

**BILL ANALYSIS**

Senate Research Center  
89R25268 MP-F

C.S.S.B. 777  
By: Hughes  
Local Government  
4/29/2025  
Committee Report (Substituted)

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

In March 2023, the Texas Supreme Court struck down a city charter amendment passed by Houston voters, which set a floor for fire fighter pay, ruling that the city charter was inconsistent with Chapter 174.

The Texas Supreme Court acknowledged in the opinion that Chapter 174's standards "may prove infeasible."

This Texas Supreme Court decision has called into question provisions that voters, cities, and fire fighters have agreed on to address that infeasibility, which is harming at least seven firefighter groups, including Austin, Corpus Christi, El Paso, Grove, Port Neches, San Antonio, and Texarkana. These groups are simply trying to restore the bargaining impasse tools they had before the Texas Supreme Court ruling.

Chapter 174 of the Texas Local Government Code allows collective bargaining for police and fire fighters only in localities where voters choose to allow it. In some of those localities, like Austin, voters have amended city charters to declare how bargaining impasses should be resolved. In others, the employers and employee associations have included provisions in their collective bargaining agreements (CBAs) about resolution of impasses.

This decision has created uncertainty about the viability of the city charter amendments and CBA provisions structuring dispute resolution procedures to meet particular local needs.

S.B. 777 would end that uncertainty. It applies only to localities that have adopted Chapter 174 and that have enacted city charter provisions or agreed on CBA provisions governing resolution of bargaining impasses.

S.B. 777 makes clear that those local measures are effective even if they have provisions that add to or change the default Chapter 174 procedures, so that voters have freedom to structure those processes to meet their local needs.

(Original Author/Sponsor's Statement of Intent)

C.S.S.B. 777 amends current law relating to compensation and employment condition standards by municipal charter or collective bargaining agreement and to impasse resolution in collective bargaining with certain political subdivisions.

**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 174.005, Local Government Code, to create an exception under Chapter 174 (Fire and Police Employee Relations), Local Government Code.

SECTION 2. Amends Section 174.022(b), Local Government Code, to provide that, if an arbitration award is rendered as provided by Subchapter E or E-1 or other impasse resolution, the public employer involved is considered to be in compliance with the requirements of Section 174.021 (Prevailing Wage and Working Conditions Required) as to the conditions of employment provided by the award for the duration of the collective bargaining period to which the award applies.

SECTION 3. Amends the heading to Subchapter E, Chapter 174, Local Government Code, to read as follows:

#### SUBCHAPTER E. MEDIATION; IMPASSE RESOLUTION

SECTION 4. Amends Section 174.153(a), Local Government Code, to create an exception under Section 174.165 and Subchapter E-1.

SECTION 5. Amends Section 174.156(b), Local Government Code, to create an exception under Section 174.165.

SECTION 6. Amends Section 174.163, Local Government Code, as follows:

Sec. 174.163. New heading: **COMPULSORY ARBITRATION NOT REQUIRED; EXCEPTIONS.** Creates exceptions under Section 174.165 and Subchapter E-1.

SECTION 7. Amends Subchapter E, Chapter 174, Local Government Code, by adding Section 174.165, as follows:

Sec. 174.165. **OTHER IMPASSE RESOLUTION FOR FIRE FIGHTERS UNDER MUNICIPAL CHARTER OR COLLECTIVE BARGAINING AGREEMENT.** (a) Provides that, except as provided by Subsection (b), this section applies only to:

(1) except as provided by Subdivision (2), if a municipality has a charter that provides for the resolution of an impasse in a collective bargaining process governed by this chapter involving a public employer of the municipality and an association that is a bargaining agent for employees of the public employer, that public employer and bargaining agent; or

(2) if a collective bargaining agreement under this chapter is in effect and provides for the resolution of an impasse in a collective bargaining process governed by this chapter involving a public employer of a political subdivision and an association that is the bargaining agent for the fire fighters of the public employer, that public employer and bargaining agent.

(b) Provides that this section does not apply to a municipality or association to which Subchapter E-1 applies.

