

AN ACT

relating to the authority of a municipality to regulate a home-based business.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter Z, Chapter 229, Local Government Code, is amended by adding Section 229.902 to read as follows:

Sec. 229.902. AUTHORITY TO REGULATE HOME-BASED BUSINESSES.

(a) In this section:

(1) "Business" has the meaning assigned by Section 1.002, Business Organizations Code.

(2) "Home-based business" means a business that is operated:

(A) from a residential property;

(B) by the owner or tenant of the property; and

(C) for the purpose of:

(i) manufacturing, providing, or selling a lawful good; or

(ii) providing a lawful service.

(3) "No-impact home-based business" means a home-based business that:

(A) has at any time on the property where the business is operated a total number of employees and clients or patrons of the business that does not exceed the municipal occupancy limit for the property;

(B) does not generate on-street parking or a substantial increase in traffic through the area;

(C) operates in a manner in which none of its activities are visible from a street; and

(D) does not substantially increase noise in the area or violate a municipal noise ordinance, regulation, or rule.

(b) The governing body of a municipality may not adopt or enforce an ordinance, regulation, or other measure that:

(1) prohibits the operation of a no-impact home-based business;

(2) requires a person that operates a no-impact home-based business or that owns the property where the business is operated to obtain a license, permit, or other approval to operate the business; or

(3) requires a person that operates a home-based business or that owns the property where the business is operated to:

(A) rezone the property for a non-residential use; or

(B) install a fire sprinkler protection system if the residence where the business is operated consists only of:

(i) a single-family detached residential structure; or

(ii) a multi-family residential structure with not more than two residential units.

(c) Subject to Subsection (b), the governing body of a municipality may:

(1) require that a home-based business be:

(A) in compliance with federal, state, and local law, including:

(i) a municipal fire and building code; and

(ii) a municipal regulation related to:

(a) health and sanitation;

(b) transportation or traffic

control;

.(c) solid or hazardous waste; or

.(d) pollution and noise control;

.(B) compatible with the residential use of the property where the business is located; and

.(C) secondary to the use of the property as a residential dwelling; and

.(2) limit or prohibit the operation of a home-based business that:

.(A) sells alcohol or illegal drugs;

.(B) is a structured sober living home; or

.(C) is a sexually oriented business as defined by

Section 243.002.

.(d) This section does not prohibit:

.(1) a person from enforcing a rule or deed restriction imposed by a homeowners' association or by other private agreement; or

.(2) a municipality from adopting or enforcing an ordinance regulating the operation of a short-term rental unit.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2025.

President of the Senate

Speaker of the House

I certify that H.B. No. 2464 was passed by the House on May 14, 2025, by the following vote: Yeas 128, Nays 4, 4 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2464 was passed by the Senate on May 25, 2025, by the following vote: Yeas 29, Nays 2.

Secretary of the Senate

APPROVED: _____
Date

Governor