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et al.

H.B. No. 2665

A BILL TO BE ENTITLED

1 AN ACT
2 relating to an interim study of the municipal regulation of
3 short-term rental properties and residential amenity rental
4 properties.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Chapter 92, Property Code, is amended by adding
7 Subchapter J to read as follows:

8 SUBCHAPTER J. STUDY ON REGULATION OF SHORT-TERM RENTAL PROPERTIES

9 Sec. 92.361. DEFINITIONS. In this subchapter:

10 (1) "Department" means the Texas Department of
11 Licensing and Regulation.

12 (2) "Residential amenity rental property" means a
13 feature or facility that is:

14 (A) part of a residential property, including a
15 single-family dwelling or a unit in a condominium, cooperative,
16 mixed-use development, or timeshare; and

17 (B) rented for:

18 (i) a period of less than 15 hours; and

19 (ii) a purpose other than providing
20 sleeping accommodations to the lessee.

21 (3) "Short-term rental property" means a residential
22 property, including a single-family dwelling or a unit in a
23 condominium, cooperative, mixed-use development, or timeshare,
24 that is rented wholly or partly for a fee for a period not longer

1 than 30 consecutive days. The term does not include:

2 (A) a unit that is used for nonresidential
3 purposes, including an educational, health care, retail,
4 restaurant, banquet space, or event center purpose or another
5 similar use;

6 (B) a bed and breakfast; or

7 (C) a commercial lodging establishment,
8 including a hotel or motel, that is not taxed as residential
9 property under Title 1, Tax Code.

10 Sec. 92.362. ESTABLISHMENT OF TASK FORCE. (a) The
11 department shall establish a task force to study, review, and
12 report to the legislature on the impact of municipal ordinances,
13 rules, and other measures regulating short-term rental properties
14 and residential amenity rental properties.

15 (b) The task force is composed of:

16 (1) two members appointed by the governor;

17 (2) two members of the senate appointed by the
18 lieutenant governor;

19 (3) two members of the house of representatives
20 appointed by the speaker of the house of representatives;

21 (4) one representative of the department;

22 (5) one member representing the interests of a large
23 urban community;

24 (6) one member representing the interests of a small
25 urban community;

26 (7) one member representing the interests of a coastal
27 community;

1 (8) one member representing the interests of law
2 enforcement; and

3 (9) two members representing the interests of
4 neighborhoods.

5 Sec. 92.363. ADMINISTRATIVE ATTACHMENT. The task force is
6 administratively attached to the department.

7 Sec. 92.364. REPORT. Not later than December 31, 2024, the
8 task force shall submit to the legislature a written report that
9 includes:

10 (1) a summary of the task force's findings on:

11 (A) the impact of rental properties and
12 residential amenity rental properties on the quality of life in
13 communities where those properties are located, including impacts
14 on crime, noise, local school enrollments, and other unintended
15 consequences;

16 (B) the ordinances impacting short-term rental
17 properties and residential amenity rental properties;

18 (C) the economic impact of ordinances on
19 short-term rental properties and residential amenity rental
20 properties;

21 (D) the remittance of state and local taxes by
22 short-term rental property and residential amenity rental property
23 owners;

24 (E) local registration and reporting
25 requirements for short-term rental properties and residential
26 amenity rental properties;

27 (F) the economic impact and hidden costs of

1 short-term rental properties and residential amenity rental
2 properties on communities, including:

3 (i) responses to resident complaints;

4 (ii) increased crime;

5 (iii) inability to fully enforce sex
6 offender registry laws;

7 (iv) lack of affordable housing for local
8 workers and others;

9 (v) decreased school enrollments;

10 (vi) loss of population-based state and
11 federal funding; and

12 (vii) other unintended consequences;

13 (G) increased costs to municipalities,
14 homeowners' associations, and residents from short-term rental
15 properties and residential amenity rental properties in a community
16 in which those properties are located and methods to reimburse
17 those costs from the state; and

18 (H) lessons from other municipalities and states
19 on successes and failures with short-term rental property and
20 residential amenity rental property regulations; and

21 (2) legislative recommendations regarding:

22 (A) whether there is sufficient justification
23 for statewide regulation of short-term rental properties and
24 residential amenity rental properties, considering regulation of
25 land use has long been entrusted to local governments;

26 (B) potential benefits and costs of adopting
27 statewide regulations of short-term rental properties and

1 residential amenity rental properties;
2 (C) appropriate protection of local health,
3 safety, morals, and general welfare regulations;
4 (D) methods to create greater accountability of
5 entities engaged in the business of operating an Internet-based
6 platform to facilitate the rental of short-term rental properties
7 and residential amenity rental properties, including methods to:
8 (i) audit and increase the payment of state
9 and municipal hotel occupancy taxes; and
10 (ii) diminish or eliminate disturbances in
11 residential neighborhoods;
12 (E) methods for the state to reimburse
13 municipalities for hiring additional code enforcement officers and
14 to reimburse homeowners who suffer financial and emotional
15 hardships as a result of living near a short-term rental property or
16 residential amenity rental property;
17 (F) the ability of municipalities to adequately
18 address the effect of short-term rental properties and residential
19 amenity rental properties on neighborhoods, neighbors, and
20 families through the enforcement of nuisance regulations and
21 criminal citations, with consideration given to the transient
22 nature of short-term rental property and residential amenity rental
23 property activity;
24 (G) the ability of municipalities to impose
25 reasonable density restrictions on the location and proliferation
26 of short-term rental properties and residential amenity rental
27 properties to maintain the character of single-family residential

1 neighborhoods;

2 (H) the value of elected municipal officials
3 having the ability to adopt specific short-term rental property and
4 residential amenity rental property regulations that can
5 effectively address a community's particular needs and economic
6 conditions;

7 (I) whether to authorize a neighborhood to
8 prohibit short-term rental properties if the municipality in which
9 the neighborhood is located has adopted an ordinance that requires
10 a higher percentage of property owners to be residents of the
11 neighborhood than the deed restrictions for the neighborhood; and

12 (J) the effect of state preemption on short-term
13 rental property and residential amenity rental property
14 regulations in other states.

15 Sec. 92.365. EXPIRATION. This subchapter expires and the
16 task force is abolished January 1, 2025.

17 SECTION 2. This Act takes effect immediately if it receives
18 a vote of two-thirds of all the members elected to each house, as
19 provided by Section 39, Article III, Texas Constitution. If this
20 Act does not receive the vote necessary for immediate effect, this
21 Act takes effect September 1, 2023.