



# Legislative UPDATE

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Number 2

## **Governor Links School Finance Reform to Property Tax Reform, and That's a Good Thing**

At the opening of the legislative session this week, Governor Greg Abbott called strongly for reform of “school finance and property taxes.” The linkage of these two issues in one sentence by our state’s leader was a significant moment. All of the leading property tax bills of recent sessions did nothing about school property taxes. Instead, they focused solely on city and county property taxes. The previous diversion from the real problem with property taxes was an intentional smokescreen tactic that we’ve pointed out [here](#).

Don’t get us wrong. The governor’s suggested plan during the recent interim of, among other things, a 2.5 percent cap on city property tax is plenty bad. But at least it isn’t being proposed in isolation from the real problem: the state’s overreliance on local school property taxes to fund education. It may be that our state leaders have finally embraced the idea that real property tax relief can come only from school finance reform.

If school finance reform fails this session, and we sincerely hope it doesn’t, perhaps some state leaders will no longer think that quickly shifting the focus to cities will provide them any needed political cover from criticism that property taxes are too high. Perhaps they now realize the reason taxes are too high rests primarily at the Capitol dome with a broken school funding system, and not at city halls.

The truth is even direr for legislators who might vote for a stand-alone, city-only cap. Legislation like that would provide essentially no meaningful property tax relief, and those legislators would shoulder the blame for cutting critical services like public safety, transportation, and economic development.

## **Representative Dennis Bonnen Elected to Speaker of the House**

The Texas Municipal League and its 1,157 member cities congratulate Representative Dennis Bonnen (R – Angleton) on his election to the office of Speaker of the Texas House of Representatives. Representative Bonnen represents House District 25, which includes Angleton, Clute, Lake Jackson, and Bay City.

First elected to the Texas House in 1996, Speaker Bonnen has served on many important committees in the Texas House. Most recently, he served as Chairman of the powerful House Committee on Ways and Means and as Speaker Pro-Tempore. Speaker Bonnen has stated that his top priorities for this session will be school finance and property tax reform.

In 2015, TML presented Representative Bonnen with its Legislator of the Year award. He was a strong advocate that session on behalf of municipal authority.

“Speaker Bonnen is one of the brightest members of the legislature and he understands that taxpayers’ best resource for change is at the local level. He understands that decisions are best left local, instead of consolidating power at the state level. I look forward to working together to continue to make Texas the greatest state in the nation.” said Bennett Sandlin, TML Executive Director.

We hope all city leaders across Texas will offer their congratulations to this outstanding leader on his election as Speaker of the Texas House.

## **Comptroller Releases 2020-2021 Biennial Revenue Estimate**

Prior to each legislative session, the Texas comptroller forecasts how much money the legislature has available for the upcoming biennium. This week, Comptroller Glenn Hegar delivered good short-term news, but he was cautious on a ‘cloudy’ longer-term forecast.

Comptroller Hegar forecasts that the state will have \$119.1 billion to spend in the 2020-2021 biennium. That amount is up 8.1 percent from the current 2018-2019 biennium, due to increased sales tax collections. He also forecasts that the balance of the Economic Stabilization Fund (also known as the “Rainy Day Fund”) will have an ending balance of approximately \$15 billion. School finance reform, property tax relief, increased spending on mental health reforms, and other costs related to Hurricane Harvey may consume a large portion of that increase.

The legislature will also find itself with an extra \$2.8 billion to pay for bills incurred during the current biennium, such as costs related to Hurricane Harvey and a \$2 billion underfunding of the Medicaid program for the poor and disabled.

The good news did come with a bit of tempering. Hegar warned that, in the years ahead, Texas exports could suffer from falling oil prices and a downturn in the global economy. “We remain cautiously optimistic, but recognize we’re unlikely to see continued revenue growth at the unusually strong rates we’ve seen in recent months,” he said.

## Get Involved: TML Grass-Roots Involvement Program

The Texas Municipal League is once again implementing our Grass-Roots Involvement Program (GRIP). GRIP collects information about your relationship with your legislators and is one way TML staff contacts city officials regarding action on harmful legislation.

To participate in GRIP, go to <http://bit.ly/TMLGRIP2019> and fill out the online form. If you have any questions, please contact JJ Rocha at [jj@tml.org](mailto:jj@tml.org) or 512-231-7400.

