolutions are placed on the ballot</b>	<b>53</b>
<b>Appendix D: Useful terms</b>	<b>54</b>
<b>Appendix E: Bill summary index</b>	<b>55</b>

# Appendix A: How a bill becomes a law

Generally, the following information is chronological, and draws extensively from *The Legislative Process in Texas*, Texas Legislative Council.

**Origin & Introduction:** Any legislator may draft a bill and introduce it in that legislator's chamber.

**Committee Referral:** Following introduction (or its initial receipt from the opposite chamber), the bill undergoes its first reading. After first reading, the Speaker of the House or the Lieutenant Governor refers the bill to an appropriate committee.

*House of Representatives:* Committees in the House of Representatives are organized based on subject matter.

*Senate:* Committees in the Senate are not organized by subject matter, and the Lieutenant Governor may refer bills to any standing Senate committee or subcommittee. However, strong attempts are made to keep bills of similar subject matter within the same committee.

In either chamber, a committee may appoint subcommittee to review a bill or bills which require significant analysis. Upon completion of the review, the subcommittee reports its findings and recommendations to the full committee.

**Committee Action:** Before a committee can report a bill out to the entire chamber, the committee must hold a public hearing on the bill. After the hearing and deliberation, the committee may either take no action or issue a report on the bill to its chamber. Committee reports outline any recommendations or amendments to a bill and provide the committee's analysis of the bill.

*House of Representatives:* In the House, the committee report is circulated to the chief clerk of the House for referral to a calendars committee. The calendars committee determines a date for a bill's second reading and consideration by the full House.

*Senate:* The Senate does not have a calendars committee, and each senator receives a copy of the Senate committee report. Bills are placed on the Senate's regular order of business list for consideration in listed order, unless the bill's author or the sponsoring senator files a notice of intent to suspend the regular order of business list and expedite consideration of a bill.

**Calendar:** Before a bill can be considered by the entire chamber, the bill must be placed on the appropriate calendar.

*House of Representatives:* The Supplemental House Calendar is the Calendar used on a daily basis by the House of Representatives. Before adjourning each day, the House typically considers all matters on the calendars for that day.

*Senate:* The Senate uses the "Senate Agenda" which lists all the matters up for deliberation on that day. Unless the Senate adopts a rule allowing bills to be considered out of order, items on the agenda must be considered in the order of the agenda. To consider bills out of order, the author or sponsor must file notice of intent with the Secretary of the Senate by for placement of bill on the Intent Calendar 3:00 p.m. the day before (or in the case of holidays or weekends, the last day the Senate was in session).

**Floor Action:** After being placed on a calendar, a bill undergoes its second reading on the floor. Following the second reading, the chamber may debate a bill. During debate, legislators may propose amendments. After debate and amendments, the chamber may vote on the bill for passage to third reading. A bill may only be amended during its third reading by a two-thirds majority of members present. The Texas Constitution requires each reading to occur on three separate days, unless the chamber through a four-fifths vote waives the requirement.

**Return of Bill to the House/Senate & Conference Committee:** After three readings, it is sent back to its originating chamber or to the opposite chamber for consideration and passage. If no amendments to the bill are made in the opposite chamber, the bill is Enrolled and signed by the Speaker of the House and the Lieutenant Governor and sent to the Governor for signature or veto. If the opposite chamber amended the bill, the originating chamber must concur with the amendments. If concurrence is not possible, the originating chamber requests a conference committee to resolve the disagreements.

A conference committee consists of five representatives and five senators. The committee may only resolve and amend disputed language. The committee cannot amend or omit other language, nor can it add new language. If the committee comes to a Resolution, it prepares and circulates a report to the members of both chambers with its recommendations on the final text of the bill. The chambers may not amend the report, and it is subject to a yea or nay vote in its entirety.

If the chambers cannot agree with the committee's recommendation, the bill may be sent back to the conference committee for further review, or a new committee may be convened. If the conference committee does not reach agreement the bill is dead. If, on the hand, the conference committee's recommendation is approved by both chambers, the bill is Enrolled and sent to the Governor.

