




89th Legislative Session

5/15/2025

TEXAS BUDGET



- Texas has \$194.6 billion in general revenue to fund the state in the 2026-27 biennium (up from \$188.2B in 2024-25).
- Texas has total \$83.3 billion surplus
 - Carryforward Balance - \$23.8 billion
 - Revenue surplus for FY26-27 - \$31 billion
 - Rainy Day Fund balance - \$28.5 billion
- Spending limit is set at 8.93 % which allows lawmakers to spend only **\$9.8 billion** of this surplus.
- **Budget Bill is the only bill constitutionally required to pass during a session**
- The budget alternates every session between a House bill and Senate bill. This session, the budget is **Senate Bill 1**.
- Negotiations continue on a compromise budget bill between the House and Senate. **The budget must pass by June 1 or there will be a special session.**

Budget Bill Highlights (SB 1)



SB 1 is still in negotiations, but these are the settled highlights thus far:

Property Tax Relief

- \$3 billion to raise the homestead exemption from \$100,000 to \$140,000
- \$500 million to provide tax relief to businesses

Public Education

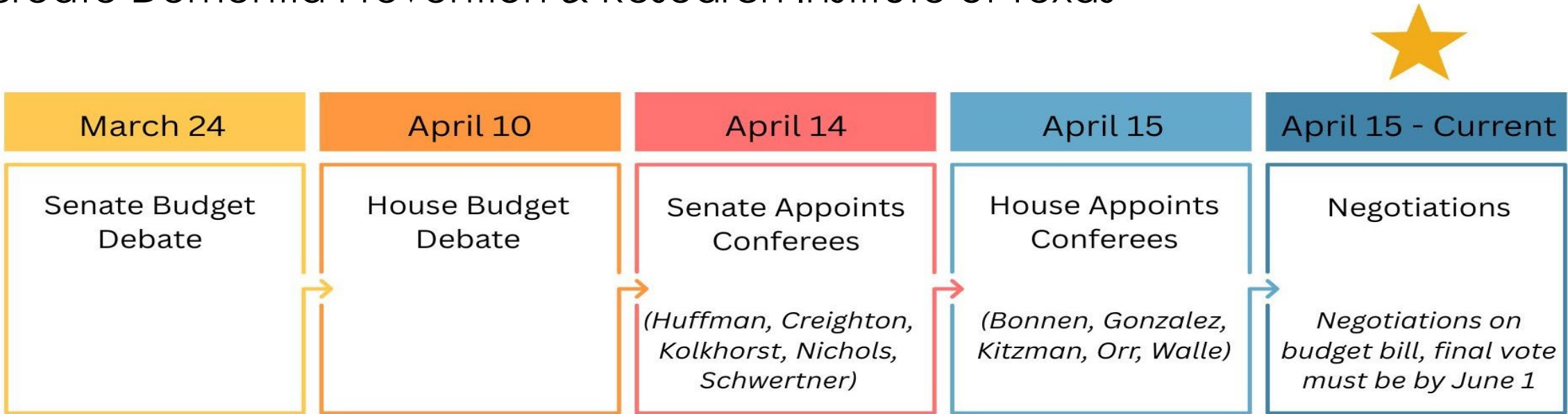
- \$1 billion for education savings accounts

Water

- \$1 billion a year to create new water sources and repairing aging infrastructures

Health & Human Services

- \$3 billion to create Dementia Prevention & Research Institute of Texas



Bill Filing



- Friday, March 14, was the last day to file legislation for the 89th legislative session.
- This year, **8,897 bills** and 157 resolutions were filed —5,902 in the Texas House of Representatives and 3,152 in the Texas Senate.
- **1,031 more bills** were filed this session than last.
- In the **House, Republicans authored 3,457 pieces** of legislation and **Democrats authored 2,440**. In the **Senate, Republicans authored 1,879 pieces** of legislation and **Democrats authored 1,268**.
- Representative Ryan Guillen (R-Rio Grande City) authored the most pieces of legislation with **137 bills** and Senator Bryan Hughes (R-Mineola) filed the most in the Senate with **206 bills**.
- This is the **most bills filed in the history of the Texas legislature**, beating the previous high by 585 bills.

