THE · CITY · OF
COPPELL
TEXAS · 1890

MEMORANDUM

To: Mayor and City Council

From: Calie Willis, Chief of Strategic Relationships

Date: July 28, 2026

Reference: Discussion regarding the City's Legislative Platform and Priorities for the upcoming 90th Legislative Session

2040: **Sustainable Government**

Introduction:
Staff requests City Council provide direction on the City's proposed Legislative Platform and Legislative Priorities for the upcoming 90th Texas Legislative Session. Prior to Council discussion, the City's legislative consultant will provide a recap of the 89th Legislative Session, discuss anticipated issues for the 90th Legislative Session, and identify emerging legislative trends.

A draft Legislative Platform is attached for Council's review. The draft incorporates policy topics discussed by Council since the conclusion of the 89th Legislative Session, as well as relevant items carried forward from the 2025 Legislative Agenda.

Staff requests Council provide direction on:

- Policy positions to include in the Legislative Platform;
- Which issues should be designated as the City's Legislative Priorities; and
- The relative priority of those issues for legislative advocacy.

Following Council's discussion, staff will incorporate Council's direction and present the final Legislative Platform and Legislative Priorities for formal adoption at the August 11, 2026, City Council meeting. Once adopted, the documents will be distributed to Coppell's legislative delegation and advocacy partners in preparation for the 90th Legislative Session.

Background:
The City's legislative advocacy program is guided by two complementary documents that serve different purposes.

The Legislative Platform is the City's comprehensive policy document. It identifies the legislative issues the City supports or opposes and provides the supporting rationale, background, and potential impacts to Coppell. Developed during the legislative interim, the Platform is shared with legislators and regional partners as they develop their own legislative agendas and priorities.

The Legislative Priorities are a concise summary of the Platform that highlights the City's highest advocacy priorities. During the legislative session, this document serves as a quick-reference guide for legislators, staff, and advocacy partners when discussing legislation, providing testimony, or communicating the City's position on filed bills. Together, the Platform and Priorities establish the foundation for Coppell's legislative advocacy efforts.

Since the conclusion of the 89th Legislative Session, Governor Abbott, Lieutenant Governor Patrick, and Speaker Burrows have released their interim charges and policy priorities, providing an early indication of issues likely to be considered during the 90th Legislative Session. Major policy areas include property tax reform through expanded homestead exemptions, reduced property tax revenue caps, and potential expenditure caps for local governments. Additional legislative focus areas include data center development, economic development, and permitting reform.

Benefit to the Community:
The Legislative Platform and Priorities establish a clear advocacy framework that enables the City to effectively communicate Council's policy positions to legislators and partner organizations. This coordinated approach helps ensure state legislation reflects the interests of the Coppell community and supports the City's ability to provide high-quality municipal services.

Legal Review:
N/A

Fiscal Impact:
N/A

Recommendation:
Staff requests City Council provide direction regarding the proposed Legislative Platform and Legislative Priorities. Based on Council's direction, staff will prepare the final documents for formal consideration and adoption at the August 11, 2026, City Council meeting.

CITY OF COPPELL
2025 LEGISLATIVE PRIORITIES

Sales Tax Sourcing Legislation – The City of Coppell opposes shifting from origin-based to destination-based sales tax sourcing. Coppell has a longstanding economic development policy designed to attract business-to-business and warehouse users. This is consistent with our geographic location and complements surrounding communities and the region. Over the years, The City of Coppell has worked with the Comptroller, other cities, and the business community to develop a respected compromise structure for origin sourcing for storefront and warehouse distribution center sales that were overwhelmingly adopted by the Legislature and supported by the majority of municipal governments.

A shift from origin to destination-based sales tax sourcing in Texas would reverse 50 years of sales tax administration and treatment. Meaning, that generations of decisions were made to support the types of land uses and businesses that our location has now turned into nearly 29 million square feet of business space. A change to destination sourcing would result in the loss of millions of dollars in revenue annually from Coppell and disperse those dollars to municipalities across the state in de-minimus amounts barely noticeable by the receiving entity, but at a tremendous cost to Coppell and other communities such as Round Rock, Carrollton, DeSoto, and Humble, to name just a few.

