

**State of Texas
County of Bexar
City of San Antonio**



**Meeting Minutes
City Council B Session**

Council Briefing Room
City Hall
100 Military Plaza
San Antonio, Texas 78205

2023 – 2025 Council Members

Mayor Ron Nirenberg

Dr. Sukh Kaur, Dist. 1 | Jalen McKee-Rodriguez, Dist. 2
Phyllis Viagran, Dist. 3 | Dr. Adriana Rocha Garcia, Dist. 4
Teri Castillo, Dist. 5 | Melissa Cabello Havrda, Dist. 6
Marina Alderete Gavito, Dist. 7 | Manny Pelaez, Dist. 8
John Courage, Dist. 9 | Marc Whyte, Dist. 10

Wednesday, April 30, 2025

2:00 PM

Council Briefing Room

The City Council convened a B Session meeting in the Council Briefing Room beginning at 2:17 p.m. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Council Members present:

PRESENT: 10 – Nirenberg, Kaur, McKee-Rodriguez, Viagran, Rocha Garcia, Castillo, Alderete Gavito, Pelaez, Courage, Whyte

ABSENT: 1 - Cabello Havrda

BRIEFING ONLY

1. Briefing on the 89th State Legislative Session. [Jeff Coyle, Assistant City Manager; Sally Basurto, Director, Government Affairs]

City Manager Erik Walsh introduced Assistant City Manager Jeff Coyle who provided an update on pertinent bills filed in the 89th Texas Legislature.

Coyle stated that House Bill (HB) 19 filed by Meyer would place additional requirements on the issuance of debt and tax increases and limit the amount of debt municipalities could issue including capping local government debt service payments to 20% of tax revenue. He reported that San Antonio was already above that cap and the City would be unable to issue bonds until 2036. Coyle noted that Troy Elliott, Chief Financial Officer, testified last week that the City of San Antonio had a AAA Bond Rating and significant trust of voters and recommended changing the bill to make the cap only apply to debt not approved by voters. However, the bill had still not been charged.

Coyle reported that HB 19 would also require a November election for general obligation bonds and ad valorem tax rate increases and remove the ability to use Certificates of Obligation (CO) to build parking structures, airports, wharf/docks, judicial facilities, administrative office buildings, animal shelters, libraries, and parks. He noted that HB 19 would also prohibit the issuance of anticipation notes for five years following a failed bond election and would lower the voter election petition threshold on certificate issuance from 5% to 2%. Coyle reported that HB 19 was heard in committee and was still pending.

Coyle stated that HB 4272 filed by Harris and its companion bill in the Senate (SB) 2015 filed by Bettencourt would make municipalities pay for relocation of telecommunication utilities in roadwork projects. He offered Broadway as an example of how expensive this bill could be for the City noting that the cost to move AT&T's infrastructure on Broadway was over \$4 million, which AT&T paid. Coyle added that the HB was heard in committee and was still pending.

Coyle indicated that SB 924 filed by Hancock and its companion bill HB 2479 filed by Geren would add definitions of cable and video service in the Utilities Code that could allow for a loophole for right-of-way users to avoid franchise fee obligations. He noted that SB 924 was scheduled for a House committee hearing on May 2, 2025. Coyle added that the cost to the City would be \$7.4 million in General Fund and \$1.7 million in Public Education and Government (PEG) funding.

HB 9 filed by Meyer would increase the tax exemption for personal property assets held in a business's inventory that were used to produce income (also known as the Inventory Tax) from \$2,500 to \$250,000 and could reduce the City's revenues by approximately \$13.6 million annually, according to Coyle. He stated that another bill filed by Senator Bettencourt, SB 32, would increase the Inventory Tax exemption from \$2,500 to \$25,000 and could reduce the City's revenues by approximately \$3.4 million annually. Coyle reported that both bills had passed their respective chambers and were referred to companion chamber committees.

Coyle stated that SB 2858 filed by Creighton and HB 5203 filed by Bell would expand areas on which cities would be preempted from adopting or enforcing Ordinances related to the Elections Code, Health & Safety Code, and Penal Code. He noted that additionally, these bills would allow the Attorney General to investigate alleged violations and establish punitive revenue and tax rate measures. Coyle reported that SB 2858 had passed committee. He noted that SB 3016 filed by Creighton and HB 5612 filed by Bell would expand areas on which cities would be preempted from adopting or enforcing Ordinances to include many municipal boundaries; annexation; and regulation of land use, structures, and businesses. SB 3016 and HB 5612 included the same investigative and punitive consequences as SB 2858, according to

Coyle, and SB 3016 had passed committee.

Coyle indicated that HB 2494 filed by Craddick and SB 1844 filed by Paxton would allow individuals in any part of the City to request disannexation if the City was not providing water and wastewater services to all residents of the City. He noted that these bills were heard in committee; the HB passed and the SB was left pending.

HB 2806 filed by Lujan, regarding dangerous dog mitigation through increased designation flexibility and increased penalties for dangerous dog attacks, was heard in committee and left pending but the hearing went well according to Coyle.

Coyle stated that HB 1866 filed by Lujan and SB 2837 filed by Zaffirini would grant National Parks Services (NPS) Officers certain additional State Law enforcement authority. He added that HB 1866 had passed the House.

Coyle noted that HB 4568 filed by Hunter and its companion bill SB 22 filed by Huffman would fund the Texas Moving Image Industry Incentive Program (TMIIP). He mentioned that SB 22 passed the Senate and was currently in House committee.

According to Coyle, HB 4230 filed by Metcalf and its companion bill SB 1520 filed by Campbell would allow the General Land Office and the Texas Parks and Wildlife Department to coordinate to create the Texas Bicentennial Trail, connecting the Alamo to the State Capitol. Coyle reported that HB 4230 had passed committee, and the SB was left pending in committee.