Bill Update



- Thus far, approximately **42% of legislation** filed have received a hearing, **2%** have passed both the House and the Senate and **.4%** of filed bills have been signed by the Governor.
 - 3797 bills have received hearings
 - 3014 bills have passed a committee
 - 209 bills have passed both chambers and sent to Governor
 - 35 bill signed by Governor
 - 0 bills vetoed

- McAllen tracking **971 bills** (TML tracking 506 bills)
 - 493 tracked bills have received hearings
 - 381 tracked bills have passed a committee
 - 20 bills have passed both chambers and sent to Governor
 - 1 bill signed by Governor
 - 0 bills vetoed

GOVERNOR EMERGENCY ITEMS



- **Property Tax Relief**

- Allocate at least \$10 billion for property tax relief
- Speed up tax rate compression to lower school district M&O tax rates
- Eliminate local taxing authorities' loopholes by requiring 2/3 voter approval for all tax increases
- Increase the business personal property tax exemption to \$100,000 to support small business
- Require all local bond issues and tax rate elections to be held on the November ballot and be approved by 2/3 of the voters

- **Texas-Size Investment in Water**

- Make a one-time investment in water and dedicate \$1 billion a year for 10 years to tap into new water supplies and repair existing pipes
- Invest in new water supply strategies like desalination and move water from areas of abundance to areas of need
- Invest in existing programs to ensure rural Texas has necessary resources to maintain existing water supply systems
- Create long-term dedicated funding stream to invest in critical water infrastructure

- **Teacher Pay**

- Increase teacher salaries through a direct appropriation
- Invest \$750 million to expand Teacher Incentive Allotment
- Waive fees for certification in special education and bilingual education
- Help mitigate costs for districts that hire retired teachers
- Invest in Teacher Residencies, Apprenticeships and Grow Your Own Programs
- Increase Mentor Program Allotment
- Fund a statewide marketing campaign to recruit more teachers
- Collect data regarding teacher retention and recruitment

- **Expanding Career Training**

- Expand high-demand career training programs by increasing funding
- Increase funding for the Rural Pathways Excellence Partnership program
- Provide career and technical education funding for students enrolled in JROTC
- Improve career advising and provide funding for career readiness assessments
- Invest in strategies to ensure students enter high school proficient in math

- **School Choice**

- Establish an Education Savings Account with universal eligibility and appropriate \$1 billion for the program
- Ensure participation is voluntary
- Increase public school choice opportunities by increasing funding for open-enrollment charter schools, expand virtual education, and improve access to inter-and intra-district transfers

- **Bail Reform**

- Require judges to deny bail for violent offenders
- Require that bail be denied if an offender is accused of capital murder or a sexual offense of a child

- **Cyber Command**

- Texas Cyber Command will be headquartered at the University of Texas at San Antonio and will work to strengthen and safeguard the state's critical infrastructure from hackers and foreign actors.

