

BILL ANALYSIS

H.B. 5489
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Land & Resource Management
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill author has informed the committee that housing affordability is becoming an increasing concern across the state, and while some municipalities have found success in issuing impact fees to developers to cover the costs of capital improvements or facility expansions associated with new developments, others have found that the costs passed from the developers to the consumers present affordability issues and may not be the best funding option for new development. H.B. 5489 seeks to address this issue by establishing a temporary moratorium on the imposition of impact fees to observe their overall impact on housing affordability.

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

H.B. 5489 amends the Local Government Code to prohibit a political subdivision from imposing an impact fee against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development on or after September 1, 2025. However, the bill authorizes a political subdivision to impose an impact fee otherwise prohibited from being imposed under the bill's provisions if the political subdivision pledged the specific fee before September 1, 2025, for the payment of any debt and not imposing the fee would impair the obligation of the contract by which the debt was created. These provisions expire August 31, 2029.

EFFECTIVE DATE

September 1, 2025.