Destination sourcing takes sales tax remittances from businesses in Coppell and directs those dollars to municipalities that have no support for the business that generated the tax. This is most directly felt in business-to-business taxable transactions. It is our location, not incentives, that has worked to serve the growing North Texas economy and Metroplex region.

Sales Tax Sourcing can be a very confusing issue and tinkering with carefully vetted statue could lead to many unintended consequences. We have seen that happen with the consequences of the Comptroller's Rule 3.334 adoption that "reinterprets" the sourcing statute that hasn't changed in over a decade. Most cities do not know what will happen to them if either sales tax sourcing in Texas is changed to destination-based from origin-based or the national Streamline Sales Tax Initiative is adopted.

Texas has long been an origin-based sales tax state. Cities have intentionally designed their economic development, community development, and other programs following this longstanding sourcing law.

1. Many communities, Coppell included, have revenue bond indebtedness that relies on current law and resulting revenues to make the debt service payments. The move to destination-based sales tax collection would devastate some and certainly harm all such cities.
2. Roads, infrastructure, and public safety decisions have all been made with our business community as our partner, and as a result of their successes, the City of Coppell has been able to provide excellent services.

3. Without the Comptroller's office conducting any analysis on the impact of such a change in sourcing, the new statutory interpretation in adopted Rule 3.334, could potentially

obliterate business-to-business transactions in the State of Texas as the vast majority of them are primarily carried out with no salesperson involved in the transaction. This massive generational change could negatively impact the citizens of Coppell for decades to come.

Amendment to Chapter 327 Municipal Sales and Use Tax for Street Maintenance – Coppell **supports** amending Chapter 327 street maintenance sales tax to allow cities voter-approved authorization for up to 10 years.

Hotel Occupancy Tax Revenues for Park Improvements – Coppell **supports** permitting municipal HOT revenue for city park improvement projects

Property Tax Caps – The City of Coppell **opposes** implementing ad valorum property tax caps.

The well-documented and undeniable property tax inequities that occur because of these types of measures alone should be reason enough to oppose this type of legislation. In addition, these types of measures that have been adopted in other states have severely limited the ability of municipalities and counties to maintain infrastructure, programs, and services, the very things that the public expects from its government.

Property tax caps have known unintended consequences that result in major inequities over time regarding the property taxes paid by different individuals in similarly situated homes.

1. Legislation already exists that empowers the citizens to limit the growth in taxes through SB2 and no new revenue and voter approval laws.
2. While nobody really likes property taxes, much of the tax revenue in growing and mature communities is used to operate and maintain facilities, roads, parks, and services that were previously voter-approved – it does no good to build the fire station, and not staff it, no good to build the library and not equip it.
3. At the end of the day, locally elected Mayors and City Council Members listen to their citizens and know what is best for their respective communities.
4. Cities and counties are not the reason why property taxes are high in Texas. The reason is the WAY the State of Texas underfunds schools. Cities and counties are about 20% each and the schools' district property taxes are approximately 50% to 60% of a property tax bill depending upon where you live.

Revenue Caps – The City of Coppell **opposes** changing municipal revenue generation or requiring voter approval for revenue increases.

Voter approval of the budget actions of the Mayor and City Council is accomplished each time a member of the Council seeks re-election. The above discussion regarding property tax caps is similar to how this type of measure also limits the ability to maintain needed infrastructure, programs, and services.

1. Texas municipalities are already a major state funding source. Cities and counties receive virtually no state funding. Texas is one of only a few states that treat cities and

counties in this manner.