LT. GOVERNOR 40 PRIORITIES



- SB 1 – Senate’s Budget for Texas
- SB 2 – Providing School Choice
- SB 3 – Banning THC in Texas
- SB 4 – Increase Homestead Exemption to \$140,000 (\$150,000 seniors)
- SB 5 –Establishing Dementia Prevention & Research Institute of Texas
- SB 6 – Increasing Texas’ Electric Grid Reliability
- SB 7 – Increasing Investments in Texas’ Water Supply
- SB 8 –Local Law Enforcement Assist Federal Deportation Efforts
- SB 9 – Reforming Bail – Keeping Violent Criminals Off Our Streets
- SB 10 – Placing the Ten Commandments in School
- SB 11 – Protecting the Freedom to Pray in School
- SB 12 – Establishing a Parental Bill of Rights in Public Education
- SB 13 – Guarding Against Inappropriate Books in Public Schools
- SB 14 – Texas DOGE – Improving Government Efficiency
- SB 15 – Removing Barriers to Affordable Housing
- SB 16 – Stopping Non-Citizens from Voting
- SB 17 – Stopping Foreign Adversaries’ Land Grabs
- SB 18 – Stopping Drag Time Story Hour
- SB 19 – Stopping Taxpayer Dollars for Lobbyists
- SB 20 – Stopping AI Child Pornography
- SB 21 – Establishing the Texas Bitcoin Reserve
- SB 22 – Establishing Texas as America’s Film Capital
- SB 23 – Removing the Cap on the Rainy Day Fund
- SB 24 – Educating Texas Students on the Horrors of Communism
- SB 25 – Making Texas Healthy Again
- SB 26 – Increasing Teacher Pay
- SB 27– Establishing a Teachers Bill of Rights
- SB 28–Banning Lottery Couriers
- SB 29–Incorporate Texas
- SB 30–Curbing Nuclear Verdicts
- SB 31–Life of the Mother
- SB 32– Business Tax Relief
- SB 33–Stopping Taxpayer Funded Abortion Travel
- SB 34–Wildfire Response
- SB 35–Competing for Quality Roads
- SB 36– Establish DPS Homeland Security Division
- SB 37–Reforming Faculty Senates
- SB 38–Stopping Squatters
- SB 39– Protecting Texas Trucking
- SB 40 –Bail Reform

House Priorities



- **Speaker Burrows reserved 150 spots for priorities.**
- **Top priorities are school choice, water funding, property tax relief, wildfire mitigation and school funding**

Bills of Support



[**SB 7**](#) – creates the Texas Water Fund Advisory Committee to oversee the Water Fund structure and amends the eligible uses for the New Water Supply for Texas Fund.

- Passed Senate and House Committee

[**SCR 13**](#) – urges the federal government to take appropriate action to ensure that Mexico complies with the 1944 Treaty regarding water resources.

- Sent to Governor.

[**SB 1173**](#) – raises certain expenditure thresholds requiring a competitive bidding process for contracting by certain governmental entities, including school districts, emergency services districts, municipalities, counties, hospital districts or authorities, housing authorities, mass transit and certain other agencies or instrumentalities of governmental entities, from \$50,000 to \$100,000.

- Sent to Governor.

[**HB 5431**](#) – a city that elects one or more members of its governing body at-large, including the office of mayor, is not required to hold an election for those positions following apportionment unless the term of office of the at-large member or mayor would otherwise expire under applicable law.

- Passed House.


[**HB 2512**](#) – provides that the following areas in a city's extraterritorial jurisdiction (ETJ) area not subject to release from the city's ETJ by resident- or voter-initiated petition or election process: 1) area subject to a development agreement entered into with a municipality with a population of more than 900,000, regardless of the population of the municipality when the agreement was entered into; 2) area in a platted or unplatted lot of less than 12 acres, unless included with other land in a petition for release; or 3) area within a platted subdivision of 25 or more lots if the area was a single lot. This bill was bracketed to only the City of Fort Worth on the House floor.

- Passed House.

[**HB 3112**](#) – establishes that a governmental body is not required to conduct an open meeting to deliberate cybersecurity measures, policies, or contracts relating to the protection of critical infrastructure and exempts certain cybersecurity information from the public information law.

- Passed House and waiting for Senate committee hearing.

Bills of Interest



Open Government

[**HB 111**](#) – amends the Public Information Act (PIA) in various ways including limiting attorney-client privilege standards for government entities. The bill subjects nonprofit state associations comprised of local governments to PIA's.

- Passed House and waiting for Senate committee hearing

Land Use

[**HB 23**](#) - requires cities to allow for a third-party review and inspections for developments in lieu of city review and inspections.

