Texas Laws That Hinder Our Efforts

October 10, 2026

Texas law gives cities limited power, and counties almost none, to stop a data center or a 765 kV transmission line. Save Rural Texas compiled this list of the laws and rules that limit what communities and landowners can do, each with a link so you can check it yourself.

This is general information, not legal advice. Laws and court cases change, so confirm the current status with the linked source or an attorney before you rely on it.

Laws that block local control

These seven laws leave a city with few tools and a county with almost none.

Law	What it does	Sources
HB 2127 (2023), the Texas Regulatory Consistency Act, known as the "Death Star" law	Bars cities and counties from passing local rules that conflict with broad areas of state law, and lets private parties sue them. An appeals court dismissed the cities' challenge in July 2025, so the law is in force.	Texas Tribune, KUT, Trey Wilson, attorney
Local Government Code Chapter 231	Counties have no general zoning power. The state grants it only for a few named places, such as land around certain lakes.	Public Citizen
County moratoriums: no clear authority	In 2023 the Attorney General concluded, in Opinion AC-0003, that a commissioners court had no specific authority to pause a solar facility. Hood County asked on February 23, 2026 whether it may pause industrial development, and that request is still pending. Hill County passed a one-year pause in May 2026, was sued for more than $100 million and rescinded it.	Attorney General request RQ-0633-KP, Trey Wilson, attorney, MultiState
HB 2559 (2025)	Made city moratoriums on development harder to pass: two public hearings 30 days apart, a three-fourths vote, a 90-day term and a 180-day total limit.	Texas Legislature bill analysis
Local Government Code Chapter 245 (vested rights)	A project is reviewed under the rules in effect when its first application was filed, so later local rules do not reach it.	Chapter 245, Trey Wilson, attorney

Law	What it does	Sources
Government Code Chapter 2007, the Private Real Property Rights Preservation Act	Treats a government action that cuts a property's market value by 25% as a taking, and lets the owner sue. Most city actions are excluded.	Trey Wilson, attorney
SB 2038 (2023)	Lets landowners petition to leave a city's extraterritorial jurisdiction, the ring of land outside city limits where the city has some say. If the city does not act within about 45 days, the land is released automatically.	Texas Legislature bill analysis

Laws behind the 765 kV lines

A 2023 law set the 765 kV plan in motion, and older law lets utilities take the land for it.

Law	What it does	Sources
HB 5066 (2023)	**What it did:** Cut the time for the state to decide transmission line cases, known as CCN cases, from 365 days to 180 days. Required the Public Utility Commission to direct ERCOT to develop the Permian Basin Reliability Plan, and let planners count demand from customers who have not yet signed an agreement to connect, not only demand that already exists. **Impact:** Cut the time landowners have to defend their property in CCN cases by about six months, and opened the door for ERCOT to greatly expand transmission programs in Texas, including the 765 kV STEP. Whether HB 5066 gave ERCOT that authority is disputed. The bill does not mention 765 kV, and in July 2026 the commission's chairman told senators it did not require a 765 kV system.	HB 5066 bill analysis, Texas Scorecard, July 2026, Texas Scorecard, timeline
SB 1281 (2021)	Requires a consumer cost-savings test for new lines. ERCOT can bypass the test by deeming a project critical to reliability.	Texas Public Policy Foundation

Law	What it does	Sources
Utilities Code Section 181.004	Gives gas and electric corporations the power to "enter on, condemn, and appropriate the land, right-of-way, easement, or other property of any person or corporation."	Utilities Code Chapter 181

On August 28, 2026 the Public Utility Commission approved two certificates covering more than 400 miles of 765 kV line (Texas 765-kV Lines Approved: Landowner Rights in 2026).

How the 765 kV lines are paid for

No single bill created this. Under the state's regulated utility system, the companies that build transmission lines earn a guaranteed return on what they spend, and the cost is spread across all ratepayers.

The Texas Public Policy Foundation puts the plan at $33 billion to build and nearly $100 billion over its lifetime. It estimates about $25 billion of that is returns to the builders, assuming a 9.5% return on equity. The foundation also says the 765 kV plan "was approved without legislation."

Source: Texas Public Policy Foundation, An Economic Assessment of the 765-kV Strategic Transmission Expansion Plan

Tax breaks that draw data centers to Texas

The state sales tax exemption is the largest of these, at more than $1 billion a year.

Law	What it does	Sources
Tax Code Sections 151.359 and 151.3595 (sales tax exemption)	Exempts qualifying data centers from the 6.25% state sales tax for 10 or 15 years. Qualifying takes 100,000 square feet, 20 jobs and $200 million over five years. Texas gives up at least $1.3 billion a year, and the Comptroller projects nearly $1.8 billion a year by 2030.	Texas Comptroller, Texas Tribune
Tax Code Chapter 312 (local abatements)	Lets cities and counties waive property taxes on a project for up to ten years.	Public Citizen
Local Government Code Chapters 380 and 381	Let cities (380) and counties (381) give loans and grants to businesses. The agreements are reported only after they are signed.	Public Citizen

Law	What it does	Sources
Government Code Chapter 403, the JETI program (HB 5, 2023)	Replaced Chapter 313. Cuts the school property tax value of an approved project by 50%, and by 100% during construction. Manufacturing, gas-fired power plants and "critical infrastructure" are eligible; wind, solar and battery storage are not. Data centers are not named, though Public Citizen lists two JETI projects that may serve them.	Every Texan, Public Citizen

Permits and secrecy

These rules limit the public's say over air permits and keep incentive offers out of view until a deal is done.

Law	What it does	Sources
Health and Safety Code Section 382.0518(b)	The Texas Commission on Environmental Quality reads this as requiring it to grant an air permit when the application is complete.	Public Citizen
Permits by rule (30 Texas Administrative Code 106.4)	Smaller pollution sources are covered by a standing rule, with no public input and no expiration date.	Public Citizen
Government Code Section 552.131	Keeps incentive offers to a business confidential until an agreement is made. After that, incentives paid with public money become public.	Government Code Chapter 552