**BILL ANALYSIS**

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| Senate Research Center | S.B. 1883 |
| 89R12467 JBD-D | By: Bettencourt |
|  | Local Government |
|  | 3/21/2025 |
|  | As Filed |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Certain political subdivisions of the state are authorized by the Local Government Code to impose an impact fee on new development to generate revenue for funding or recouping the costs of specified capital improvements or facility expansions necessitated by and attributable to the new development. The law requires political subdivisions to issue public notices and hold hearings before adopting or updating impact fees. Political subdivisions must also appoint an advisory committee and prepare a capital improvement plan with land use assumptions before adopting an impact fee. Forty percent of the advisory committee must include representatives of the real estate, development, or building industries. If the political subdivision, however, has a planning and zoning commission, the commission may act as the advisory committee. A political subdivision is not limited to how frequently it may increase an impact fee.

Additional transparency provisions are needed to ensure accountability and due process. Capital improvement plans are complex reports, and current law does not provide the public with sufficient time to review the proposed capital improvement plan and land use assumptions and prepare comments for the public hearing. Impact fees increase the cost of housing and other new development and adoptions or increases must be carefully considered before being imposed.

S.B. 1883 amends current law related to the public notice requirements and adoption procedures for impact fees. S.B. 1883 requires a political subdivision considering an impact fee make publicly available the capital improvement plan and land use assumptions at least 60 days before the first publication of the hearing notice. S.B. 1883 increases the approval threshold to adopt impact fees from a simple majority vote to two-thirds vote. S.B. 1883 adds a provision governing how frequently a political subdivision may increase an impact fee.

S.B. 1883 increases the public notice requirements for political subdivisions considering updates and amendments to the capital improvement plan and land use assumptions. S.B. 1883 increases the required representation of real estate, development, and building industries professionals on the advisory committee from 40 percent to 50 percent and removes the authority allowing a planning and zoning commission to act as the advisory committee.

These changes would allow the public more time to analyze and participate in the public process of impact fee adoption or increases. Additionally, a higher approval threshold for imposing an impact fee helps ensure that the imposition of an impact fee reflects a broader consensus and would minimize the risk of rapid increases driven by short-term political pressures that negatively affect new development.

As proposed, S.B. 1883 amends current law relating to the approval of land use assumptions, capital improvement plans, and impact fees.

**RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 395.043, Local Government Code, as follows:

Sec. 395.043. INFORMATION ABOUT LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN AVAILABLE TO PUBLIC. Requires the political subdivision, at least 60 days before the date, rather than on or before the date, of the first publication of the notice of the hearing on the land use assumptions and capital improvements plan, to make available to the public its land use assumptions, the time period of the projections, and a description of the capital improvement facilities that are authorized to be proposed.

SECTION 2. Amends Section 395.051(a), Local Government Code, as follows:

(a) Provides that approval of the imposition of an impact fee by a political subdivision requires an affirmative vote of two-thirds of the members of the governing body of the political subdivision.

SECTION 3. Amends Subchapter C, Chapter 395, Local Government Code, by adding Section 395.0515, as follows:

Sec. 395.0515. LIMITATION ON IMPACT FEE INCREASE. Prohibits a political subdivision from increasing the amount of an impact fee for three years from the later of the date the fee was adopted or most recently increased, if applicable.

SECTION 4. Amends Section 395.053, Local Government Code, as follows:

Sec. 395.053. HEARING ON UPDATED LAND USE ASSUMPTIONS AND CAPITAL IMPROVEMENTS PLAN. Increases from 60 days to 120 days after the date it receives the update of the land use assumptions and the capital improvements plan, the time period in which the governing body is required to adopt an order setting a public hearing to discuss and review the update and determine whether to amend the plan.

SECTION 5. Amends Section 395.054, Local Government Code, to make a conforming change.

SECTION 6. Amends Section 395.058(b), Local Government Code, as follows:

(b) Increases from 40 percent to 50 percent the minimum percentage of the membership of a capital improvements committee required to be representatives of the real estate, development, or building industries who are not employees or officials of a political subdivision or governmental entity.

Deletes existing text authorizing the planning and zoning commission (commission), if the political subdivision has a commission, to act as the advisory committee if the commission includes at least one representative of the real estate, development, or building industry who is not an employee or official of a political subdivision or governmental entity. Deletes existing text authorizing the commission, if no such representative is a member of the commission, to still act as the advisory committee if at least one such representative is appointed by the political subdivision as an ad hoc voting member of the commission when it acts as the advisory committee.

SECTION 7. Makes application of Sections 395.043 and 395.054, Local Government Code, as amended by this Act, prospective to the 90th day after the effective date of this Act.

SECTION 8. Makes application of Section 395.051(a), Local Government Code, as amended by this Act, prospective.

SECTION 9. Makes application of Section 395.0515, Local Government Code, as added by this Act, prospective.

SECTION 10. Effective date: September 1, 2025.