Coyle stated that with only four weeks left in the session, he hoped that some of the more detrimental bills would not move forward.

DISCUSSION:

Mayor Nirenberg hoped there was community awareness around the attempt to treat large urban areas with unique issues and challenges the same as small rural areas. He commented that broad preemption strategies and the restriction on debt removed local control from the community to determine what it needed. He warned that the public was being muted and wanted to ensure that they understood that this was coming from the State level.

Councilmember Rocha Garcia expressed concern with HB 19 and its impact on small businesses and residents during a down economy. She recommended that the City continue to affirm its ability to manage and monitor its revenues and expenses. Councilmember Rocha Garcia asked if the City would need to increase sales or property taxes. City Manager Walsh stated that the City was already maxed out with sales tax and there was a limit on increasing property tax.

Councilmember Rocha Garcia asked which projects would be most impacted by HB 19. City Manager Walsh noted that Certificates of Obligations were used for telecommunications and cybersecurity, public safety facilities, building repairs, and street maintenance. Councilmember Rocha Garcia asked if HB 19 would negatively impact the City's credit rating. Chief of Financial and

Administrative Services, Ben Gorzell, stated that arbitrary limits would be negative, but the largest impact would be on the City's ability to simply issue debt as the bill would cut debt capacity in half as the City's current debt obligations were at 40% of the property tax revenues. Councilmember Rocha Garcia noted that the Community Reinvestment Act was created to ensure funding for communities, and this could negatively impact lending institutions as well, so she recommended working with Banks and Chambers of Commerce to defeat the bill as well as with the Texas Municipal League.

Councilmember Pelaez stated that he had polled several large construction companies throughout the State and recommended that not only other taxing entities but businesses should appeal to the Legislature against HB 19. He commented that debt service was used not only for economic investment but for public safety such as drainage and streets to help ambulances get to the hospital more quickly. He mentioned that the Alamo Project, Texas A&M San Antonio, and public safety facilities were funded by debt and noted that the original Toyota plant was facilitated by City Bonds. Councilmember Pelaez suggested that labor unions and workers would be hurt through lack of work and financial institutions would also suffer.

Councilmember Alderete Gavito expressed concern with the City not being able to invest in the community if HB 19 were passed. She asked if Coyle anticipated Committee support for the Dangerous Dog Bill. Coyle stated that it was hard to tell but staff had met with numerous stakeholders. Councilmember Alderete Gavito noted that the language related to prohibiting irresponsible owners from owning dogs had been removed from the bill, which was unfortunate, but she still supported HB 2806.

Councilmember Viagran noted that the author of HB 19 was from the Dallas area and suggested that this would hurt South Texas cities and small communities the most and recommended coordination with other communities such as Houston, Lubbock, and the Rio Grande Valley to oppose the bill. She commented that HB 19 would impact the Alamo Project, which was a priority of the Governor. Coyle noted that the San Antonio members of the Committee were advocating for the City of San Antonio. Councilmember Viagran recommended further conversations about providing public utility services to residents to replace septic tanks.

Councilmember Courage asked about the next steps for HB 19. Coyle stated that they did not need a new bill or changes and if it went through the House, since it did not have a companion bill, it would need to go through that process.

Councilmember Whyte recommended that the City create a website on bills and the City's position on each. Coyle indicated that this webpage had been created and he would send a link. Councilmember Whyte asked how staff determined whether to support or oppose a bill. Coyle stated that when revenues were eroded, the City's residents did not benefit and would not help the community, so the City opposed those types of bills. Councilmember Whyte requested City Council input before staff took a position and he thought that the Inventory Tax exemption would help small businesses. Councilmember Whyte noted that cities were racking up debt and the preemption bills were a response to cities stepping out of their lane through policies such as the Heat Ordinance and the out-of-state abortion fund.

Councilmember Kaur asked if the Housing Bond would become impossible if HB 19 were passed in its current state. City Manager Walsh confirmed that the Housing Bond as well as Street and Drainage Projects would cease under HB 19 as there would be no debt issued.

Councilmember Kaur stated that streets were the number one issue for residents and noted that older parts of the City had more potholes and drainage issues so she recommended fighting HB 19 as fiercely as possible. She suggested that the bill should be amended to only apply to entities with low bond ratings.

Councilmember Kaur asked if HB 9 and SB 32 would impact the City's ability to collect Hotel Occupancy Tax from Short Term Rentals. Coyle stated that it would not as it was focused on personal property owned by businesses. Councilmember Kaur noted that a local nonprofit titled "Strong Towns" was supporting HB 24, which was a petition protest and would get rid of the supermajority requirements for building of affordable housing.

Councilmember Kaur noted that the School Voucher Bill had passed and was on the Governor's desk for signature. She encouraged the City to determine the impact to our public schools and what help the City could provide to ensure that all students could receive a quality education including children with special needs.

Councilmember Castillo suggested that the preemption bills were unconstitutional and stifled democracy and did not allow local elected officials to meet the needs of their constituents. Councilmember Castillo recommended focusing on investments that benefitted the community's health and suggested focusing on critical infrastructure versus beneficial infrastructure that built sports and entertainment facilities.

Councilmember Pelaez reiterated that the City had prioritized opposing legislation that would erode the City's ability to govern, raise money, and coordinate with its businesses and partners such as Joint Base San Antonio.

EXECUTIVE SESSION

Executive Session was not held.

ADJOURNMENT

There being no further discussion, the meeting was adjourned at 3:18 p.m.

Approved

**Ron Nirenberg
Mayor**

**Debbie Racca-Sittre
City Clerk**