

TML LEGISLATIVE UPDATE



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TML Municipal Policy Summit Establishes Priorities for Upcoming Legislative Session

Texas city officials gathered earlier this week to discuss legislative priorities for the 88th Texas Legislative Session. The Municipal Policy Summit met to discuss the needs of Texas cities and its residents and developed TML's legislative program. The work of the summit will be approved by the TML membership at the Annual Conference in October during the annual business meeting. The report of the summit can be found [here](#).

The League issued the following press release.

City Leaders Gather from Across Texas to Establish Legislative Priorities for the Upcoming 88th Texas Legislature

Members recommended issues that uphold good governance models, such as investing in reliable resources for infrastructure, expanding economic development opportunities, bridging the digital divide, and increasing rural broadband connectivity.

The Texas Municipal League (TML) hosted their annual Policy Summit with two full days of discussion on priorities that cities deem crucial in looking ahead to the future, which included economic development, long term infrastructure investment, and broadband access. Local leaders joined together from their respective cities across the state to discuss legislative priorities for the 88th Texas Legislative Session.

“This gathering provides our membership an opportunity to share best practices and discuss challenges they experience in their communities. These leaders provide TML the vision of where to focus through the legislative session,” said Bennett Sandlin, executive director of TML. “Texas is diverse, and that diversity is what makes our state so special. But there are numerous challenges that every community experiences in some way. Our goal is to empower these local leaders to better serve their citizens. The Texas Municipal League is committed to advocating on behalf of our members and their communities and collaborating with legislative leaders to make Texas stronger together.”

Connie Schroeder, chair of the TML Policy Summit and mayor of Bastrop, said “It was an honor to preside over this meeting filled with conversations amongst leaders from Texas cities of all sizes. While the populations may vary, each member city can be confident in their contribution to the creation of TML’s agenda for the next legislative session.”

District Court Preliminarily Rules in Plaintiff Cities’ Favor in Internet Sales Tax Sourcing Litigation

Updating [previous Legislative Update articles](#), a district court judge has preliminarily sided with six cities that are challenging the sales tax sourcing rule on internet orders adopted by the comptroller in 2020. In an August 10 [letter ruling](#), the judge found (among other things) that, in adopting the rule in question, the comptroller’s office failed to comply with proper administrative procedure.

The ruling remanded the internet order provision located in [34 Texas Administrative Code Sec. 3.334\(b\)\(5\)](#) (“Orders not received by sales personnel, including orders received by a shopping website or shopping software application. Effective October 1, 2021, these orders are received at locations that are not places of business of the seller”) to the comptroller’s office for “revision or readoption through established procedures within a reasonable time.” As it stands now, the internet order provision remains inoperative.

It is unclear at this point how the comptroller’s office will proceed. The League will continue to monitor and provide updates if the rule is re-proposed.

Comptroller's Database on Chapter 380 Economic Development Agreements Now Online

Last week, the comptroller's office made available a new [searchable database](#) for Chapter 380 agreements. The online database was created by the passage of [H.B. 2404](#), which requires the comptroller to create and make assessable an online database that contains information on city and county economic development agreements. Cities were required to submit information on all existing 380 agreements earlier this year to the comptroller.

The database contains agreements that are or were active as of September 1, 2021, when H.B. 2404 went into effect, as well as agreements that have been entered into, amended, or renewed since then.

House and Senate Committee Interim Hearings

The Texas House and Senate Committees are underway studying interim charges outlined by Speaker Phelan and Lt. Governor Dan Patrick.

Below is a full list of committee hearings set to hear certain city-related charges. All hearings will be held at the Texas Capitol unless otherwise indicated. If a committee has newly posted notice and was not included in last week's edition of the *Legislative Update*, it is indicated as such.

House Committee on Ways and Means

The committee will meet on Thursday, September 8 at 11:00 a.m. to hear the following interim charges:

Actively oversee associated rulemaking and agency actions to ensure the intended legislative outcome of:

- [H.B. 2404](#), relating to creating and maintaining a database of information regarding certain local economic development agreements; and
- [S.B. 2](#) (86R – The Property Tax Reform and Transparency Act of 2019) and related tax reform legislation passed by the 87th Legislature, including [H.B. 1869](#), [H.B. 2429](#), [H.B. 2723](#), [S.B. 1438](#).

The committee has invited TML staff to testify on the charges above.

Study Texas' property tax appraisal system and make appropriate recommendations to improve the appraisal system. The study should include:

- Assessing the accuracy of appraised values and operational effectiveness of appraisal districts;

- Evaluating methods of selected chief appraisers, appraisal review boards, and appraisal district directors;
- Evaluating existing appraisal protections for taxpayers and ease of taxpayer participation in the appraisal process; and
- Conduct a comprehensive review of not renewing Chapter 313, Tax Code. Evaluate tax incentives offered by other states and make recommendations for incentivizing manufacturers and other capital-intensive businesses to locate to Texas.

Information on the hearing, including how to register and submit electronic comment, can be found [here](#).

House Committee on State Affairs and Committee on Energy Resources

The two committees will meet jointly on Tuesday, September 13 at 10:00 a.m. to hear the following joint interim charge:

Monitor the agencies and programs under the Committee’s jurisdiction and oversee the implementation of relevant legislation passed by the 87th Legislature. Conduct oversight of all associated rulemaking and other governmental actions taken to ensure the intended legislative outcome of all legislation, including the following:

- [S.B. 3](#), relating to preparing for, preventing, and responding to weather emergencies and power outages.

Information on the hearing, including how to register and submit electronic comment, can be found [here](#).

Mandated Cybersecurity Training and Reporting Due Wednesday, August 31

Cybersecurity training is mandated by Texas Government Code Section 2054.5191 for city employees, elected officials, and appointed officials who have access to a local government computer system or database and use a computer to perform *at least 25 percent* of their duties. The training must be certified by the Texas Department of Information Resources (DIR). Cities must certify their compliance by **August 31, 2022** by using the [Cybersecurity Training Certification for State and Local Governments](#) form.

The Texas Municipal League Intergovernmental Risk Pool (TML IRP) has three DIR-certified options available free of charge. TML IRP’s free cybersecurity training program can be assessed [here](#). Other DIR-certified training programs are listed on the agency’s [website](#).

DIR has developed an optional tool, Texas by Texas (TxT), for cities to track compliance of individual employees and officials training compliance. For any city using TxT, employees will report their training completion, and DIR will send reporting from the TxT application to each city

to verify training compliance. Interested cities must submit the [Texas by Texas Self Reporting Form](#).

More information on training requirements can be found [here](#).

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