## City-Related Bills Filed

### Property Tax

**H.B. 622 (Neave) – Property Tax Exemption:** would, among other things: (1) provide that, for a residence homestead that is located in an area declared by the governor to be a disaster area following a natural disaster and rendered uninhabitable or unusable as a result of the disaster, a taxing unit may temporarily not increase the total annual amount of property taxes the taxing unit imposes on the residence homestead above the amount of the taxes the taxing unit imposed on the residence homestead for the tax year in which the residence homestead was rendered uninhabitable or unusable as the result of a natural disaster if: (a) the owner of the residence homestead submits an application for the limitation to the chief appraiser of the appraisal district not later than the first anniversary of the date the residence homestead is rendered uninhabitable or unusable; and (b) the chief appraiser determines that the residence homestead was rendered uninhabitable or unusable as a result of the natural disaster; and (2) provide that the limitation provided by (1), above: (a) takes effect on January 1 of the first tax year following the tax year in which the natural disaster that renders the residence homestead uninhabitable or unusable occurs; and (b) expires on January 1 of the earlier of the first tax year following the tax year in which the fifth anniversary of the natural disaster occurs or the first tax year in which the property no longer qualifies as the residence homestead of the property owner or surviving spouse of the property owner claiming the limitation. (See **H.J.R. 41**, below.)

**H.B. 634 (Buckley) – Disabled Veteran Grants:** would provide that, for purposes of the law governing the provision of state aid to certain local governments disproportionately affected by the granting of property tax relief to disabled veterans, the term “local government” includes a city located wholly or partly in a county in which a United States military installation is wholly or partly located. (Companion bill is **S.B. 283** by **Buckingham**.)

**H.B. 639 (Springer) – Property Tax Appraisal:** would provide that in order to qualify as open-space land for property tax purposes, land used principally as an ecological laboratory by a public or private college or university must have been used principally in that manner for five of the preceding seven years.

**H.J.R. 41 (Neave) – Property Tax Exemption:** would amend the Texas Constitution to authorize the legislature to provide that, for a temporary period following a natural disaster, the total amount of property taxes imposed on a residence homestead by a political subdivision may not exceed the amount of taxes the political subdivision imposed on the property in the year in which the property was rendered uninhabitable or unusable as a result of the disaster. (See **H.B. 622**, above.)

## **Sales Tax**

**H.B. 631 (Hernandez) – Sales Tax Exemption:** would exempt the sale, use, or consumption of college textbooks from sales taxes during two seven-day periods, one beginning in August and one beginning in January.

**H.B. 648 (Krause) – Supplemental Sales Tax Substitute for Property Taxes:** would: (1) authorize a local government to, before June 30 of any year, adopt an ordinance or order providing that, beginning January 1 of the following year, the local government will not impose a property tax and would instead impose a supplemental sales and use tax; (2) provide that a qualifying local government by adoption of an ordinance or order may adopt, increase, reduce, or abolish the supplemental sales and use tax; (3) provide that the supplemental sales and use tax is in addition to any other sales and use tax authorized by law, but may only be imposed during a period during which the qualifying local government does not impose a property tax; (4) provide that a qualifying local government is not required to call an election to adopt, increase, reduce, or abolish the supplemental sales and use tax; (5) provide that, in the first year in which a qualifying local government imposes the supplemental sales and use tax, the rate of the tax is equal to a rate that, when applied to the estimated cumulative sales price of the sale, use, storage, or other consumption of taxable items within the local government during that year, would produce an amount equal to the local government's lost property tax revenue; (6) require the ordinance or order authorizing the tax to specify the tax rate; (7) authorize a qualifying local government that imposes the supplemental sales and use tax to, by adoption of ordinance or order, annually increase or reduce the rate of the tax in increments of one-eighth of one percent; (8) provide that a reduction in the rate of the tax may not impair any outstanding debt or other obligation payable from the tax; (9) authorize a qualifying local government that imposes the supplemental sales and use tax to adopt an ordinance or order to abolish the tax if there is no outstanding debt secured by the tax; (10) require a certified copy of an ordinance or order to be forwarded to the comptroller before June 30 of the year preceding the January 1 on which the action approved in the ordinance or order is to take effect; (11) provide that the adoption, increase, reduction, or abolition of the supplemental sales and use tax takes effect on the next January 1 that is at least six months after the date the qualifying local government forwards to the comptroller the copy of the ordinance or order adopting, increasing, reducing, or abolishing the tax, as applicable; (12) provide that the rate of a supplemental sales and use tax may not be considered for purposes of determining the combined local tax rate in any area; and (13) provide that revenue from a supplemental sales and use tax is for the use and benefit of the qualifying local government imposing the tax and may be used for any purpose for which the general funds of the local government may be used.

