

BILL ANALYSIS

C.S.H.B. 3984
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Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Texas is frequently reported to be growing faster than any other state in the country with the media noting that the population of the state is growing at a rate of more than 1,000 people each day. Most people would agree that it is imperative, as Texas cities grapple with this explosive growth, that infrastructure is adequately funded. One method of providing this funding is through municipal impact fees. Interested parties note that Texas cities are authorized to impose impact fees to cover the cost of capital improvements necessary to serve new developments but explain that many cities have experienced difficulty passing ordinances creating an impact fee due to various local pressures, leaving city residents facing the burden of funding facilities and roadways in need of expansion to accommodate incoming residents and new developments. The parties believe that a possible remedy to this obstacle would be to require all municipalities to adopt a modest impact fee for the purpose of funding infrastructure improvement in Texas cities as they grow, with a percentage of the fee to be allocated to the Texas Department of Transportation for roadway capital improvements within the municipality from which the fee is collected. C.S.H.B. 3984 seeks to provide for a study regarding the use of municipal impact fees for roadway facilities.

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. 3984 amends the Local Government Code to require the Texas Department of Transportation (TxDOT) to conduct a study to determine the feasibility of using municipal impact fees to pay for roadway facilities that are necessary due to municipal development. The bill requires TxDOT to examine the roadway facility needs of municipalities, the amount of debt incurred by municipalities for roadway facilities, the practicability of adopting impact fees for roadway facilities in a municipality's roadway plan, the potential and known effects of the imposition and collection of impact fees on local transportation needs, the potential and known effects of the imposition and collection of impact fees on the municipality's debt, and the practicability and potential effects of remitting five percent of a municipality's impact fees to TxDOT for the construction and maintenance of state highways attributable to development in the municipality.

C.S.H.B. 3984 requires TxDOT, from the results of the study, to determine the population threshold of a municipality for which the imposition and collection of impact fees for roadway

facilities in the municipality's roadway plan is administratively feasible; viable alternatives to municipal impact fees in municipalities where the imposition and collection of impact fees is not administratively feasible; and to what extent, if any, the adoption of impact fees would alleviate the debt burden of municipalities. The bill requires TxDOT to provide the results of the study to the members of the legislature not later than September 1, 2016. The bill's provisions expire September 1, 2017.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3984 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter B, Chapter 395, Local Government Code, is amended by adding Section 395.0115 to read as follows:

Sec. 395.0115. REQUIRED MUNICIPAL IMPACT FEE; ADDITIONAL AMOUNT FOR STATE HIGHWAYS. (a) A municipality shall assess and collect an impact fee for new development in the municipality in an amount per service unit that is not less than the total of:

(1) 20 percent of the maximum amount under Section 395.015; and

(2) five percent of the per service unit cost of any projected roadway facility capital improvements that are the responsibility of the Texas Department of Transportation.

(b) On or before the fifth workday of each month, a municipality shall remit to the Texas Department of Transportation an amount equal to the amount collected by the municipality under Subsection (a)(2) in the preceding month. Money received by the department under this subsection shall be held in a special account and used only for the improvements identified in the capital improvements plan.

(c) The provisions of this chapter applicable to the use and refunding of fees collected by a political subdivision apply in the same manner to the use and refunding of amounts received by the department under Subsection (b).

SECTION 2. (a) Section 395.0115, Local Government Code, as added by this Act,

HOUSE COMMITTEE SUBSTITUTE

No equivalent provision.

No equivalent provision.

applies only to impact fees collected pursuant to a capital improvements plan adopted or updated on or after the effective date of this Act.

(b) A municipality that does not have a capital improvements plan on the effective date of this Act shall adopt a capital improvements plan not later than January 1, 2016.

No equivalent provision.

SECTION 1. Subchapter B, Chapter 395, Local Government Code, is amended by adding Section 395.0115 to read as follows:

Sec. 395.0115. STUDY OF MUNICIPAL IMPACT FEES TO PAY FOR ROADWAY FACILITIES. (a) The Texas Department of Transportation shall conduct a study to determine the feasibility of using municipal impact fees to pay for roadway facilities that are necessary due to municipal development.

(b) The Texas Department of Transportation must examine:

(1) the roadway facility needs of municipalities;

(2) the amount of debt incurred by municipalities for roadway facilities;

(3) the practicability of adopting impact fees for roadway facilities in a municipality's roadway plan, including costs associated with the imposition and collection;

(4) the potential and known effects of the imposition and collection of impact fees on local transportation needs;

(5) the potential and known effects of the imposition and collection of impact fees on the municipality's debt; and

(6) the practicability and potential effects of remitting five percent of a municipality's impact fees to the department for the construction and maintenance of state highways attributable to development in the municipality.

(c) From the results of the study the Texas Department of Transportation shall determine:

(1) the population threshold of a municipality for which the imposition and collection of impact fees for roadway facilities in the municipality's roadway plan is administratively feasible;

(2) viable alternatives to municipal impact fees in municipalities where the imposition

and collection of impact fees is not administratively feasible; and

(3) to what extent, if any, the adoption of impact fees would alleviate the debt burden of municipalities.

(d) The Texas Department of Transportation shall provide the results of the study to the members of the legislature not later than September 1, 2016.

(e) This section expires September 1, 2017.

SECTION 3. This Act takes effect September 1, 2015.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.