NATIVE CHAOS HOLDINGS

Independent Transparency Initiative

Pre-Release Courtesy Distribution | Independent Compliance Research

July 10, 2026

VIA CERTIFIED MAIL — RETURN RECEIPT REQUESTED

Texas Comptroller of Public Accounts
Office of the Comptroller — Local Government Tax
P.O. Box 13528, Capitol Station
Austin, Texas 78711-3528

Re: Pre-Release Courtesy Copy — Hotel Occupancy Tax and Municipal Tax Authority Findings, City of Chandler, Texas

Dear Public Information Coordinator:

Native Chaos Holdings, an independent transparency initiative publishing independent compliance research, is pleased to provide a courtesy pre-release copy of a Non-Compliance Findings Report concerning the City of Chandler, Texas Code of Ordinances, with particular focus on Chapter 11 (Taxation) and the municipal oil production tax at §4.07.028. The research reviews publicly available provisions of the City Code against applicable state law and the Comptroller's office jurisdiction.

The findings within the Comptroller's tax administration jurisdiction are as follows:

- CRITICAL — §11.04.007: Hotel Occupancy Tax — 10% of HOT proceeds are deposited in the unrestricted general fund. Tax Code §351.101 strictly limits HOT revenue to an enumerated list of tourism-related purposes and expressly prohibits use for general governmental purposes. Direct statutory violation.
- CRITICAL — §4.07.028: Municipal production tax of $0.02 per barrel of oil. No statutory grant exists for general-law cities to impose severance or production taxes; this is a state-occupied field under Tax Code Chapters 201–202. The provision is void.
- HIGH — §11.04.006: Hotel Occupancy Tax — Delinquency penalty of 5% per 30 days with no stated cap. Tax Code §351.004 authorizes a penalty not to exceed 15% of the tax due. The uncapped escalator violates the statutory ceiling.
- MEDIUM — §11.04.002: Imposes tax on rooms costing '$2.00 or more' per day; current Tax Code Chapter 351 contains no such minimum. May improperly narrow the tax base.
- MEDIUM — §11.03.002: Economic-development sales tax cites repealed 'section 4B, art. 5190.6, V.T.C.S.' Modern citation is LGC Chapter 505 and Tax Code §321.101(b).

Findings Routed to TX-COMP

Ordinance	Category	Severity	Description
§11.04.007	CONFLICT (HOT)	CRITICAL	10% HOT to general fund — Tax §351.101
§4.07.028	ULTRA VIRES TAX	CRITICAL	Municipal oil production tax
§11.04.006	CONFLICT (HOT)	HIGH	Uncapped penalty — Tax §351.004
§11.04.002	VERIFICATION	MEDIUM	$2.00 minimum room rate threshold
§11.03.002	OUTDATED	MEDIUM	Repealed V.T.C.S. citation

Native Chaos Holdings intends to make the full audit report publicly available no earlier than 30 days from the date of this letter. Native Chaos Holdings respectfully requests the opportunity for any agency technical review of these tax provisions during this period. Should the Comptroller elect to provide guidance on any of the foregoing findings, Native Chaos Holdings would welcome the opportunity to incorporate that guidance into a supplemental findings annotation before public release. Any inquiries may be directed to Native Chaos Holdings using the contact information set forth above.

Respectfully submitted,

Native Chaos Holdings

Independent Transparency Initiative

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Enclosure: Independent Non-Compliance Findings Report (Full Text)

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APPENDIX — AGENCY PROFILE & DISTRIBUTION TRACKING

Agency Contact Information

Field	Value
Agency	Texas Comptroller of Public Accounts
Division	Tax Administration — Local Government / HOT
Main Address	111 E. 17th Street, Austin, TX 78774
Main Phone	(512) 463-4000 / 1-800-531-5441
Taxpayer Assistance	(800) 252-1382
Public Information	(512) 463-4900
Email	RevAcct-BillingQuestions@cpa.texas.gov
Mailing	P.O. Box 13528, Capitol Station, Austin, TX 78711-3528

Distribution Tracking

Field	Value
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Native Chaos Holdings	Independent research initiative; not affiliated with or representing the City of Chandler, its City Council, or any City official

Reviewer Notes (for Agency Use)

Native Chaos Holdings welcomes written comments and guidance from your office within 30 days of this distribution. Comments may be returned via email to Chandler@NativeChaosHolding.com with subject line including the Distribution Tracking Code above. All feedback will be incorporated into a supplemental findings annotation before public release of the full audit. This packet is provided for informational purposes only and does not represent, coordinate with, or request action by the City of Chandler, Texas, its City Council, or any other City official.

STATUTE CITATION UPDATE (July 10, 2026)
All statutory citations in this letter have been verified against the current text on statutes.capitol.texas.gov. Key precise citations include:
- LGC §54.001(b): General ordinance fine cap is $500 (Class C misdemeanor per Penal Code §12.23); $2,000 only for fire safety, zoning, or public health and sanitation (other than dumping of refuse).
- HS §822.042(b): Owner has 15 days to appeal a dangerous-dog determination ("Notwithstanding any other law, including a municipal ordinance"). Destruction order is stayed for 10 calendar days during appeal.
- LGC §229.001(b): Municipality may not regulate possession of a firearm or air gun in a park or public meeting place owned or leased by a political subdivision (including the city itself).
- HS §388.003: Statewide energy code (current IECC edition) is mandatory.
- Tax Code §351.101: Hotel occupancy tax revenue is strictly limited to tourism, convention, and advertising purposes — no unrestricted diversion to the general fund is permitted.
- NRC §81.0523(b)–(c): Railroad Commission has exclusive jurisdiction over oil and gas operations; subsurface well construction, casing, cementing, and pipeline permitting are preempted unless strictly limited to aboveground activity.

These updates strengthen the findings. The full updated report is enclosed.