

RESOLUTION NO. 2025-R-118

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAREDO, TEXAS, RESPECTFULLY EXPRESSING CONCERN AND OPPOSITION TO HOUSE BILL 19 AND SENATE BILL 878 IMPOSING LIMITATIONS ON LOCAL GOVERNMENT FINANCIAL TOOLS, INCLUDING DEBT ISSUANCE AND AD VALOREM TAX INCENTIVES; AND PROVIDING FOR TRANSMITTAL TO STATE OFFICIALS.

WHEREAS, the City of Laredo, Texas, is committed to responsible stewardship of taxpayer resources and strives to meet the needs of its residents through prudent budgeting, transparent governance, and strategic infrastructure investments; and

WHEREAS, House Bill 19 under consideration by the Texas Legislature would impose new statutory limits on local debt issuance, including restricting the use of certificates of obligation and anticipation notes, requiring all debt elections to be held exclusively in November, and capping annual debt service relative to property tax collections; and

WHEREAS, the bill would also reduce financial flexibility by limiting the use of maintenance and operations (M&O) tax revenue for debt-related obligations and adjusting the petition threshold for placing certificates of obligation on the ballot, potentially delaying urgent infrastructure improvements; and

WHEREAS, while the City of Laredo recognizes and supports the intent to promote fiscal discipline and transparency in public finance, we respectfully express concern that the proposed measures could unintentionally hinder the City's ability to respond to community priorities, emergencies, economic development needs, and long-term planning goals; and

WHEREAS, Senate Bill 878 would prohibit municipalities and counties from providing ad valorem tax exemptions or relief under Chapter 380 and 381 agreements, which have long been relied upon by Texas cities as a critical tool for incentivizing economic development and job creation; and

WHEREAS, SB 878 also places strict limitations on the duration and renewal of local economic development agreements, imposes extensive public hearing requirements, and adds new procedural hurdles that would undermine the effectiveness and responsiveness of these programs; and

WHEREAS, each community in Texas faces unique challenges related to infrastructure, public health, population growth, and economic development, and a flexible policy framework is essential to allow cities to continue providing vital services and cultivating local investment in an effective and accountable manner; and

WHEREAS, the City of Laredo values a strong and collaborative relationship with the State of Texas and encourages thoughtful dialogue on public finance policy that balances state oversight with the practical needs of cities to manage local operations and public investments.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAREDO, TEXAS THAT:

Section 1: That the City of Laredo respectfully opposes the proposed legislation that would impose restrictions on local government debt tools and related financial operations, and encourages further study and dialogue to ensure any changes preserve necessary flexibility for cities to meet critical infrastructure and service delivery needs.

Section 2: That the City Council of the City of Laredo respectfully urges the Texas Legislature to consider policy approaches that maintain accountability and transparency while also allowing local governments the flexibility to manage local needs in a timely, cost-effective, and community-responsive manner.

Particularly, the City of Laredo urges the Legislature to strike Section 3 of HB 19, which would add Section 1201.006 of the Texas Government Code, limiting maximum annual debt service payable from ad valorem taxes to 20% of the average tax collections for the preceding three years. Such a provision is contrary to the public interest, as it would prohibit the issuance of debt above the proposed cap—even if approved by the voters—and even if necessary to maintain core infrastructure and to protect the public health, safety, and welfare.

Section 3: That the City of Laredo strongly opposes Senate Bill 878, which would prohibit municipalities and counties from offering ad valorem tax relief through Chapter 380 and 381 agreements. These agreements have been an essential tool for economic development throughout Texas and are frequently used by cities to promote business investment, job creation, and community revitalization. SB 878 would severely restrict local governments' ability to tailor economic incentives to local conditions and impose unnecessarily rigid limits on the duration and renewal of agreements, as well as procedural burdens that could delay or deter meaningful development partnerships.

Section 4: That the City Manager, or their designee, is directed to transmit a copy of this resolution to members of the Texas Legislature representing the City of Laredo.

PASSED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR ON THIS _____ DAY OF _____, 2025.