2. Cities and counties are the economic generators for the state and if their ability to raise local revenue is capped, they will not be able to offer tax abatements to attract new businesses into the state. When that happens, the Texas economy will begin to decline, and we will be just like every other state in this country.
3. Leave our revenues alone; we do not want to find ourselves in the same position as independent school districts in our state, that being underfunded.
4. The growth of revenues, other than property taxes, provides the opportunity to keep property taxes from rising.
5. Simple formulas that cap revenue growth on inflation and population growth do not work. The implementation of a major program, such as a new recreation facility, fire station, library, etc., often is much more expensive than the revenue growth from one year that would fund based on the previous year's population growth and inflation.
6. Any bill requiring voter approval of an increased level of revenue is fraught with problems due to the budget adoption cycle for Texas municipalities and the now limited number of dates that a municipality can hold an election.
7. At the end of the day any discussion regarding the belief that overall taxation in Texas is too high is failing to recognize that we have no income tax, something that we all agree is a bad addition to the tax revenue tool chest. Texas in fact has one of the lowest overall tax burdens in the entire country.
8. The problem is SCHOOL TAXES. They are up to 60% of a tax bill and if you are a Chapter 41 school district like CISD, local taxpayers send money to the State. The State has historically underfunded schools, and they are trying to divert the attention from the real problem and make it someone else's.
9. Not only does a lower no-new revenue rate not produce significant property tax relief, but the cumulative effect would also be to reduce funding for everything the City provides.

Local Decisions – The City of Coppell expressly **opposes** limiting municipalities' local decision-making in governance, finance, and community interests behalf of the communities we serve. It is often said that the best government is that which is closest to the people. There is no level of government effort closer to the public than locally elected officials who represent municipalities and other local political subdivisions. What works for one municipality does not necessarily work in another. The locally elected Mayors and City Council members are best suited to make decisions on behalf of their respective communities.

1. Preemption of city regulation on numerous items is a red herring argument.
2. There is **no support** for restricting professional associations from advocating for the community to government.
3. Cities have and do regulate many things that are municipal and specific to their respective community culture and desire.
4. Cities have not overreached to regulate things they were not authorized to do. When proven otherwise, regulation is overturned without the need for bad legislation.
5. The "liberty" argument is hollow, particularly when voters approve measures they believe are in their best interest.
6. Voters can speak for themselves. The ability of cities to create clear ballot language and maintain uniform election dates ensures consistent voting practices. Locally elected representatives know best what their respective communities desire.

7. Local decisions should be left to local representatives.
8. Get this one thing right and many of the other issues go away.

Expenditure Limitations – Coppell **opposes** restricting Mayors and City Councils from adopting budgets or requiring voter approval for spending.

The City of Coppell employs a very open budgeting process during which there are multiple opportunities for the citizens to participate. Texas citizens are protected by SB2 and no new revenue and voter approval provisions. Once again, voter approval of the actions of the Mayor and City Council is accomplished each time they seek re-election.

1. Whenever the state passes along an unfunded mandate it causes local property taxes to go up. That is why the state per capita tax burden is so low. It is because the state passes along so much of the burden to the local governments.
2. Communities should be left to decide for themselves the level of funding they deem appropriate, and they do this by participating in community visioning processes, budget processes, voting on capital improvements
3. Formulas that allow for the growth in debt service funding but not operations and maintenance funding to requisite levels to program and maintain the capital improvements are counterintuitive. Once again, it does no good to build it, even if voters approve if the revenues that are necessary to operate and maintain the improvement are not available.
4. Any bill requiring voter approval of an increased level of expenditure is fraught with problems due to the budget adoption cycle for Texas municipalities and the now limited number of dates that a municipality can hold an election.

Building Materials – Coppell **supports** repealing or amending HB 2439, restoring cities' authority to regulate building materials.

Short-Term Rentals – The City of Coppell **supports** protecting neighborhoods by regulating short-term rentals, requiring owner-occupancy, and limiting rental terms. This legislation would preserve local decisions with regard to protecting neighborhood integrity including the allowance of the Comptroller to collect the city's portion of the tax, and to include the provision requiring the STR operator to be owner-occupied, and to require the home to be available on a limited portion or intermittent basis, and to require a short-term rental to obtain specific use permit to regulate the terms and conditions of such occupancy.

Alcoholic Beverage Sales – Coppell **opposes** easing restrictions on alcohol sales near schools, parks, and churches.