- Passed out of the House

[**SB 840**](#) –allows mixed-use and multifamily developments in non-residential areas and prohibits a city's ability to regulate the development in certain ways. The bill applies to cities with a population greater than 150,000 that is located wholly or partly in a county with population greater than 300,000.

Passed out of House committee.

[**SB 15**](#) – caps minimum lot size for greenfields (unplatted property of five acres or more) and creates zoning restrictions for small lots (4000 sq feet and under). The bill applies to cities over 150,000 in population located wholly or partly in counties with a population of more than 300,000.

- Passed out of Senate and House committee


[**SB 1844**](#) – allows a property owner to petition for disannexation if the property owner is not connected to the city's water and wastewater systems if any other area in the city is connected to the city's water and wastewater systems. The bill is limited to areas next to a navigable waterway that do not receive either water or wastewater services from the city — but only if the city provides those services to a different area within the city.

- Sent to Governor

[**SB 2523**](#) –allows for a municipal ETJ to be reduced via a petition or election filed in compliance with Subchapters D or E of Chapter 42, Local Government Code. S.B. 2523 also clarifies that an area subject to a removal petition may only include parcels for which the owner or owners have an ownership interest and requires a municipality to provide notice to all area residents if the municipality receives a removal petition. Finally, S.B. 2523 allows a landowner to opt out of any removal efforts before an area is released from a municipal ETJ.

- Sent to Governor

Bills of Interest



Debt

[**SB 533**](#) – requires any election for issuing bonds, incurring debt or increasing taxes must be held on November uniform election day.

- Passed Senate and waiting for House committee hearing

[**SB 1024**](#) –creates a five-year waiting period for authorizing a certificate of obligation and tax anticipation note if a bond proposition to authorize bonds for the same purpose failed to be approved by the voters. As amended, the bill would also prohibit the issuance of an anticipation note if the amount of the note is greater than five percent of the issuer’s total outstanding bonded indebtedness. Passed the Senate.

- Passed Senate and Heard in House committee hearing.

Preemption

[**SB 2858**](#) –expands the reach of the city preemption bill from 2023 – H.B. 2127 – to preempt any city ordinance regulating conduct in a field of regulation that is occupied by a provision of the Election Code, Penal Code, or Health and Safety Code. Additionally, the bill would authorize the attorney general to bring an action against a city for adopting or enforcing an ordinance preempted under S.B. 2858 or H.B. 2127 (2023). During the pendency of an action brought by the attorney general, a city could not receive any sales tax revenue, could it adopt a tax rate exceeding the no-new-revenue tax rate, could not adopt a budget exceeding the total expenditures of the budget the city was operating under at the time the lawsuit was filed, and could not receive state grant funds. If the city did not prevail in the suit, the city would lose all sales taxes withheld from the city during the litigation, and the city could not adopt a tax rate exceeding the no-new revenue tax rate or receive state grant funds for five years.

- Left pending in House committee.

[**SB 3016**](#) - unless expressly authorized by another statute, a city or county may not adopt, enforce, or maintain a land use ordinance, order, or rule regulating conduct in a field of regulation that is occupied by a provision in Chapters 41 through 43 and Chapters 211 through 250 of the Local Government Code. The bill allows the attorney general to investigate an alleged violation and bring action against the city for adopting or enforcing an ordinance that is preempted under the bill or H.B. 2127 from 2023. Penalties associated with an attorney general lawsuit include withholding sales taxes from the city, and limiting city property tax rates to the no-new-revenue rate.

- Passed Housed and waiting for Senate committee hearing.

What's Left?

- **Finish the Budget**
- **Bail Reform (SB 9)**
- **Teacher Pay/School Finance (HB 2)**
- **Regulating Hemp (SB 3)**

IMPORTANT DATES

- Tuesday, May 28 – Last day for House & Senate to Pass Bills
 - Monday, June 2, 2025 - Sine Die, Last Day of Session
 - Sunday, June 22, 2025 - Last day Governor can sign or veto bills
-