**Governor's Action:** Within 10 days, after a bill is received by the Governor, the Governor may sign, veto, or allow the bill to pass without signature. If a bill is sent to the Governor during the last 10 days of the regular session, the Governor has 20 days to act. If the session has not ended and the Governor vetoes a bill, it is sent back to its originating chamber and may become law if a two-thirds majority of each chamber overrides the veto. If the Governor does not sign or veto a bill, the bill becomes law after 10 days or 20 days if the session has ended.

**Effective Date:** A law passed by the Legislature becomes effective on the 91st day after final adjournment. However, on record votes of a two-thirds majority of both chambers, a measure becomes effective either immediately or at an earlier specified date. If effective immediately, the effective date is the later of 1) the day the Governor signs the bill, 2) the day the bill is filed with the Secretary of State without the Governor's signature, 3) the first day after the expiration of the period allowed for gubernatorial action on the measure, and 4) the day the Legislature overrides the veto. Different parts of a bill may become effective on different days.

# Appendix B: How a local and consent bill becomes a law

Generally, the following information is chronological, and draws extensively from *The Legislative Process in Texas*, Texas Legislative Council.

The House of Representatives and the Senate provide for different procedures for Local and Consent Bills. In the House, a Local and Consent Bill is one that is local or one to which no opposition is expected. In the Senate, a Local and Consent Bill is one that is local or one to which no opposition is expected and contains no appropriation. Local and Consent Bills receive expedited consideration because amendments are not allowed and debate is limited.

**House of Representatives:** In the House, Local and Consent Bills are scheduled on the Local, Consent, and Resolutions Calendar, as set by the Committee on Local and Consent Calendars. Any standing committee may recommend that a measure be sent to the Committee on Local and Consent Calendars. This recommendation requires unanimous consent of all committee members. If it is not eligible for the Local and Consent Calendar the Committee on Local and Consent Calendars may transfer the bill to the Committee on Calendars.

During the last half of the regular session, the House generally considers measures on the Local, Consent, and Resolution Calendar once a week. Debate is limited, and amendments can be offered only if approved by the Committee on Local and Consent Calendars. If debate exceeds ten minutes, the bill can be removed from the Local, Consent, and Resolutions Calendar. A bill may also be removed if five or more representatives object to its consideration.

**Senate:** The Senate schedules Local and Consent Bills on the Local and Uncontested Calendar, as is set by the Senate Committee on Administration. Both the author or sponsor of the bill and the chair of the committee reporting on the bill must file a written request for placement on such calendar.

During the last half of the regular session, the Senate considers measures on the Local and Uncontested Calendar once or twice a week. The measures are usually not debated nor are amendments allowed. Bills on the Local and Uncontested Calendar are considered without a suspension of the regular order of business, which is generally required for any other legislation taken out of order. If two or more senators object to consideration, a bill may be removed from the Local and Uncontested Calendar.

# Appendix C: How Joint Resolutions are placed on the ballot

Joint Resolutions are used to propose amendments to the Texas Constitution, ratify proposed amendments to the U.S. Constitution, or request a constitutional convention to propose amendments to the U.S. Constitution. Joint Resolutions proposing amendments to the Texas Constitution require a vote of two-thirds of the total membership of each chamber for adoption. Other Joint Resolutions require a simple majority vote in each chamber for adoption. A Joint Resolution takes the same course through both chambers as a bill and is like a bill in all respects, except that, in the House, if it receives the required number of votes at any reading after the first reading, the Resolution is passed. Three readings are required to pass a Joint Resolution in the Senate. Joint Resolutions passed by the Legislature are not submitted to the Governor for signing but are filed directly with the Secretary of State. An amendment to the Texas Constitution proposed by an adopted Joint Resolution does not become effective until it is approved by Texas voters at a general election.

The Secretary of State conducts a drawing to determine the order in which the proposed constitutional amendments will appear on the ballot.