The community of Coppell has been built with families in mind. Our school system is one of the best in Texas. We have a very strong faith-based community, and our municipal programs offer great kid-centric services to our families. Our ability to ensure safe and appropriate environments for these segments of our community is vital.

1. Leave these types of issues to the locally elected Councils to decide.
2. Current rules seem to be serving well.

Education Funding – The City of Coppell **supports** efforts that would completely fund education from state revenue funds that would also eliminate the amount of recapture currently required of districts such as the Coppell Independent School District. The percentage of total state funding per pupil for public education has been continually decreasing. The legislature should turn attention to developing measures that would fund education in our state.

1. While not a municipal issue on its face, the continued underfunding of public education is unacceptable and impacts residents directly.
2. Establishing an education savings account program takes even more money from public education under the guise of making it possible for the average citizen to choose private schools when the average person cannot afford private schools even with the voucher payment.
3. School choice, wherein parents could choose to send their children to any school of their choice, would overrun quality districts from a classroom space perspective while the State is funding an even less percentage of the total cost for those quality districts to remain such.
4. Additionally, state funding as a percent per pupil of the total continues to decline. State funding for public education is necessary if true local property tax relief is to be seen by property owners in Texas. Coppell implores the state to recapture the public education funds to establish sustainable living for education retirees.

Teacher Retirement – An average teacher retires on less than $1,000 a month. The last time the state conducted a cost-of-living adjustment for teachers and retirees was 16 years ago. The City of Coppell **supports** an increase in retirement funds to establish a sustainable standard of living for education retirees.

Healthcare – Coppell **supports** the modernization and increased access to healthcare, including the expansion of telehealth access and the reduction of barriers, especially regarding mental health resources, for families and first responders.

Transportation – The City of Coppell **supports** the North Texas Commission's and Regional Transportation Council's legislative agenda. Making real, meaningful progress on transportation initiatives is vital as our state continues to grow rapidly. More specifically, the DFW region continues to grow at a rate that is simply overwhelming the transportation system. The building of additional highway capacity is essential if the region is to continue to thrive as a very important economic engine for the entire State of Texas. Mass transit via rail must also become a reality on a much larger scale than currently exists as the continuation of sprawl becomes at some point unsustainable. This issue should be near the top of the priority list of items that require legislative attention.

1. The RTC and Rail North Texas initiatives are vital if the region is to maintain the economic generator status that the state needs from the north Texas area.
2. State funding for transportation projects in the Dallas/Ft. Worth area is vital.
3. Ensuring TxDOT and NTTA perform as expected is important. Make them keep their promises.
4. Fund projects with dollars as first intended. Do not co-mingle funds from one TxDOT

district with another unless the various stakeholders agree.
5. Support all tools necessary for the successful construction of transportation projects including toll roads, tolled managed lanes, design-build, concessions, and any other financing avenues available to alleviate the local taxpayer burden.

Infrastructure – Winter Storm Uri in 2021 was revealing and exposed relaxed maintenance practices impacting communities across the state both physically and financially. Coppell **supports** the strengthening of the electric grid to ensure dependability, reliable resources, and consistent usage to serve the needs of Texas for future demands.

Broadband and Smart Cities – The City of Coppell **supports** the legislature in efforts to incentivize and recognize the importance of broadband, smart cities, and the application of technology solutions through grants, awards, and other means. Texas should encourage the deployment of and assist whenever possible, cities' efforts to modernize. The legislature in developing a statewide strategy must, however, recognize that there is no one size fits all solution as cities are ultimately responsible for their citizens' desires. Additionally, local governments should receive market value for private for-profit companies' utilization of public property and public right-of-way.

Oil and Gas Wells – Coppell **supports** any efforts that would provide municipalities more ability to control the site of oil and gas wells as they relate to residential developments, any occupied buildings, and environmentally sensitive areas such as creeks, rivers, and drainage ways.

The proliferation of gas wells in the North Texas area has created concern regarding their proximity to residences, schools, parks, other occupied buildings, and environmentally sensitive areas. The City of Coppell **supports** the expansion of our ability to apply greater distance requirements, noise mitigation standards, and other control measures deemed necessary to protect our citizens from the problems caused by the gas exploration and production process. The associated air quality that has been well documented is also very important.

