

Briefing

89th Texas Legislative Session Recap



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89th Legislative Session Overview

During the session, legislators filed a total of **9,014 bills and joint resolutions**.

Cities tracked over 2,593 pieces of legislation.

Of those tracked, 189+ have passed to the Governor's desk.

Governor Abbott has until June 22nd to veto legislation.



Budget Overview

TEXAS LEGISLATURE 2025

Texas Legislature approves \$338 billion two-year spending plan with a focus on property tax relief

A boost in public school spending, school vouchers, and money for water systems are other highlights of the state budget, which was bolstered by a \$24 billion surplus.

BY JASPER SCHERER MAY 31, 2025 3 PM CENTRAL

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- \$51 billion in school property tax relief
- \$8.5 billion in new education spending
- \$5 billion in Texas Energy Fund
- \$ 3.5 billion for border security
- \$2.5 billion water funding
- \$1 billion in vouchers



Budget Impacts on Coastal Bend

- \$100 million for school district TWIA insurance premiums
- \$30 million for Corpus Christi Ritz Theater
- \$2 million Texas State Aquarium
- \$30 million Nueces River Ground Water Well Project
- \$16 million Mary Rhodes Pipeline Upgrades
- \$40 million DEEAG program



Windstorm Insurance

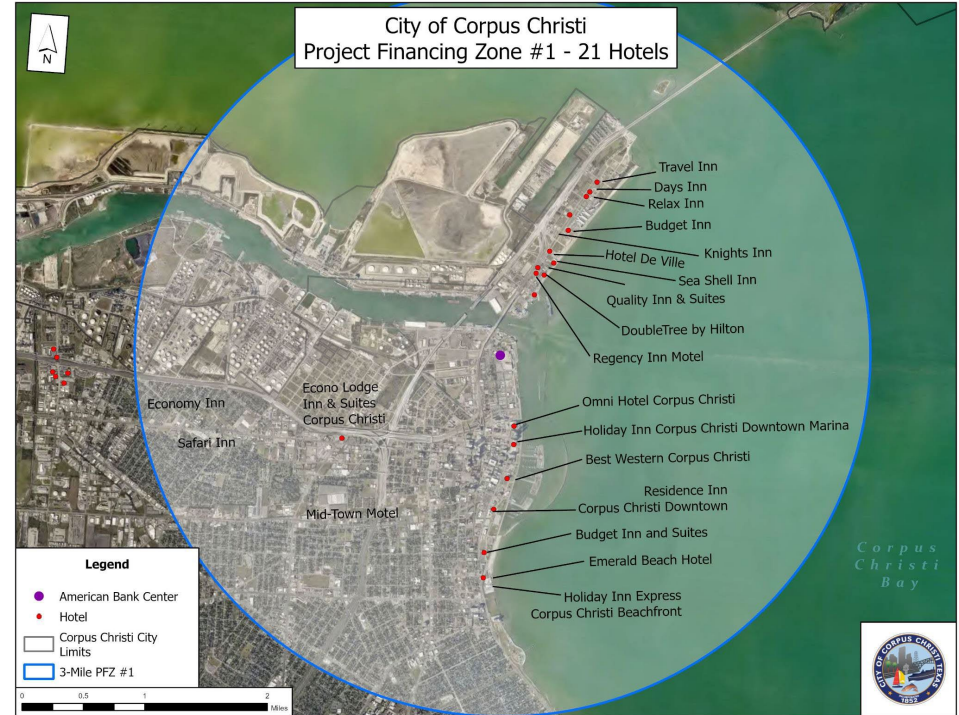
HB 3689 by Hunter - The state is to provide up to \$1 billion of state Rainy Day Funding following a catastrophe to cover excess losses by TWIA.

- Provides for cheaper financing than public securities to lessen the increasing windstorm insurance premiums.
- Broadens the catastrophe surcharge to policies across the state to create statewide involvement



Project Finance Zone

- **SB 1250 by Chuy Hinojosa and HB 2877 by Villalobos** introduced the PFZ boundary amendment.
- Corpus Christi PFZ language was added as an amendment in **HB 2313** following an agreement with Rep. Hunter and Rep. Craddick.
- Language allows for Corpus Christi to create the equivalent of a 3-mile radius on land





Water Supply Development

- **SB 7 by Perry**– Reforms the Texas Water Fund and oversight, dedicates new funding to 50% Texas Water Fund and 50% SWIFT & New Water Supply
- **HJR 7 by Harris** - Proposing a constitutional amendment to dedicate \$1 billion for 20 years to water infrastructure
- **SB 1 & HB 500** - \$2.5 billion for water infrastructure



Water Supply Financing

- **SB 1261 by Perry** – authorizes the extension of financing for water projects in the State Water Plan out to 50 years in certain cases.
- "eligible project" as one or more related water supply projects that are identified as recommended water management strategies in the state water plan, and the cumulative capital costs of which are not less than \$750 million



DEAAG Legislation

HB 2564 by Wilson - Relating to the evaluation of Defense Economic Adjustment Assistance Grant applications

- DEAAG applications will now be solely reviewed by the commission rather than the commission and a panel of employees from the office of the governor.



