

# TML LEGISLATIVE UPDATE



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## **Texas Legislature Passes Property Tax Relief Package Ending Special Session**

On Monday, Lt. Governor Dan Patrick and Speaker Dade Phelan announced a breakthrough deal on property tax relief package ending a months-long stalemate. The same day, the governor [expanded](#) the second special session call to include:

- Legislation relating to providing property tax relief through the public school finance system, exemptions, limitations on appraisals and taxes, and property tax administration.
- Legislation relating to the amount of the total revenue exemption for the franchise tax and the exclusion of certain taxable entities from the requirement to file a franchise tax report.

The legislature approved [2S.B. 2](#) (Bettencourt/Meyer) and [2H.J.R. 2](#) (Metcalf) providing for property tax relief and [2S.B. 3](#) (Bettencourt/Geren) providing savings on franchise tax for small businesses. Summaries of the city-related legislation can be found later in this edition of the *Legislative Update*. The package includes:

- Over \$12 billion in state funding to reduce school property tax rates

- \$100,000 homestead exemption for school property taxes
- A 20% circuit breaker (essentially an appraisal cap) on appraised values for non-homesteaded properties that are valued at \$5 million and under as a three-year pilot project
- Creates newly elected positions on local appraisal boards
- Savings on franchise tax for small business

The Legislature adjourned *sine die* on Thursday. An expected third-call special session is set to occur in the fall on school choice and any other issue the governor adds to the call.

## **Resolutions for the 2023 TML Annual Conference**

Resolutions for consideration at the Annual Conference are due no later than **5:00 p.m. on August 21, 2023**. The TML Constitution provides that resolutions must be submitted by any member city, TML region, or TML affiliate to the TML headquarters 45 calendar days prior to the first day of the Annual Conference.

The TML Board of Directors has adopted several procedures governing the resolutions process. Please review the following items carefully and thoroughly.

1. No resolution may be considered at the annual TML business meeting unless it has prior approval of: (a) the governing body of a TML member city; (b) the governing body or membership of a TML affiliate, or (c) the membership of a TML region at a regional meeting.
2. TML member cities, regions, and affiliates that wish to submit a resolution **must** complete a resolution cover sheet. The cover sheet is available [here](#).
3. It is recommended that any resolution state one of four categories to better direct League staff. Those categories are:
  - **Seek Introduction and Passage** means that the League will attempt to find a sponsor, will provide testimony, and will otherwise actively pursue passage. Bills in this category are known as “TML bills.”
  - **Support** means the League will attempt to obtain passage of the initiative if it is introduced by a city or some other entity.
  - **Oppose.**
  - **Take No Position.**
4. Resolutions submitted will be thoroughly discussed at the TML Annual Conference. Each city is asked to provide one delegate to serve as its liaison at the annual business meeting at which resolutions will be considered. The delegate isn’t required to have any special expertise, and an elected official representative is encouraged but not required. The

delegate must sign up electronically [here](#) prior to the meeting or can sign up in person at a table outside of the meeting room. Cities are encouraged to sign up their delegate early.

5. The city, region, or affiliate that submits a resolution is encouraged to send a representative to the business meeting to explain the resolution. The business meeting will meet at 3:30 p.m. on Thursday, October 5, 2023, at the Kay Bailey Hutchison Convention Center in Dallas.

If your city is interested in submitting a resolution, details can be found [here](#). Resolutions can be emailed to JJ Rocha, TML Grassroots and Legislative Services Manager at [jj@tml.org](mailto:jj@tml.org).

Interested city officials can learn how the resolutions process fits within the League's Legislative Policy Process [here](#).

## **Federal Infrastructure Bill Update**

*In November 2021, the federal Infrastructure Investment and Jobs Act (IIJA) was signed into law. The IIJA is altogether a \$1.2 trillion bill that will invest in the nation's core infrastructure priorities including roads, bridges, rail, transit, airports, ports, energy transmission, water systems, and broadband.*

*The League will monitor state and federal agencies and work with the National League of Cities (NLC) to access the latest information relating to the IIJA. We will provide periodic updates in the Legislative Update on resources for Texas cities on how to access IIJA funding for local infrastructure projects.*

### **U.S. Department of Transportation (DOT)**

On July 5, the USDOT [announced](#) that it is now accepting applications for the Reconnecting Communities and Neighborhoods (RCN) program. The RCN program will provide over \$3.3 billion to fund projects designed to remove physical barriers to mobility and access and improve walkability, safety, and affordable transportation access. The RCN program combines two existing USDOT funding programs – the Reconnecting Communities program and the Neighborhood Access and Equity program.

Eligible applicants include city, county, and state governments, Native American tribes, and non-profit 501(c)(3) organizations. The RCN program will fund capital construction, community planning, technical assistance, and regional partnership activities.

City officials can find more information about the RCN program in USDOT's [Notice of Funding Opportunity and RCN FAQs](#).

The deadline to apply for the RCN program is **10:59 CDT on September 28, 2023**.

## City-Related Bills Passed

**2S.B. 2 (Bettencourt/Meyer) – Property Tax Relief:** this bill, known as the “Property Tax Relief Act,” provides for property tax relief by, among other things, compressing school district tax rates and increasing the school district residence homestead property tax exemption from \$40,000 to \$100,000.

Of primary importance to cities, the bill:

1. prohibits the governing body of a school district, city, or county that adopted a local option residence homestead property tax exemption for the 2022 tax year from reducing the amount of or repealing the exemption through December 31, 2027;
2. imposes a 20 percent appraisal cap on the appraised value of certain real property with an appraised value under \$5 million other than a residence homestead through December 31, 2026;
3. provides that for an appraisal district established in a county with a population of 75,000 or more, the appraisal district is governed by a board of nine directors, five of whom are appointed by the taxing units that participate in the district, three of whom are elected by majority vote at the general election for state and county officers by the voters of the county in which the district is established, and one of whom is the county assessor-collector serving as an ex-officio director;
4. provides that for the 2023 tax year, the chief appraiser shall prepare supplemental appraisal records to account for the changes in law made by 2S.B. 2;
5. provides that on receipt of the appraisal roll for the 2023 tax year, the assessor for a taxing unit, including a city, shall determine the total taxable value of the property taxable by the taxing unit and the taxable value of new property as if the changes in law made by 2S.B. 2 were in effect for that tax year; and
6. provides that an officer or employee designated by the governing body of a taxing unit, including a city, shall calculate the no-new-revenue tax rate and the voter-approval tax rate of the taxing unit for the 2023 tax year as if the changes in law made by 2S.B. 2 were in effect for that tax year.

(Effective date varies depending on provision of the bill; much of bill takes effect only if **2H.J.R. 2** is approved at the election on November 7, 2023.)

**2H.J.R. 2 (Metcalf/Bettencourt) – Property Tax Relief:** amends the Texas Constitution to, among other things: (1) authorize the legislature to establish a 20 percent appraisal cap on real property other than a residence homestead; (2) increase the amount of the school district residence homestead property tax exemption from \$40,000 to \$100,000; and (3) authorize the legislature to provide that members of the governing body of an appraisal entity established in a county with a

population of 75,000 or more serve terms not to exceed four years. (Effective if approved at the election on November 7, 2023.)

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