**S.B. 302 (Miles) – Sales Tax Exemption:** would: (1) exempt from sales taxes the sale of an article of clothing, footwear, school supply, or school backpack that costs less than \$200 and is sold during certain timeframes (current law sets exemption amount at an item less than \$100); and (2) exempt the sale or storage, use, or other consumption of an e-reader, gaming console, personal computer, smartphone, or tablet computer from sales taxes if the device: (a) is purchased during a specified weekend preceding the beginning of the school year; (b) has a sales price of less than \$750; and (c) is not purchased over the Internet. (Companion bill is **H.B. 385** by **Bohac**.)

### **Purchasing**

No city-related purchasing bills were filed this week.

### **Elections**

**H.B. 611 (White) – Voting Priority:** would provide that an election officer at a polling location may allow certain uniformed first responders to vote before other voters.

**H.B. 613 (Springer) – Election Date:** would, among other things, remove the requirement that school districts hold their elections on the same date as: (1) the election for the members of a city council located in the school district; (2) the general election for state and county officers; (3) the election for the members of the governing body of a hospital district under certain circumstances; or (4) the election for the members of the governing board of a public junior college district in which the school district is wholly or partly located.

### **Open Government**

No city-related open government bills were filed this week.

### **Other Finance and Administration**

**H.B. 281 (Middleton) – Lobby Restrictions:** would provide that: (1) the governing body of a political subdivision may not spend public money to directly or indirectly influence or attempt to influence the outcome of any legislation pending before the legislature; (2) the bill does not prevent: (a) an officer or employee of a political subdivision from providing information for a member of the legislature or appearing before a legislative committee at the request of the committee or the member of the legislature; (b) an elected officer of a political subdivision from advocating for or against or otherwise influencing or attempting to influence the outcome of legislation pending before the legislature while acting as an officer of the political subdivision; or (c) an employee of a political subdivision from advocating for or against or otherwise influencing or attempting to influence the outcome of legislation pending before the legislature if those actions would not require a person to register as a lobbyist; (3) the governing body of a political subdivision may spend, in the name of the political subdivision, public money for membership fees and dues of a nonprofit state association or organization of similarly situated

political subdivisions only if: (a) a majority of the governing body votes to approve membership in the association or organization; (b) the association or organization exists for the betterment of local government and the benefit of all local officials; (c) the association or organization is not affiliated with a labor organization; (d) neither the association or organization nor an employee of the association or organization directly or indirectly influences or attempts to influence the outcome of any legislation pending before the legislature; and (e) the association or organization does not directly or indirectly contribute any money, services, or other valuable thing to a political campaign or endorse a candidate or group of candidates for public office; (4) item (3)(d), above, does not prevent a person from providing information for a member of the legislature or appearing before a legislative committee at the request of the committee or the member of the legislature; (5) if a political subdivision engages in an activity prohibited by (1), above, or if any association or organization supported wholly or partly by payments of public money from political subdivisions violates the bill, a taxpayer or resident of the political subdivision that engages in the prohibited activity or that pays fees or dues to the association or organization is entitled to appropriate injunctive relief to prevent any further activity prohibited by the bill or any further payments of fees or dues; and (6) a taxpayer or resident who prevails in an action under (5), above, is entitled to recover from the political subdivision the taxpayer's or resident's reasonable attorney's fees and costs incurred in bringing the action.

**H.B. 293 (K. King) – Public Funds Investment Act:** provides that the treasurer, chief financial officer, or investment officer of a school district or city must take only the initial 10 hour training under the Public Funds Investment Act but no continuing investment training if the school district or city: (1) does not invest district or city funds; or (2) only deposits district or city funds in interest-bearing deposit accounts or certificates of deposit. (Companion bill is **S.B. 248** by **Seliger**.)

**H.B. 687 (Guillen) – Rock Climbing:** would include rock climbing in the recreational use statute for tort liability purposes. (Companion bill is **S.B. 230** by **Perry**.)

### **Municipal Courts**

**H.B. 615 (Neave) – Destruction of Sexual Assault Examination Kit:** would allow the attorney representing the state, clerk, or other officer in possession of a sexual assault examination kit to destroy the contents of the kit if the attorney, clerk, or officer (1) notifies the sexual assault victim by mail of the planned destruction of the kit, and (2) does not receive a written objection from the victim before the 91<sup>st</sup> day after the date on which proof the victim received notice of the planned destruction of the kit.

**H.B. 629 (Landgraf) – Protective Order Registry:** would: (1) require the Office of Court Administration of the Texas Judicial System (OCA) to establish and maintain a central, Internet-based registry for applications for certain protective orders filed and issued in this state (registry); (2) require the OCA to allow city case management systems to easily interface with, and city attorneys and peace officers to access the information in, the registry; and (3) require a court to enter a copy of the application for a protective order and related orders in the registry as

soon as possible, but not later than 12 hours after the application is filed or order is issued (assuming the relevant information is available).

