

AN ACT

relating to the authority of a municipality to regulate a home-based business.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter Z, Chapter 229, Local Government Code, is amended by adding Section 229.902 to read as follows:

Sec. 229.902. AUTHORITY TO REGULATE HOME-BASED BUSINESSES.

(a) In this section:

(1) "Business" has the meaning assigned by Section 1.002, Business Organizations Code.

(2) "Home-based business" means a business that is operated:

(A) from a residential property;

(B) by the owner or tenant of the property; and

(C) for the purpose of:

(i) manufacturing, providing, or selling a lawful good; or

(ii) providing a lawful service.

(3) "No-impact home-based business" means a home-based business that:

(A) 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;

1 (B) does not generate on-street parking or a
2 substantial increase in traffic through the area;

3 (C) operates in a manner in which none of its
4 activities are visible from a street; and

5 (D) does not substantially increase noise in the
6 area or violate a municipal noise ordinance, regulation, or rule.

7 (b) The governing body of a municipality may not adopt or
8 enforce an ordinance, regulation, or other measure that:

9 (1) prohibits the operation of a no-impact home-based
10 business;

11 (2) requires a person that operates a no-impact
12 home-based business or that owns the property where the business is
13 operated to obtain a license, permit, or other approval to operate
14 the business; or

15 (3) requires a person that operates a home-based
16 business or that owns the property where the business is operated
17 to:

18 (A) rezone the property for a non-residential
19 use; or

20 (B) install a fire sprinkler protection system if
21 the residence where the business is operated consists only of:

22 (i) a single-family detached residential
23 structure; or

24 (ii) a multi-family residential structure
25 with not more than two residential units.

26 (c) Subject to Subsection (b), the governing body of a
27 municipality may:

- 1 (1) require that a home-based business be:
- 2 (A) in compliance with federal, state, and local
- 3 law, including:
- 4 (i) a municipal fire and building code; and
- 5 (ii) a municipal regulation related to:
- 6 (a) health and sanitation;
- 7 (b) transportation or traffic
- 8 control;
- 9 (c) solid or hazardous waste; or
- 10 (d) pollution and noise control;
- 11 (B) compatible with the residential use of the
- 12 property where the business is located; and
- 13 (C) secondary to the use of the property as a
- 14 residential dwelling; and
- 15 (2) limit or prohibit the operation of a home-based
- 16 business that:
- 17 (A) sells alcohol or illegal drugs;
- 18 (B) is a structured sober living home; or
- 19 (C) is a sexually oriented business as defined by
- 20 Section 243.002.
- 21 (d) This section does not prohibit:
- 22 (1) a person from enforcing a rule or deed restriction
- 23 imposed by a homeowners' association or by other private agreement;
- 24 or
- 25 (2) a municipality from adopting or enforcing an
- 26 ordinance regulating the operation of a short-term rental unit.

27 SECTION 2. This Act takes effect immediately if it receives

H.B. No. 2464

1 a vote of two-thirds of all the members elected to each house, as
2 provided by Section 39, Article III, Texas Constitution. If this
3 Act does not receive the vote necessary for immediate effect, this
4 Act takes effect September 1, 2025.

H.B. No. 2464

President of the Senate

Speaker of the House

I certify that H.B. No. 2464 was passed by the House on May 14, 2025, by the following vote: Yeas 128, Nays 4, 4 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2464 was passed by the Senate on May 25, 2025, by the following vote: Yeas 29, Nays 2.

Secretary of the Senate

APPROVED: _____

Date

Governor