Culture, Recreation, Tourism, Beach

- **SB 1215 by Kolkhorst** – Allows the placement of cultivated oysters into natural oyster beds or coastal waters.
- **HB 3486 by Hunter** – sales tax exemption for purchase of Texas farm-raised oysters
- **HB 3487 by Hunter** – sales tax exemption for restaurants that participate in the oyster shell recycling program
- **HB 3556 by Vasut** - relating to certain structures located near a National Wildlife Refuge



Culture, Recreation, Tourism, Beach

- **SB 22 by Hunter** – Creates new rules regarding the Texas Moving Image Industry Incentive Program and the establishment of funds for the program.
- Utilizes \$300 million in the state budget to reimburse film and TV productions that take place in Texas with incremental increases in Texas residency requirements.
- Bonus reimbursements are provided for productions that portray Texas heritage sites, employ veterans, rural film locations, or faith-based productions.



Intergovernmental Affairs

HB 21 by Gates - relating to housing finance corporations

- Creates new parameters of affordability to ensure real affordable housing is provided.
- HFCs are subject to open meetings and public information laws.
- Eliminates the ability of “traveling HFCs” which establish agreements outside of their establishing jurisdiction.



Land Use

SB 1844 by Paxton -

- When originally filed, this bill would allow an area to disannex itself if a municipality did not fully provide municipal services; this includes emergency services, water, and wastewater
- Concerns about the impact on our IDAs in Nueces County and areas in the city that use septic systems
- **Amended version:** protects the continuance of industrial districts and provides a legal argument that the provision of water and wastewater requirement only applies to areas adjacent to navigable waterways and not annexed in compliance with subchapter C.



Land Use

SB 2965 by Creighton

- As originally filed, this bill would allow an emergency services district (ESD) to block the annexation of an area into a municipality based on whether they believed the municipality could adequately provide emergency services.
- Amended the bill to provide for binding arbitration in an effort to fairly determine the adequacy of emergency services and protect taxpayers.



Land Use

SB 15 by Bettencourt -

- A city cannot require a lot to be larger than 3,000 square feet in certain areas for a tract of land that is greater than 5 acres, unplatted, and zoned for single-family residential.
- City cannot require that a small lot have:
 - Setbacks more than a 15 ft from the front, 10 ft from the back, or 5 ft from the side
 - Covered parking, off-site parking, or more than one parking space per unit
 - More than 30% open space or permeable surface
 - Less than 3 stories (10 ft per story)
 - Maximum building bulk (max building size)
 - Wall articulate requirement (building façade requirement)
 - Zoning restriction imposing restrictions inconsistent with this subsection, including through an overlapping zoning district or contiguous zoning districts





Land Use

HB 24- Zoning Change Protest procedures

- Protest of a change to zoning regulation or district boundary must be written and signed by at least 20% of the area of the lots or land covered by the proposed change,
- at least 20% of the area of the lots or land immediately adjoining the area covered by the proposed change and extending 200 ft from that area,
- or at least 60% of the area of the lots or land immediately adjoining the area covered by the proposed change and extending 200 ft from that area if the proposed change has the effect of allowing more residential development than the existing zoning regulation or district boundary and does not have the effect of allowing additional commercial or industrial uses
- A $\frac{3}{4}$ vote from City Council to approve zoning protest or a majority of all members depending on the protesting group



Land Use

- **SB 840 by Hughes & SB 2477 by Bettencourt** – Allowing certain mixed-use and multifamily residential development projects and conversion of certain commercial buildings to mixed-use and multifamily residential occupancy.
 - Allows for any commercial zone to host mixed-use or multi-family developments in that zone without requiring a rezoning.
 - Permits the conversion of commercial office space into mixed-use or multifamily developments
 - Does not impact water, sewer, stormwater, or building code requirements



Preemption

HB 2464 by Hefner - Relating to the authority of a municipality to regulate a home-based business.

- Municipalities cannot prohibit the operation of a no-impact home-based business, require licenses, demand property rezoning, or installation of fire sprinkler systems
- Municipalities can require home-based businesses to comply with local laws and regulations, limit or prohibit operations of home-based businesses that sell alcohol, illegal drugs, or function as sober living homes or sexually oriented businesses
- Cities can still regulate short-term rentals



Preemption

SB 1008 by Middleton- Relating to state and local authorities to regulate the food service industry.

