

## **BILL ANALYSIS**

Senate Research Center

H.B. 2464  
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Local Government  
5/18/2025  
Engrossed

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

The bill author has informed the committee that over the past few decades, technological advances have afforded entrepreneurs unprecedented opportunities to start businesses from their homes, allowing them to save money, maintain a flexible schedule, and realize their dreams of self-employment. The bill author has also informed the committee that although the COVID-19 crisis made the ability to work from home even more important, scores of outmoded zoning, licensing, and permitting requirements are impeding the freedom to run a home-based business regardless of whether that business has any impact on the neighboring community. The bill author has further informed the committee that in some cities, operating a home-based business is a crime punishable by stiff financial penalties and even jail time, and that while local governments should protect neighborhoods against nuisances, they should not impose blanket prohibitions on home-based businesses. H.B. 2464 seeks to protect homeowners against lengthy, uncertain, and expensive licensing and permitting processes that prevent people from working from home instead of in a traditional office by prohibiting the governing body of a municipality from prohibiting the operation of a home-based business that does not impact the residential area in which it operates.

H.B. 2464 amends current law relating to the authority of a municipality to regulate a home-based business.

### **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 Subchapter Z, Chapter 229, Local Government Code, by adding section 229.902, as follows:

Sec. 229.902. **AUTHORITY TO REGULATE HOME-BASED BUSINESSES.** (a) Defines "business," "home-based business," and "no-impact home-based business."

(b) Prohibits the governing body of a municipality from adopting or enforcing an ordinance, regulation, or other measure that:

- (1) prohibits the operation of a no-impact home-based business;
- (2) requires a person that operates a no-impact home-based business or that owns the property where the business is operated to obtain a license, permit, or other approval to operate the business; or
- (3) requires a person that operates a home-based business or that owns the property where the business is operated to rezone the property for a non-residential use or install a fire sprinkler protection system if the residence where the business is operated consists only of a single-family detached residential structure or a multi-family residential structure with not more than two residential units.

(c) Authorizes the governing body of a municipality, subject to Subsection (b), to:

(1) require that a home-based business be in compliance with federal, state, and local law, including a municipal fire and building code and a municipal regulation related to certain subjects, compatible with the residential use of the property where the business is located, and secondary to the use of the property as a residential dwelling; and

(2) limit or prohibit the operation of a home-based business that sells alcohol or illegal drugs, is a structured sober living home, or is a sexually oriented business as defined by Section 243.002 (Definition).

(d) Provides that this section does not prohibit a person from enforcing a rule or deed restriction imposed by a homeowners' association or by other private agreement or a municipality from adopting or enforcing an ordinance regulating the operation of a short-term rental unit.

SECTION 2. Effective date: upon passage or September 1, 2025.