

Update on the 89th State Legislative Session

May 6, 2025

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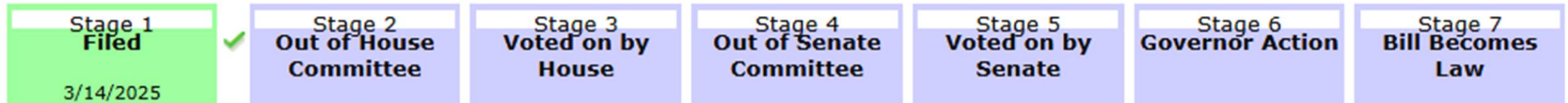
The logo for ADDISON is a white circle containing the word "ADDISON" in blue, uppercase, sans-serif font. The circle is set against a blue background that features a white diagonal line running from the top-left to the bottom-right, creating a triangular shape on the right side of the slide.

ADDISON

89th Texas Legislature Regular Session – 140 Days

- *Monday, Nov. 11, 2024:* *Bill Filing Begins*
- *Tuesday, Jan. 14, 2025:* *Regular Session Begins*
- *Friday, March 14, 2025:* *Bill Filing Deadline (60th day of session)*
- **Monday, May 12, 2025:** **Deadline for House Committees to report out House bills**
- **Thursday, May 15, 2025:** **Deadline for the House to consider HBs on 2nd reading**
- **Tuesday, May 27, 2025:** **Deadline for the House to consider SBs on 2nd reading**
- **Monday, June 2, 2025:** **Regular Session Ends**

Bill Stages (House Bill Example)



- In early February, **Governor Abbott issued his list of legislative priorities** or emergency items for the session:
 - Property Tax Relief – Tax and Debt Elections
 - School Choice
 - Teacher Pay Increase
 - Water Investments
 - Expanding Career and Technology Training
 - Bail Reform
 - Texas Cyber Command
- **Special Sessions:** Only the Governor has the ability to call a special session. Called 30 days at a time.

Background

- The **Town adopted 2025 State Legislative Priorities** by Resolution on Jan. 14, 2025 to:
 - Signal policy areas that are most important to the Town of Addison
 - Provide City Council's position on legislative topics that may be considered
 - Provide direction to Town staff to act quickly on priority issues
- The **Town's legislative priority areas** are below, with the full list at the end of this presentation:

Local Authority	Economic Development
Revenue, Finance, and Budget	Transportation, Mobility, and Aviation

- **Staff's actions during the legislative session:**
 - Promote and advocate for the Town's legislative priorities, including written and oral testimony
 - Coordinate efforts with TML, NCTCOG, and other partners
 - Engage and communicate with City Council
- During this presentation, **staff will highlight most significant bills; however, there are many more that are being monitored** that could impact cities and the Town of Addison.

HB 19: Limit Municipal Debt (*Oppose*)

- **Limits maximum annual debt service from property taxes to 20%** of the average property tax collections of the prior three years.
 - Could severely impact the Town's ability to issue debt.
 - Committee Substitute – amended that any debt outstanding before the bill's effective date would not be counted toward the 20% threshold.
- Permits **Certificates of Obligations (COs)** for transportation, water and wastewater, flood drainage, and emergency facility projects, but removes certain authorized uses (e.g. parking structures, airports, adm buildings, parks, convention centers).
 - Committee Substitute – amended definition of debt prohibiting cities from using their debt service tax rate (I&S) to finance COs. Essentially limiting it to the M&O tax rate, which is capped at 3.5% annually by the Legislature, **making COs an unrealistic financing tool.**
- Requires an election to authorize GO bonds or approve an increase in property tax rate to be held on the **November uniform election date.**
- **Status:** Pending in House Committee on Ways & Means.

HB 9 / SB 32: Business Personal Property Exemption (*Oppose*)

- **HB 9** would increase the exemption for appraised value of business personal property from \$2,500 to **\$250,000**.
 - Under this version, Addison could lose approximately \$240M in taxable value equating to a loss of over \$1.4M in property tax revenue.
 - Passed the House on April 3. Sent to Senate and referred to Local Government Committee; scheduled for a public hearing on May 5.
- **SB 32** would increase the exemption from \$2,500 to **\$25,000**.
 - Under this version, Addison could lose approximately \$90M in taxable value equating to a loss of about \$550,000 in property tax revenue.
 - Passed the Senate on April 9. Sent to House and referred to Ways & Means Committee.
- If a bill is passed, a constitutional amendment is also required. Would appear on ballots in November.

HB 134: Sales Tax Sourcing (*Oppose*)

- Would shift local sales tax sourcing from an origin-based model (where sales tax is collected where the seller is located) to a destination-based model (where the buyer receives the item).
- If approved, Addison's **potential loss could be between \$1.4M and \$2.8M annually.**
- **Status:** Reported from House Committee on Ways & Means on March 24. Sent to House Calendars. No Senate companion bill.

HB 5267: Expenditure Limits (*Oppose*)

- Would limit a city's total expenditures from all available revenue sources in a fiscal year to the total amount spent in the previous fiscal year or that same amount adjusted by a growth factor equal to the product of the state's population growth rate and the inflation rate.
- Provides exceptions to the limit by voter approval or a disaster declaration.
- **Status:** Reported from House Committee on Intergovernmental Affairs on April 28.

HB 4272: Telecommunications Line Relocation Costs (*Oppose*)

- City may require that a telecommunications company relocate lines due to a city road project, but relocation would be at city's expense.
- **Status:** Pending in House Committee on State Affairs.

