



Legislative UPDATE

May 24, 2019
Number 21

Action Required: **Building Permit Fees**

City officials should immediately review the process by which residential building permit fees are calculated. Many cities currently base their building permit fees on the cost of a proposed structure or improvement. [H.B. 852](#) now prohibits that practice.

Specifically, the bill provides that: (1) in determining the amount of a building permit or inspection fee required in connection with the construction or improvement of a residential dwelling, a city may not consider: (a) the value of the dwelling; or (b) the cost of constructing or improving the dwelling; and (2) a city may not require the disclosure of information related to the value of or cost of constructing or improving a residential dwelling as a condition of obtaining a building permit except as required by the Federal Emergency Management Agency for participation in the National Flood Insurance Program.

The bill was signed by the governor on May 21, and it is effective immediately. No grace period applies, so affected cities should change their system as soon as possible. Options include square footage-based fees, a flat fee schedule, or any other non-cost-based and reasonable calculation.

League staff is working with the Building Officials Association of Texas to come up with possible fee structure options, but that process will take some time. It will be shared as soon as available.

Please contact Scott Houston, TML general counsel, at shouston@tml.org with questions.

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