

## **BILL ANALYSIS**

C.S.H.B. 2464  
By: Hefner  
Intergovernmental Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

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. C.S.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.

### **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. 2464 amends the Local Government Code to prohibit the governing body of a municipality from adopting or enforcing an ordinance, regulation, or other measure that does any of the following:

- prohibits the operation of a no-impact home-based business;
- 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
- requires a person that operates a home-based business or that owns the property where the business is operated to do the following:
  - 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.S.H.B. 2464 authorizes the governing body of a municipality to do the following with respect to a home-based business:

- 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 health and sanitation, transportation or traffic control, solid or hazardous waste, or pollution and noise control;
  - 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
- 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.

The bill expressly 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.

C.S.H.B. 2464 defines the following terms for purposes of the bill's provisions:

- "business" has the meaning assigned to the term under the Business Organizations Code;
- "home-based business" means a business that is operated from a residential property, by the owner or tenant of the property, and for the purpose of manufacturing, providing, or selling a lawful good or providing a lawful service; and
- "no-impact home-based business" means a home-based business that:
  - has at any time on the property where the business is operated a total number of employees and clients or patrons of the business that does not exceed the municipal occupancy limit for the property;
  - does not generate on-street parking or a substantial increase in traffic through the area; and
  - operates in a manner in which none of its activities are visible from a street.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

### **COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.B. 2464 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 provision absent from the introduced establishing that the bill's provisions expressly do not prohibit a municipality from adopting or enforcing an ordinance regulating the operation of a short-term rental unit.