



# MIDWAY MESSENGER

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= Fly The Flag

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Latest News and Updates

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## From the Mayors Desk:

To continue our series on "How Cities Work" we are going to look at **City Economic Development** and **The Value of Building Codes (Zoning)**. This information is from the January 2025 issue of *The Texas Municipal League (TML) magazine*, titled "**Texas Town and Cities**." Their website address is ([www.tml.org](http://www.tml.org)).

### HOW CITIES WORK

I have repeated the last part of April's Issue

"**The Future of City Growth**". To keep the flow going and hopefully make it easier to absorb what the future of our city holds. Keep in mind these articles are information available at the TML website. When we get to the upcoming **Comprehensive Plan Grant** that's when we will build our plan with your input and help. Please, ask yourself what you would like in your little city. So just remember, we may not be as beautiful as the state flower but we will be striving to get there.

#### **Moving Forward: The Future of City Growth (April Issue)**

*Texas cities must now focus on alternative strategies to foster growth. Incentivizing landowners to join cities voluntarily will become a key tactic in maintaining growth. Offering clear benefits such as access to city services, infrastructure development, and the vibrant life that cities offer will be crucial in persuading property owners to agree to annexation. Moreover, cities will need to emphasize the long-term advantages of urban development, such as economic opportunities, improved public services, and enhanced quality of life, to counteract the reluctance of rural and suburban landowners to be included into the city limits.*

### CITY ECONOMIC DEVELOPMENT

Texas cities are the first-and often the only-engine of economic development in the state. Until the Texas Enterprise Fund was created. With the Enterprise Fund up and running, larger cities have partnered with the state to attract major developments such as a Texas Instruments facility and a Toyota plant. Smaller cities are often on their own to attract business.

Until the late 1980s, using city resources to attract business was arguably unconstitutional. However, in 1987, Article 3. Section 52-a of the Texas Constitution was added to make it clear that economic development serves a public purpose.

From that point on, three major channels of city economic development began to open for cities: Chapter 380 agreements; the Type A/Type B economic development sales tax; and property tax incentives.

MIDWAY IS A TYPE B CITY



*We love because  
he first loved us.  
—John 4:19 (ESV)*

### Chapter 380 Agreements

Chapter 380 of the Local Government Code authorizes cities to establish programs for grants and loans of city resources for economic development purposes. Although it is the broadest economic development tool for cities, Chapter 380 is often overlooked in favor of other incentives. Cities using 380 agreements must be careful not to simply present a blank check to business and industry prospects; a program providing for checks and balances on a business's use of Chapter 380 money is required by law.

### Economic Development Sales Tax

More than 500 Texas cities have adopted a Type A or Type B economic development sales tax. Some cities have both taxes. The tax was created in 1989 and the authority to spend Type A/Type B tax money has gradually expanded to cover all forms of commercial, retail, and traditional industrial economic development. A list of authorized projects for which a Type A or Type B economic sales tax may be used can be found here: <https://www.tml.org/DocumentCenter/View/4112/2023-EDC-TABLE>

### Property Tax Incentives

Property taxes may be directly tapped to promote economic development in two ways: tax abatement and tax increment financing. Both function by either forgiving (abatement) or dedicating to improvements (increment financing) any net increase in property tax revenue as a result of a business moving to town or upgrading existing facilities. Property tax incentives can never forgive or decrease the present taxable value of the land and facilities upon which they are granted. This key feature of the incentives—that all current taxes must continue to be paid—belies the common misconception that tax incentives are "giveaways." On the contrary, when done properly, tax incentives create new taxable value than never would have come to town absent the incentive, thus lowering the overall tax burden on the other properties.

### Zoning & The Value of Building Codes

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## Zoning & Value of Building Codes

**What is Zoning?** Zoning is the division of a city into districts that permit compatible land uses, such as residential, commercial, industrial, or agricultural, and is arguably one of the most important functions of local government. Zoning authority empowers a city to protect residential neighborhoods, promote economic development, restrict hazardous land uses to appropriate areas of the city, and preserve places of historical importance. It is used to lessen street congestion; promote safety from fires and other dangers; promote health; provide adequate light and air; prevent overcrowding of land; and facilitate the provision of public facilities.