- Requires uniformity among food establishment permits, limiting permit fees to the value of the state permit.
- Requires publishing the fee in a state registry and creating a permit stakeholder notification system to communicate permit revisions ahead of time.



Preemption

HB 2844 by Landgraf – relating to the regulatory framework regarding mobile food vendors

- Creates a new statewide regulatory regime for mobile food vendor licenses and inspections
- Local public health authorities will enter into collaborative agreements with the department to recover fees and conduct inspections
- Creates a statewide database for vendor permits



Tax & Economic Development

HB 9 by Meyer & HJR 1 by Meyer – Creates a new business personal property tax exemption up to \$125,000.

HB 3093 by Villalobos- Addresses the tax valuation issue that affected Nueces County, CCISD, etc., with refinery valuations. Requires the 20 property owners with the highest value in an appraisal district to notify the taxing entity if they plan to enter into litigation. Allows the taxing entity to make adjustments to the tax rate to lessen shortfalls.



Finance

SB 1453 by Bettencourt allows the I&S tax rate to be higher than the required minimum to retire debt early if adopted by a motion approved by 60% of the governing body.

HB 30 by Troxclair – modifies the tax rate “disaster exemption” to only allow for increases related to specific post-disaster expenses in FEMA categories for debris removal and emergency services



Bills That Did Not Pass

HB 19 by Meyer: Relating to the issuance and repayment of debt by local governments, including the adoption of an ad valorem tax rate and the use of ad valorem tax revenue for the repayment of debt

- Primary concerns:
 - An arbitrary 20% debt cap, irrespective of whether it was voter-approved debt.
 - Did not include the calculation of sales tax or Industrial District Agreement (IDAs) revenue
 - Restrict the use of Certificates of Obligation to eliminate public safety facilities for police, fire, emergency shelters, or jails.
- Left pending in the House committee



Bills That Did Not Pass

SB 3016 and SB 2858 by Creighton: preemption bills of municipal and county regulation for the election code, penal code, and land use sections of the Local Government Code

- Allow Attorney General to initiate proceedings against local governments for “violations” of field-preemption. Penalties include the state withholding sales taxes during the suit, loss of all state grants, and five years at the no-new-revenue rate.
- Adds this penalty to all of the applicable chapters in the “super-preemption” bill from 2023.



Bills that Did Not Pass

HB 1576 - Creation of a state grant program for residential property owners to retrofit a homestead to the fortified home hurricane standard adopted by the Institute for Business and Home Safety.

- Not heard in Senate Committee

HB 2149 - Relating to nonconforming land uses after the adoption of or change to a zoning regulation or boundary

- Left pending in Senate committee

HB 23 – allows developers to hire third party professionals to review and approve development documents and conduct inspections cutting out municipal review processes

- Left pending in Senate committee



Bills That Did Not Pass

HB 3275 - Relating to the authority of a municipality to require a minimum amount of parking spaces for certain commercial buildings.

- Failed in House committee

SB 854- requires municipalities to allow multifamily or mixed use developments on land owned or leased by religious organizations

- Not Voted out of the Senate

HB 41 – prohibits local governments from using drones from various foreign entities

- Was not heard in House Calendar

SB 19 - prevented political subdivisions from using public funds to pay lobbyists or non-profit lobbying groups

- Was not heard in House committee



Bills That Did Not Pass

HB 134 - Relating to the location at which certain sales are consummated for purposes of local sales and use taxes

- Died in House Calendar

HB 1453 - Relating to the issuance of anticipation notes and certificates of obligation by certain local governments

- Left pending in House committee

SB 878 – municipalities may not grant ad valorem tax exemptions through Chapter 380, Local Government Code. These exemptions can only be done through Chapter 312, Tax Code.

- Never heard in House committee

HB 561 - Relating to the eligibility of certain local governmental entities affected by the realignment of defense worker jobs or facilities to receive grants.

- Never heard in Senate committee



Bills That Did Not Pass

SB 2188 – relating to space flight activities

- Recommitted to committee

HB 1585 – restricts HFCs to owning residential developments solely within the boundaries of their sponsoring local governments. Eliminates prior authority for HFCs to operate outside their jurisdictions

- Never heard in Senate committee

SB 776 – Prohibits government construction contracts from barring contractors from recovering compensatory damages for delays caused solely by the governmental entity

- Left pending in Senate committee

HB 1080 - Relating to the publication of required notice by a political subdivision by alternative media.

- Never reported to Calendar Committee

