

BILL ANALYSIS

C.S.H.B. 2934
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Transportation
Committee Report (Substituted)

BACKGROUND AND PURPOSE

As Texas cities grapple with explosive growth, it is imperative that infrastructure is adequately funded. One method of providing funding is through municipal impact fees. An impact fee is a tool that cities can use to recoup from property developers a portion of the costs that new development places on city infrastructure. Texas cities are authorized to impose impact fees to cover the cost of capital improvements necessary to serve new developments, but many cities have experienced difficulty passing ordinances creating an impact fee due to various local pressures. This has left city residents bearing the burden of funding facilities and roadways in need of expansion to accommodate incoming residents and new developments. C.S.H.B. 2934 seeks to provide cities with important information on how best to recoup capital costs while also encouraging new development by requiring the Texas Department of Transportation, in consultation with the Texas A&M Transportation Institute, to conduct a study to determine the feasibility of using municipal impact fees to pay for roadway facilities that are necessary due to municipal development.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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

C.S.H.B. 2934 amends the Local Government Code to require the Texas Department of Transportation (TxDOT), in consultation with the Texas A&M Transportation Institute, to conduct a study to determine the feasibility of using municipal impact fees to pay for roadway facilities that are necessary due to municipal development. The bill requires TxDOT to consider the following in conducting the study:

- the roadway facility needs of municipalities;
- the amount of debt incurred by municipalities for roadway facilities;
- the practicability of adopting impact fees for roadway facilities in a municipality's roadway plan, considering costs associated with fee imposition and collection;
- the potential and known effects of the imposition and collection of impact fees on local transportation needs and on the municipality's debt; and
- the practicability and potential effects of remitting five percent of a municipality's impact fees to TxDOT for the construction and maintenance of state highways attributable to development in the municipality.

C.S.H.B. 2934 requires TxDOT to determine the following from the results of the study:

- the population threshold of a municipality for which the imposition and collection of such fees in the municipality's roadway plan is administratively feasible;
- viable alternatives to impact fees in municipalities where the imposition and collection of the fees is not administratively feasible; and
- to what extent, if any, the adoption of impact fees would alleviate the debt burden of municipalities.

The bill requires TxDOT, not later than September 1, 2024, to provide the results of the study and the study determinations to members of the legislature. The bill's provisions expire September 1, 2025.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 2934 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a specification absent from the introduced specifying that TxDOT conduct the impact fee feasibility study in consultation with the Texas A&M Transportation Institute.