## Appendix D: Useful terms

**Calendar** means a list of all measures scheduled to be considered on a specific date by a chamber.

**Comptroller** means the Texas Comptroller of Public Accounts.

**Concurrent Resolution** means a measure that conveys the opinion of the Texas Legislature. Concurrent Resolutions are typically used to offer commendations, memorials, congratulatory statements, or welcomes, or to request action by other governmental entities. Unless it is an administrative Resolution for adjournment or a joint session of both chambers, a Concurrent Resolution requires passage by both chambers and action by the Governor.

**Engrossed** means a bill that has passed one chamber. Following engrossment, a bill is sent with all amendments to the opposite chamber for consideration, amendment, and passage.

**Enrolled** means a bill that has passed both chambers in identical form. Following enrollment, a bill is sent to the Governor for signature.

**H.B.** means a House bill.

**H.J.R.** means a House Joint Resolution.

**H.R.** means a House Resolution.

**Joint Resolution** means a measure proposing amendments to the Texas Constitution, ratifying amendments to the United States Constitution, or requesting a convention to propose amendments to the United States Constitution. A Joint Resolution requires passage by both chambers, and must ultimately be approved by Texas voters. A Joint Resolution does not require action by the Governor.

**Local and Consent Calendar** in the House, means the list for a scheduled date of local and noncontroversial bills or measures.

**Local and Uncontested Calendar** in the Senate, means list for a scheduled date of local and noncontroversial measures.

**Local Measures** means bills and Resolutions concerning water districts, hospital districts, county and statutory courts, juvenile boards, road utility districts, or localized hunting, fishing, and conservation of wildlife.

**Resolution** means a measure used to express a legislative opinion or decision on a particular matter that may be approved by one or both chambers. Resolutions do not have the force of law.

**S.B.** means a Senate bill.

**S.J.R.** means a Senate Joint Resolution.

**S.R.** means a Senate Resolution.

# Appendix E: Bill summary index

## House bills

<b><u>Bill</u></b>	<b><u>Caption</u></b>	<b><u>Page</u></b>
H.B. 5	Relating to agreements authorizing a limitation on taxable value of certain property to provide for the creation of jobs and the generation of state and local tax revenue; authorizing fees; authorizing penalties.	9
H.B. 456	Relating to an exemption from ad valorem taxation of certain interests in a mineral in place owned by certain charitable organizations.	30
H.B. 1434	Relating to the staggering of terms of aldermen of the governing body of a Type A general-law municipality.	23
H.B. 1515	Relating to the continuation and functions of and certain programs subject to rules adopted by the Texas Economic Development and Tourism Office.	11
H.B. 1689	Relating to the use of county hotel occupancy tax revenue for an electronic tax administration system and the reimbursement of tax collection expenses.	11
H.B. 1707	Relating to the applicability of certain laws to open-enrollment charter schools.	20
H.B. 1748	Relating to the use of a facsimile signature on certain public securities and related certificates.	38
H.B. 1766	Relating to the issuance of private activity bonds for qualified residential rental projects.	5
H.B. 2071	Relating to certain public facilities, including public facilities used to provide affordable housing.	12
H.B. 2518	Relating to required lease terms for public property leased to a nongovernmental entity; creating a criminal offense.	5
H.B. 2800	Relating to meetings of a county election board.	23
H.B. 3097	Relating to the issuance of anticipation notes or other obligations by issuers located along the Gulf Coast in an emergency.	38
H.B. 3273	Relating to public notice of the availability on the Internet of property-tax-related information	31

H.B. 3437	Relating to the authority to approve change orders for certain contracts for the construction, repair, and renovation of water district facilities.	43
H.B. 3440	Relating to the governmental bodies required to post on the Internet agendas for meetings under the open meetings law.	26
H.B. 3492	Relating to county and municipal authority to impose certain value-based fees and require disclosure of certain information related to subdivision construction.	23
H.B. 3613	Relating to the election of the entire governing body of a municipality following each apportionment.	21
H.B. 3727	Relating to municipal and county hotel occupancy taxes.	13
H.B. 4082	Relating to the purposes for which a municipality or county may issue an anticipation note or certificate of obligation.	39
H.B. 4456	Relating to the calculation of certain ad valorem tax rates of a school district.	32
H.B. 4494	Relating to eligible coastal municipalities for purposes of the municipal hotel occupancy tax.	16
H.B. 4510	Relating to reporting of certain information by state agencies and counties, including information related to appropriated money, activities of certain consultants, and tax revenue.	25
H.B. 4559	Relating to the application of statutes that classify political subdivisions according to population.	27
H.B. 4645	Relating to the exemption from ad valorem taxation of certain property used to provide low-income or moderate-income housing.	32
H.B. 5012	Relating to the authority of certain municipalities to use certain tax revenue for hotel and convention center projects and other qualified projects.	16