HB 23: Third Party Inspections By Right (*Oppose*)

- **Last Session, HB 14 was passed to allow an applicant to elect to use a third party** for review or inspections if the city is unable to approve a plat, development document, or inspection upon the expiration of the statutory shot clock (30 days for plats, 45 days for building permits)
 - Addison has met these statutory shot clock requirements.
- This **bill would remove the shot clock entirely** and allow third-party review by right.
- House introduced and approved a number of amendments including:
 - Third-party reviewers must have applicable knowledge on proposed development.
 - City can rescind third-party approval if did not follow City standards.
 - City can perform a final inspection before issuing Certificate of Occupancy (CO).
 - Liability placed on third-party reviewers.
 - Requires document sharing.
- **Status**: Amended bill passed House on April 30.

HB 2767: Prohibit Local Regulations on Online Global Marketplace (*Oppose*)

- Would prohibit cities from being able to regulate the operation of an online global marketplace.
- TML asked the Committee to clarify that cities would still retain the authority to adopt and enforce regulations on short-term rentals.
 - TML reported that Committee substitute clarifies that local regulations can still be enforced against a property owner, but cannot be enforced against the marketplace platform (e.g. Airbnb or VRBO).
- **Status**: Reported from House Committee on State Affairs under a substitute version on April 16.

HB 1585: Limit Housing Finance Corporations (HFCs) to Jurisdiction (*Support*)

- Town priority to introduce and support legislation that would prohibit HFCs from taking action that would remove property from the tax rolls without approval of the governing body of the jurisdiction in which the property is located.
 - In 2023, the Garland Housing Finance Corporation purchased a large multi-family apartment complex in Addison and an additional vacant lot and were granted property tax exemptions for the properties resulting in a loss of property taxes for the Town of Addison.
- Worked with Senator Tan Parker's office to file SB 1492.
- Few versions of the bill introduced and referred to Committees. HB 1585 was the version passing out of House Committee on Intergovernmental Affairs.
 - Limits only to the boundaries of the local government that formed the corporation.
- **Status:** HB 1585 passed the House on April 29.

HB 4659 and SB 2955 Qualified Hotel Project (QHP) in Addison (*Support*)

- HB 4659 (Rep. Cassandra Garcia Hernandez) and SB 2966 (Senator Tan Parker).
- Would allow the Town of Addison to create a QHP to use certain tax revenue derived from a hotel and convention center project for the payment of obligations related to the project.
- Mayor Arfsten testified in-person on April 12 in support of these bills to the House and Senate Committees, accompanied by Economic Development Director Wayne Emerson and Deputy City Manager Ashley Shroyer.
- **Status**: Pending in House Committee on Ways & Means. Reported out of Senate Committee on Economic Development on April 29. These bills may be rolled together with authorizing QHP legislation for other cities.

HB 3187: DART Sales Tax Collection

- Would reduce DART's penny sales tax collection from each of its member cities by 25% and redirect that portion into a new general mobility program for cities to use to fund other transit-related projects.
- Addison City Council adopted a Resolution on Feb. 25, 2025 supporting the full funding of DART system and urging continued investment in public transit.
- **Status:** Pending in House Committee on Transportation. Recent Committee hearing on April 24.

- **Continue to monitor and advocate** in line with the Town's legislative priorities. Communicate timely updates to Council.
- **Timeline:**
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- Staff will work on a **legislative wrap-up after the session** concludes to communicate and prepare any changes to be in compliance with adopted legislation.

Local Authority

- Oppose legislation that would erode municipal authority in any way, would impose an unfunded mandate, or would otherwise be detrimental to cities.
- Oppose legislation that would erode municipal authority related to development matters, including with respect to the following issues: (1) eminent domain, (2) zoning, (3) regulatory takings, (4) building codes, (5) tree preservation, (6) short-term rentals.
- Oppose legislation that would require candidates for city office to declare party affiliation to run for office.
- Oppose legislation that would limit or prohibit the authority of city officials to use municipal funds to communicate with legislators and state agencies on matters of public interest.

Revenue, Finance, and Budget

- Support local responsibility for property taxation decisions and appraisals.
- Oppose legislation that would impose further revenue and/or tax caps of any type.
- Introduce and support legislation that would prohibit housing finance corporations from taking action that would remove property from the tax rolls without approval of the governing body of the jurisdiction in which the property is located.
- Oppose legislation or Comptroller rules that change the current sales tax origination definitions.
- Oppose legislation that would erode the ability of a city to issue debt, change the definition of “debt”, or restrict certain debt types from inclusion in the debt service property tax rate calculation.
- Oppose state or federal legislation that would further erode the authority of a city to be adequately compensated for the use of its rights-of-way and/or erode municipal authority over the management and controls of rights-of-way.

Economic Development

- Support legislation that helps Texas remain competitive by continuing the use of all economic development tools that incentivize growth and promote the recruitment of larger employers.
- Support maintaining all economic development tools available to cities so Texas cities can remain competitive with cities outside the state.
- Support legislation that protects or strengthens the Town's vibrant community and economy including economic development agreements, tourism, parks & recreation, and public safety.

Transportation, Mobility, and Aviation

- Support increased funding to foster airport development for public use and general aviation airports to meet future demands.
- Support legislation that would: (1) allow for greater flexibility by local governments to fund local transportation projects; (2) amend or otherwise modify state law to help local governments fund multimodal transportation projects; or (3) provide local governments with additional funding options to address multimodal transportation needs including additional funding to the Texas Department of Transportation, County and Council of Governments.
- Support legislation that ensures adequate funding of statewide and regional efforts to maintain and improve multimodal transportation systems.
- Support legislation that would provide local, state, and federal transportation funding for rail as one component of transportation infrastructure.
- Support legislation that encourages transportation system innovations through technology, autonomous vehicles, autonomous freight, connected vehicle infrastructure, and mobility technologies.
- Oppose legislation that impedes local authorities from adopting, implementing, or considering ordinances that regulate traffic controls and safety in their communities.