**How does zoning occur?** Chapter 211 of the Texas Local Government Code contains the procedural requirements that must be followed when a city zones or rezones property, including strict notice and hearing provisions. The requirements ensure that city and neighborhood residents have a strong voice anytime a zoning change is considered. In addition, Chapter 211 provides for the creation of a planning and zoning commission to make recommendations on the adoption of the original regulations, as well as to hear proposed amendments.

**Why is there zoning?** Zoning exists in cities to regulate land use and development, to ensuring orderly growth and protecting public health, safety, and welfare. By dividing the city into different zones, such as residential, commercial and industrial. Zoning helps prevent incompatible land uses from abutting one another — like factories next to homes — and ensures that infrastructure, services and resources are appropriately distributed. It also promotes economic development, preserves property values, and provides a framework for future urban planning.

**Who decides zoning?** Cities are the only governmental entities in Texas authorized to zone property. In a Texas city, zoning decisions are primarily made by the city council, which may adopt and amend zoning ordinances. The process typically involves recommendations from a planning and zoning commission, which reviews zoning request and conducts public hearings to gather input from residents. Once the commission makes its recommendation, the city council has the final say on whether to approve, deny, or modify zoning proposals.

## WHY ZONING MATTERS

A 2020 report found that having access to local arts and cultural activities along with convenient access to parks and safe employment spaces were among the main qualities that “attach” people to their communities. Zoning facilitates the development of those attributes by allowing cities to create and maintain healthy, attractive, livable, and prosperous communities.

If you have any questions you can reach out to me (Mayor Dorman) or Mrs. Debra Newkirk (City Secretary) by phone or email. I would like to thank you for your time.

## Prominent dates in May

MAY 1st	NATIONAL DAY OF PRAYER
MAY 8	V—E DAY 1945
MAY 11	MOTHERS DAY
MAY 15	PEACE OFFICERS MEMORIAL DAY
MAY 19	COUNCIL MEETING / CITY HALL 7:00 PM
MAY 22	NATIONAL MARITIME DAY
MAY 26	MEMORIAL DAY / CITY HALL CLOSED

## CRACKING THE CODE:

### CITIZEN SAFETY AND PROPERTY VALUES

The first building codes in the United States, established in 1625, addressed fire safety and specified materials for roof coverings. Larger United States cities began establishing building codes in the early 1800s.

Today, most populous cities in Texas have adopted modern construction codes. Building coded regulations enforced in Texas cities ensure minimum standards for safe homes, schools, workplaces, and other buildings.

### Building Codes

In 2001, the Texas Legislature adopted the international Residential Code (IRC) and the National Electrical Code (NEC) as the standard building codes for residential construction in Texas cities. Also in 2001, the Legislature adopted energy efficiency standards for residential, commercial, and industrial constructions. In 2005, the Legislature adopted the International Building Code (IBC) as the municipal building code in Texas for commercial and multi-family construction. Later sessions included revision to the International Energy Conservation Code.

However, a city may, by ordinance, adopt local amendments, to the IRC and IBC provided the city holds a public hearing on the local amendment before adopting the amendment.

Uniform building codes can make construction and inspection easier and more cost-effective. However, because Texas is a vast state with many different climates and topographical features, uniform codes serve only as standards, and each city is allowed to amend its codes to meet that city's needs.

### Building Permits

Under most cities, codes, a person who wishes to build a structure must apply for a permit. City officials review the necessary information and issue a permit if the structure complies with that city's regulations. The amount of time needed to review the permit application varies from city to city and from project to project based on several factors, including the complexity of the city's coded and the project.

Similarly, building permit fees vary widely based on several factors, including the number and type of inspections and the sophistication of the city's permitting process. A city is not limited by laws as to the amount the city can charge for building and related permits, but a city cannot charge more than is reasonably related or necessary to administer the permitting process as that could be deemed an unconstitutional tax. Additionally, a city is prohibited from basing its building permit fees on the cost of a proposed structure. Specifically, a city, in determining the amount of a building permit or inspection fee required in connection with the construction or improvement of a residential dwelling, may not consider: (1) the value of the dwelling; or (2) the cost of constructing or improving the dwelling. Permit fees are based on square feet, a flat fee schedule or other non-cost-based calculations.

State law now abolishes a building permit fee on the 10th anniversary of the date the fee is adopted or reauthorized unless the city holds a public hearing and reauthorizes the fee. The practical effect of the bill is that cities are required to reconsider their building permit fees every ten years.