# WHY MUNICIPAL COMPLIANCE AUDITS MATTER

A Case Study in Governance, Accountability, and Legal Exposure Drawn from the City of Chandler, Texas — Dillon's Rule Audit (June 2026)

| 16 | 35 | 45 | 49 |
|---|---|---|---|
| **CRITICAL** | **HIGH** | **MEDIUM** | **LOW** |
| Immediate action | Within 90 days | Within 180 days | Next code cycle |

**145 total actionable findings | 14 chapters + exhibits | One general-law city of ~3,400 people**

## THE PROBLEM NO ONE TALKS ABOUT

Most Texas general-law municipalities have not had their Code of Ordinances systematically reviewed against current state law in years — sometimes decades. Code chapters are adopted once, codified, and then left in place as the legislature moves around them. A provision lawful in 2001 can become void the day a new statute takes effect, without any action by the city, without any notice, and without any mechanism to alert city staff, council, or legal counsel.

The Chandler audit makes this concrete. One hundred forty-five actionable findings across a code that, on casual inspection, looks like a functioning set of local laws. Officers cite it daily. Permits are issued under it. Fines are assessed, collected, and deposited. The city council passes resolutions in reliance on it. Almost none of that visible activity signals that underneath the ordinances, significant portions of the legal foundation have shifted.

> *A city does not have to do anything wrong for its code to become non-compliant. The legislature simply has to meet.*

## WHAT AUDITS LIKE THIS ACTUALLY FIND

The Chandler audit covered every chapter — animal control, building regulations, business licensing, fire prevention, health and sanitation, municipal court, offenses and nuisances, personnel, subdivision regulation, taxation, traffic, utilities, zoning, and the new laws queue. The findings cluster around six recurring failure patterns:

- Stale code adoption. The City's International Building Code is the 2009 edition — five triennial cycles behind the current 2024 IBC. The National Electrical Code is the 1997 edition, nearly thirty years stale and approximately ten revision cycles behind the 2023 NEC. The International Residential, Plumbing, Mechanical, and Fuel Gas Codes are all frozen at 2009. No International Energy Conservation Code has ever been adopted, despite Health and Safety Code §388.003 imposing a statewide energy standard as a matter of law. Every permitted structure in Chandler has been reviewed against a baseline the state itself no longer recognizes.
- Ultra vires taxing authority. Section 4.07.028 levies a two-cent-per-barrel production tax on oil produced within the city. Tax Code Chapters 201 and 202 vest oil and gas production taxation exclusively in the State of Texas through the Comptroller. No statutory provision authorizes a

general-law city to impose a severance tax. This provision has been void since it was first adopted — the city has been asserting a taxing power it has never possessed.

- Preempted mandates enforced as live law. The mandatory spay/neuter ordinance requires all cats and dogs outside the home to be neutered or spayed. Health and Safety Code §828.013, effective September 1, 2017, expressly prohibits any municipality from adopting or enforcing exactly this ordinance. It has been void for nine years. Fines collected under it during that period are legally challengeable. Officers who enforced it cited authority they did not have.
- Penalty ceilings exceeded. Local Government Code §54.001 and Government Code §29.003 establish precise ceilings on what a municipal court can impose — $500 for general violations, $2,000 for enumerated categories including fire safety and zoning, $4,000 exclusively for refuse dumping. Chandler's commercial vehicle parking ordinance authorizes $2,000 for violations that 'put the public's health, safety, and welfare at issue' — a self-created exemption from the penalty cap that has no statutory basis. Chapter 12's traffic penalty provisions exceed the Class C ceiling in multiple places. Each of these excess fines is void as imposed.
- Authority never granted, exercised anyway. Section 1.03.046 creates a mayoral objection mechanism allowing the mayor to trigger reconsideration of council actions within three days. The mayor of a Type A general-law municipality has no veto or reconsideration-trigger authority under LGC Chapter 22. The provision confers a power the legislature has not delegated. Section §1.10.061's park firearms ban restricts gun carry in public parks beyond what LGC §229.001 — which broadly preempts municipal firearms regulation — permits. The junk dealer ordinance requires private businesses to record a seller's race, nationality, and sex for every transaction. Occupations Code Chapter 1956 requires identification and item description. Demographic collection has no statutory basis and carries significant constitutional exposure.
- Operational compliance failures with compounding penalties. The drought contingency plan was last updated in 2014. Thirty Tex. Admin. Code §288.20(c) mandates review and update at least once every five years. The update due in 2018 was not completed. The update due in 2023 was not completed. The plan's underlying technical data — population, well capacities, storage figures — is now twelve years old. TCEQ has authority to impose penalties up to $25,000 per day for failure to maintain a current plan. The speed limit ordinances on FM 2010 and State Highway 31 were established without the engineering and traffic investigation that Transportation Code §545.356 requires for state highway system roads. Annual TxDOT reports due February 1, 2024 and February 1, 2025 under §545.356(d) have not been filed.