1. The exploration of the Barnett Shale in north Texas has led to much discussion regarding how communities can protect their citizens and business communities from the harmful effects of the drilling and operation of gas wells.
2. The rights of these companies to locate pipelines virtually any place they please is a frightening proposition.
3. Texas cities are to some degree severely hampered to regulate these activities due to current state law.
4. It appears that urban drilling was not contemplated when the legislation was passed. If it was contemplated, it was not done so effectively.

Housing Finance Corporations - The Texas Housing Finance Corporations Act provides that the authority granted by the Act to create tax exempt housing does not apply within a municipality with more than 20,000 inhabitants as determined by the housing finance corporations' rules. Coppell **supports** amending statutes to clarify housing finance corporations' authority to remove properties from tax rolls.

<u>Adverse Possession</u> – Coppell **supports** legislation that creates an offense when an occupying party stays and/or claims residence without the lawful permission of the property owner.

Suggested Additions for 2027 Legislative Platform

Public Meeting Decorum

Support legislation providing municipalities with clear statutory authority to adopt and enforce reasonable time, place, and manner restrictions during citizen comment periods while preserving constitutional free speech protections. Such legislation should provide local governments the ability to address repeated or egregious disruptive conduct and maintain orderly public meetings.

Electric Bicycle Regulation

Support legislation authorizing municipalities to regulate or prohibit electric bicycles on sidewalks, shared-use paths, trail systems, and other pedestrian facilities, including authority to distinguish e-bikes from traditional bicycles where necessary to protect public safety.

Municipal Budget Timeline

Support legislation amending Section 102.005 of the Texas Local Government Code to reduce the required posting period for proposed municipal budgets from 30 days to 21 days, allowing cities to publish budgets based upon certified appraisal values and official No-New-Revenue and Voter-Approval Rate calculations.

Data Center Development

Support legislation that provides a balanced framework for data center development by encouraging economic investment while ensuring communities have adequate infrastructure capacity, utility reliability, local zoning authority, and cost recovery mechanisms necessary to support large-scale facilities.

Property Tax Reform

Support meaningful property tax relief that does not impair municipalities' ability to provide essential public services or shift costs to other taxpayers. Oppose additional reductions to municipal revenue authority, expenditure caps, or other fiscal limitations that reduce local decision-making or fail to address the primary drivers of property tax burdens. (This complements the existing Property Tax Caps, Revenue Caps, and Expenditure Limitations sections rather than replacing them.)

Building Permit Reform

Support efforts to improve the efficiency and predictability of the development review and permitting process while preserving municipal authority to enforce building codes, protect public safety, and ensure infrastructure capacity.

THE · CITY · OF COPPELL TEXAS · 1890

2025 LEGISLATIVE PRIORITIES

City of Coppell, Texas • 75019

- ✓ Amending Chapter 327 street maintenance sales tax to allow cities voter-approved authorization for up to ten years
- ✓ Permitting municipal HOT revenue for city park improvement projects
- ✓ Repealing or amending HB 2439, restoring cities' authority to regulate building materials
- ✓ Protecting neighborhoods by regulating short-term rentals, requiring owner-occupancy, and limiting rental terms
- ✓ North Texas Commission's and Regional Transportation Council's legislative agenda
- ✓ Amending statutes to clarify housing finance corporations' authority to remove properties from tax rolls

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2025 LEGISLATIVE PRIORITIES

City of Coppell, Texas • 75019

- ✗ Shifting from origin-based to destination-based sales tax sourcing
- ✗ Implementing ad valorem property tax caps
- ✗ Changing municipal revenue generation or requiring voter approval for revenue increases
- ✗ Limiting municipalities' local decision-making in governance, finance, and community interests
- ✗ Restricting professional associations from advocating for the community to government
- ✗ Easing restrictions on alcohol sales near schools, parks, and churches
- ✗ Restricting Mayors and City Councils from adopting budgets or requiring voter approval for spending