## Senate bills

<u>Bill</u>	<u>Caption</u>	<u>Page</u>
S.B. 2	Relating to providing property tax relief through the public school finance system, exemptions, limitations on appraisals and taxes, and property tax administration; authorizing the imposition of a fee.	33
S.B. 28	Relating to financial assistance provided and programs administered by the Texas Water Development Board.	44

S.B. 543	Relating to the conveyance of property by a municipality for the public purpose of economic development.	18
S.B. 627	Relating to the entitlement of certain municipalities to certain tax revenue related to a hotel and convention center project.	19
S.B. 924	Relating to the combination of certain election precincts.	21
S.B. 983	Relating to information maintained by certain municipally owned utilities that provide electricity services and cable, Internet, or broadband services.	41
S.B. 1381	Relating to the eligibility of the surviving spouse of an elderly person who qualified for a local option exemption from ad valorem taxation by a taxing unit of a portion of the appraised value of the deceased person's residence homestead to continue to receive an exemption for the same property from the same taxing unit in an amount equal to that of the exemption for which the deceased person qualified without applying for the exemption.	35
S.B. 1420	Relating to municipal and county hotel occupancy taxes.	19
S.B. 1916	Relating to publication of public improvement district service plans and assessments on certain public Internet websites.	47
S.B. 1998	Relating to the calculation of certain ad valorem tax rates.	47
S.B. 1999	Relating to the calculation of the unused increment rate of a taxing unit.	36
S.B. 2013	Relating to access to and the security of certain critical infrastructure.	41
S.B. 2035	Relating to the issuance of certain anticipation notes and certificates of obligation.	48
S.B. 2038	Relating to release of an area from a municipality's extraterritorial jurisdiction by petition or election.	7
S.B. 2192	Relating to the notice and petition for the creation of a municipal utility district in certain counties.	45
S.B. 2289	Relating to the exemption from ad valorem taxation of equipment or inventory held by a manufacturer of medical or biomedical products to protect the Texas healthcare network and strengthen our medical supply chain.	36
S.B. 2350	Relating to the voter-approval tax rate used to calculate the unused increment rate of a taxing unit for ad valorem tax purposes.	37

## Joint Resolutions

<u>Bill</u>	<u>Caption</u>	<u>Page</u>
H.J.R. 2	Proposing a constitutional amendment to authorize the legislature to establish a temporary limit on the maximum appraised value of real property other than a residence homestead for ad valorem tax purposes; to increase the amount of the exemption from ad valorem taxation by a school district applicable to residence homesteads; to adjust the amount of the limitation on school district ad valorem taxes imposed on the residence homesteads of the elderly or disabled to reflect increases in certain exemption amounts; to except certain appropriations to pay for ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations; and to authorize the legislature to provide for a four-year term of office for a member of the governing body of certain appraisal entities.	30
S.J.R. 75	Proposing a constitutional amendment creating the Texas water fund to assist in financing water projects in this state.	43



Norton Rose Fulbright provides a full scope of legal services to the world's preeminent corporations and financial institutions. The global law firm has more than 3,000 lawyers advising clients across more than 50 locations worldwide, including Houston, New York, London, Toronto, Mexico City, Hong Kong, Sydney and Johannesburg, covering the United States, Europe, Canada, Latin America, Asia, Australia, Africa and the Middle East.

[nortonrosefulbright.com](http://nortonrosefulbright.com)