(c) Requires a public employer and an association that is a bargaining agent for fire fighters to submit to the impasse resolution mechanism contained in the charter or agreement described by Subsection (a), as applicable, if the parties reach an impasse in collective bargaining or are unable to settle after the 61st day after the date the appropriate lawmaking body fails to approve a contract reached through collective bargaining.

(d) Provides that a provision of this subchapter relating to arbitration does not apply to the impasse resolution mechanism described by Subsection (c), unless the charter or agreement described by Subsection (a), as applicable, specifically provides otherwise. Provides that, to the extent of any conflict, the charter or agreement, as applicable, prevails over any provision of this subchapter.

SECTION 8. Amends Chapter 174, Local Government Code, by adding Subchapter E-1, as follows:

**SUBCHAPTER E-1. ARBITRATION IN CERTAIN MUNICIPALITIES**

Sec. 174.181. **APPLICABILITY OF SUBCHAPTER.** Provides that this subchapter applies only to:

- (1) a municipality with a population of more than 950,000 and less than 1,050,000; and
- (2) an association that is a bargaining agent for the employees of a fire department of a municipality described by Subdivision (1).

Sec. 174.182. **BINDING INTEREST ARBITRATION.** (a) Requires a municipality and an association that is a bargaining agent to submit to binding interest arbitration as provided by this subchapter if the parties have reached an impasse as defined by Section 174.152 (Impasse).

(b) Authorizes the municipality or the association that is a bargaining agent to request arbitration after the party provides written notice to the other party specifying the issues in dispute.

(c) Requires the parties, if a party requests arbitration under this section, to submit all issues in dispute to arbitration not later than the 45th day after the date the other party received the requesting party's written arbitration request.

Sec. 174.183. **ARBITRATION BOARD.** (a) Requires each party, not later than the fifth day after the date an agreement to arbitrate is executed, to select one arbitrator and immediately notify the other party in writing of the name and contact information of the arbitrator selected.

(b) Requires arbitrators, not later than the 10th day after the date the arbitrators are selected under Subsection (a), to attempt to select a third, neutral arbitrator to form a three-person arbitration board.

(c) Requires the parties, if the arbitrators are unable to agree on a third arbitrator as provided by Subsection (b), to request a list of nine qualified neutral arbitrators from the American Arbitration Association. Authorizes the parties to agree on one of the nine neutral arbitrators on the list. Requires each party, if the parties do not agree within five days after the date they receive the list, to alternate striking a name from the list, and the name remaining is the third arbitrator.

(d) Provides that the third arbitrator selected under this section presides over the arbitration board.

(e) Requires that a decision made by the arbitration board at any stage of the arbitration process be determined by majority vote of the arbitrators on the board.

Sec. 174.184. **ARBITRATION PROCESS; JUDICIAL REVIEW.** (a) Provides that, except as provided by this subchapter, Subchapter E does not apply to arbitration conducted under this subchapter. Requires that arbitration under this subchapter be conducted in accordance with certain sections.

(b) Authorizes an award of an arbitration board issued under this subchapter to be reviewed by a district court in accordance with Section 174.253 (Judicial Review of Arbitration Award).

Sec. 174.185. ARBITRATION AWARD CONSIDERATIONS. Authorizes the arbitration board, in making an award under this subchapter, to consider only the following:

- (1) the history of collective bargaining agreements and negotiations between the parties;
- (2) compensation and conditions of employment that prevail in comparable public sector employment in other municipalities;
- (3) the rate of increase or decrease in the cost of living for the municipality's metropolitan area as determined by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), adjusted as necessary to account for housing and tax costs in the metropolitan area and other relevant local factors;
- (4) any of certain conditions of employment; and
- (5) revenues available to and contractual obligations of the municipality and the impact of any arbitration ruling on the taxpayers of the municipality.

SECTION 9. (a) Provides that the change in law made by this Act validates impasse resolution provisions provided in a municipal charter, collective bargaining agreement, or arbitration award that are in effect on the effective date of this Act, and applies to collective bargaining negotiations in progress on the effective date of this Act or started on or after the effective date of this Act.

(b) Provides that a change in law made by this Act is not grounds to challenge a collective bargaining agreement or arbitration award that was entered into or awarded before the effective date of this Act.

SECTION 10. Effective date: upon passage or September 1, 2025.