

## **BILL ANALYSIS**

C.S.H.B. 2262  
By: Dutton  
Urban Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Municipalities in Texas charge a range of fees for constructing, renovating or remodeling a structure, as well as fees on impervious cover to fund the development or maintenance of a drainage system. While well intended, these permit fees often discourage development within the municipality and moreover, actually promote the growth and development outside the municipality. These fees also impose an undue burden on non-revenue seeking-organizations.

C.S.H.B.2262 abolishes building permit fees on the 10th anniversary after the date the fee is adopted and requires that before reauthorization, the municipality must seek citizens input in a public hearing.

C.S.H.B.2262 also provides that in a municipality with a population of 1.9 million or more, certain properties are exempt from drainage charges, including a church, synagogue, or other organization or association organized primarily for religious purposes; a nonprofit organization that is exempt from federal income tax; and an entity authorized to impose a tax. Those applicable municipalities may not collect a fee charged for the development or maintenance of programs or facilities for the control of excess water or storm water from the properties listed above.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

SECTION 1. Amends Subchapter Z, Chapter 214, Local Government Code, by adding Section 214.907 to provide that: REAUTHORIZATION OF BUILDING PERMIT FEES.

(a) In this section, "building permit fee" means a fee charged by a municipality as a condition to constructing, renovating, or remodeling a structure.

(b) A building permit fee is abolished on the 10th anniversary after the date the fee is adopted or most recently reauthorized under this section unless the governing body of the municipality that adopted or reauthorized the fee:

- (1) holds a public hearing on the reauthorization of the fee; and
- (2) reauthorizes the fee by vote of the governing body.

SECTION 2. Reenacts Section 552.053(e), Local Government Code, as added by Chapters 278 (S.B. 874) and 539 (S.B. 1522), Acts of the 81st Legislature, Regular Session, 2009, and amends it as follows:

(e) Provides that certain property is exempt from drainage charges under Section 552.047 (Drainage Charges) and all ordinances, resolutions, and rules adopted under this subchapter, including property located in a municipality with a population of 1.9 million or more that is owned by a church, synagogue, or other organization or association organized primarily for religious purposes, a nonprofit organization that is exempt from federal taxation under Section 501(a), Internal Revenue Code of 1986, by being certified as an exempt organization under Section 501(c)(3) of that code, or an entity authorized to impose a tax.

SECTION 3. Amends Section 552.053, Local Government Code, by adding Subsection (f) to prohibit a municipality with a population of 1.9 million or more from increasing a drainage charge on nonexempt property to compensate for amounts not collected as a result of providing exemptions required by this section.

SECTION 4. Reenacts Section 580.003, Local Government Code, as redesignated by Chapter 885 (H.B. 2278), Acts of the 80th Legislature, Regular Session, 2007, and amended by Chapters 1356 (H.B. 462) and 1430 (S.B. 3), Acts of the 80th Legislature, Regular Session, 2007, and amends it as follows:

Sec. 580.003. EXEMPTIONS OF CERTAIN PROPERTY FROM INFRASTRUCTURE FEES. (a) Makes no changes to this subsection.

(b) Authorizes a municipality with a population of 25,000 or less and through which the Bosque River runs to collect from a state agency or public institution of higher education a fee charged for the development or maintenance of programs or, rather than of, facilities for the control of excess water or storm water.

(c) Prohibits a municipality with a population of 1.9 million or more from collecting any fee charged for the development or maintenance of programs or facilities for the control of excess water or storm water from a church, synagogue, or other organization or association organized primarily for religious purposes, a nonprofit organization that is exempt from federal taxation under Section 501(a), Internal Revenue Code of 1986, by being certified as an exempt organization under Section 501(c)(3) of that code, or an entity authorized to impose a tax.

(d) Prohibits a municipality with a population of 1.9 million or more from increasing a fee on nonexempt property to compensate for amounts not collected as a result of providing exemptions required by this section.

SECTION 5. Provides that, to the extent of any conflict, this Act prevails over another Act of the 82nd Legislature, Regular Session, 2011, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 6. Effective date: upon passage or September 1, 2011.

#### **EFFECTIVE DATE**

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2011.

#### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The substitute adds SECTIONS 2 through 6 to the bill as originally filed, and removes the original bill's SECTION 2.

SECTION 2, as discussed in the analysis, provides that certain property is exempt from drainage charges under Section 552.047, Local Government Code, (Drainage Charges) and all ordinances, resolutions, and rules adopted under this subchapter, including property located in a municipality with a population of 1.9 million or more that is owned by a church, synagogue, or other organization or association organized primarily for religious purposes, a nonprofit organization that is exempt from federal taxation under Section 501(a), Internal Revenue Code of 1986, by being certified as an exempt organization under Section 501(c)(3) of that code, or an entity authorized to impose a tax.

SECTION 3, as discussed in the analysis, prohibits a municipality with a population of 1.9 million or more from increasing a drainage charge on nonexempt property to compensate for amounts not collected as a result of providing exemptions required by this section.

SECTION 4, as discussed in the analysis, provides that a municipality with a population of 25,000 or less and through which the Bosque River runs to collect from a state agency or public institution of higher education a fee charged for the development or maintenance of programs or, rather than of, facilities for the control of excess water or storm water. SECTION 4 also prohibits a municipality with a population of 1.9 million or more from collecting any fee charged for the development or maintenance of programs or facilities for the control of excess water or storm water from a church, synagogue, or other organization or association organized primarily for religious purposes, a nonprofit organization that is exempt from federal taxation under Section 501(a), Internal Revenue Code of 1986, by being certified as an exempt

organization under Section 501(c)(3) of that code, or an entity authorized to impose a tax. SECTION 4 also prohibits a municipality with a population of 1.9 million or more from increasing a fee on nonexempt property to compensate for amounts not collected as a result of providing exemptions required by this section.

SECTION 5, as discussed in the analysis, provides that, to the extent of any conflict, this Act prevails over another Act of the 82nd Legislature, Regular Session, 2011, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 6 changes the Act's effective date. The original bill had an effective date of September 1, 2011. The committee substitute has an effective date of on passage, or, if the bill does not receive the necessary vote, September 1, 2011.