## THE LEGAL CONSEQUENCE IS NOT THEORETICAL

When a city enforces a void ordinance, the harm is concrete. The resident who paid a fine under the preempted spay/neuter ordinance paid money the city had no authority to collect. The property owner whose variance was decided by a less-than-75% concurring vote has a basis to challenge the outcome in district court. The motorist cited under a speed ordinance that lacks TxDOT coordination has a viable defense. The contractor who built to the 1997 NEC — because the city's inspectors reviewed under the 1997 NEC — may have installed wiring that does not meet the state's actual minimum standard.

These are not hypothetical plaintiffs. They are residents of Chandler who interacted with the city's legal framework in good faith, on the assumption that the city's ordinances reflected valid law. When they did not, the city's enforcement actions against them ranged from procedurally defective to outright void. That is a governance failure before it is a legal one.

The adversarial discovery of these problems is far more costly than proactive identification. A First Amendment challenge to the peddler permit ordinance — which requires police chief approval with no objective standards, no decision timeline, and no appeal mechanism, in direct conflict with Watchtower Bible & Tract Society v. Village of Stratton — carries attorney's fees liability under 42 U.S.C. §1988. A successful challenge to the oil production tax means the city must address years of void collections. A TCEQ enforcement action on the drought plan arrives without advance notice. The audit finds all of these before any of those processes begin.

> *The alternative to a proactive compliance audit is reactive discovery — a defense attorney who knows municipal law, a state agency inspector, or a federal civil rights plaintiff. Each of those processes is more expensive, more damaging, and harder to resolve than a straightforward ordinance amendment.*

## WHY GENERAL-LAW CITIES ARE ESPECIALLY EXPOSED

Texas has hundreds of general-law municipalities — cities that operate under Dillon's Rule, possessing only the powers expressly granted by the legislature plus those necessarily implied. A home-rule city can act unless prohibited. A general-law city can act only when authorized. That structural difference means the gap between what a general-law city's code says and what state law permits tends to be wider, and tends to compound faster, than in larger municipalities with dedicated legal staff and rolling code review cycles.

Chandler is not unusual. It is a city of approximately 3,400 to 4,100 people in Henderson County, with the same resource constraints that most small Texas municipalities face. It has a city administrator, a city secretary, a city attorney engaged as needed, and a part-time council. None of those roles includes a dedicated code compliance function. No one's job is to read the session laws after each legislative session and identify the forty provisions that quietly became non-compliant on September 1st of that year.

The result is that the code drifts. Not through negligence or bad faith, but through the simple structural reality that the legislature meets every two years and produces hundreds of bills that affect municipal authority, while the city's code remains static. The Chandler audit found citations to a Texas statute — Article 6701d of Vernon's Civil Statutes — that was repealed and recodified in 1995. That citation appears not just in the main code but in a speed limit ordinance adopted in October 2025. Thirty years after the statute was repealed, Chandler's newest substantive ordinance still cites it.

## WHAT A SYSTEMATIC AUDIT PRODUCES

The Chandler Dillon's Rule Audit demonstrates what a comprehensive, chapter-by-chapter review against current primary statutory authority can surface. One hundred forty-five actionable findings, sorted by severity, with the controlling statute identified, the conflict described, the risk assessed, and the corrective action specified. Not abstractions — specific ordinance section numbers, specific statute citations confirmed from the current text of Texas law, specific amendment language or repeal instructions.

| Provision | Finding | Priority |
|---|---|---|
| §4.07.028 | Municipal oil production tax — ultra vires; state tax authority exclusive | CRITICAL |
| §3.03.291 | 1997 NEC adopted — 29 years stale; 10 cycles behind current 2023 NEC | CRITICAL |
| §3.03.031 | 2009 IBC adopted — five triennial cycles behind 2024 IBC | CRITICAL |
| §3.03 (omission) | No IECC energy code adopted; Health & Safety Code §388.003 mandate unmet | CRITICAL |
| §2.01.006 | Mandatory spay/neuter — preempted by Health & Safety Code §828.013 since 2017 | CRITICAL |
| §11.04.007 | Hotel tax 10% to general fund — Tax Code §351.101(b) express prohibition | CRITICAL |
| §4.03.035 | Junk dealers required to record seller race, nationality, sex — no statutory basis | CRITICAL |

| Provision | Finding | Priority |
|---|---|---|
| §12.04.052 | Parking fine up to $2,000 for non-enumerated category — exceeds LGC §54.001 | CRITICAL |
| §1.03.046 | Mayoral veto mechanism — LGC Ch. 22 grants no such authority to Type A mayor | HIGH |
| §1.10.061 | Park firearms ban — LGC §229.001 preempts; CHL language superseded by HB 1927 | HIGH |
| §1.02.051 | 60-day tort notice — below 90-day floor in CPRC §16.071(a), void as applied | HIGH |
| §13.04.009 | Drought plan 7.5 years overdue for update; TCEQ penalty up to $25,000/day | CRITICAL |
| §12.03.051 | FM 2010 and SH 31 speeds set by ordinance without TxDOT engineering study | HIGH |
| §9.02.056 | Police reserve members exercise arrest powers without TCOLE license requirement | HIGH |

Most of these fixes cost nothing beyond a council meeting and a drafting session. The spay/neuter ordinance is a repeal. The oil production tax is a repeal. The building codes are an adoption ordinance — one hearing, one vote, one updated code on the books. The drought plan requires staff time and a TCEQ submission. The speed limit reporting requires compiling traffic citation data and filing a document. None of these corrective actions require litigation, outside expertise, or extraordinary expense.

What they require is knowing the problem exists.

## THE GOVERNANCE OBLIGATION

Compliance is not a legal luxury for cities that can afford it. It is the minimum condition for the legitimate exercise of government authority over the people who live under it. A fine is a legal act only if the ordinance authorizing it is valid. A permit denial is a legal act only if the standard applied reflects current law. A code enforcement action is a legal act only if the officer's authority traces to a statute that still exists.

When that chain of authority is broken — when the ordinance cites a statute repealed in 1995, or mandates what the legislature prohibited in 2017, or asserts a taxing power the state has never delegated — the city is not governing. It is asserting authority it does not have over people who have every right to resist it. The compliance audit is the mechanism by which a city confirms that gap does not exist, and closes it when it does.

The Chandler audit was conducted as a public transparency initiative. The findings are publicly available. That framing is deliberate: the residents of Chandler are entitled to know whether the legal framework their city enforces against them is actually grounded in law. So is the city council. So is every city attorney advising a Texas general-law municipality that has not done this review.

> *The legislature meets every two years. The code does not update itself. The gap between those two facts is where compliance audits live — and where governance failures hide.*