**H.B. 658 (Dutton) – Juveniles:** would, among other things and with certain exceptions, change the age of a child for criminal responsibility purposes from 17 years of age to 18 years of age.

### **Community and Economic Development**

**S.B. 289 (Lucio) – Natural Disasters:** would: (1) authorize cities to develop local housing recovery plans to provide for the rapid and efficient construction of permanent replacement housing following a natural disaster; (2) require the General Land Office (or other state agency designated by the governor) to seek approval from certain federal agencies for the immediate post-disaster implementation of local housing recovery plans; and (3) require local housing recovery plans be approved by the Hazard Reduction and Recovery Center at Texas A&M University, the General Land Office, and the governor.

**S.B. 298 (Miles) – Small Business Development:** would provide, among other things, that the state's Office of Small Business Assistance shall promote the establishment of small business development centers at accessible locations, including community centers, park facilities, and public libraries, in areas of this state with the fewest certified historically underutilized businesses.

**S.B. 318 (Flores) – Sporting Goods Sales Tax:** would require the Parks and Wildlife Department to deposit to the credit of the state parks account all revenue from credits made to the department in an amount equal to the amount of the department's share of the sporting goods sales tax proceeds minus the sum of the amounts appropriated from the credits to the Texas Parks and Wildlife conservation and capital account, Texas recreation and parks account, and the large county and municipality recreation and parks account.

### **Personnel**

**H.B. 282 (Neave) - Training:** would require: (1) a peace officer and a reserve law enforcement officer to complete a Texas Commission on Law Enforcement education and training program on trauma-informed interviewing of victims of sexual assault or other sexual offenses; and (2) that the program be completed not later than the second anniversary of the officer being licensed or the date the officer applies for an intermediate proficiency certificate, whichever date is earlier.

**H.B. 618 (Neave) – Confidentiality Agreements:** would: (1) make a nondisclosure or confidentiality agreement or similar agreement between an employer and an employee void and unenforceable if the agreement prohibits: (a) an employee from notifying or limits the employee's ability to notify a law enforcement agency or state or federal regulatory agency of sexual assault or sexual harassment committed by the another employee of the employer or at the employee's place of employment; (b) an employee from disclosing to any person facts

surrounding any sexual assault or sexual harassment committed by an employee of the employer or at the employee's place of employment, including the identity of the alleged offender; (2) provide that a mandatory arbitration agreement between an employer and an employee is void and unenforceable to the extent the agreement imposes mandatory arbitration of a dispute involving an allegation of sexual assault or sexual harassment; and (3) make it an unlawful employment action for an employer to refuse to hire, discharge, harass or discriminate against an individual who refuses to sign an agreement described in (1) and (2).

**H.B. 619 (Neave) – Damages Caps:** would eliminate the cap on compensatory damages and exemplary damages for an unlawful employment action involving: (1) sexual assault; (2) sex discrimination; and (3) retaliation in connection with an unlawful employment action based on sex.

**H.B. 621 (Neave) – Child Abuse Reporting:** would, among other things, prohibit an employer from taking an adverse employment action against an individual licensed or certified by the state, who in the normal course of official duties for which the license or certification is required has direct contact with children, and who, in good faith: (1) reports child abuse or neglect to: (a) the individual's supervisor; (b) an administrator of the facility where the person is employed; (c) a state regulatory agency; or (d) a law enforcement agency; or (2) initiates or cooperates with an investigation or proceeding by a governmental entity relating to an allegation of child abuse or neglect.

**H.B. 655 (Dutton) – Training:** would create the officer training advisory committee comprising of members of the legislature to conduct a study of the training programs the Texas Commission on Law Enforcement establishes and maintains for individuals seeking to be peace officers, county jailers, school marshals, public security officers, and telecommunicators.

### **Public Safety**

**H.B. 401 (Neave) – Sexual Assault Evidentiary Council:** would: (1) create a sexual assault evidentiary council that would, among other things, advise the attorney general in the development of rules regarding the collection and preservation of evidence in cases of sexual assault or other sex offenses; and (2) require the attorney general to adopt rules in consultation with the sexual assault evidentiary council regarding an evidence collection protocol that shall include collection procedures and the requirements for a standardized evidence collection kit for use throughout the state.

**H.B. 652 (Neave) – Immigration:** would provide that a local entity, including the governing body of a city, a police officer, or a city attorney, does not violate the provisions of S.B. 4 (2017), relating to the enforcement of immigration laws by local governments, by prohibiting a peace officer from assisting or cooperating with a federal immigration officer if the assistance or cooperation occurs at a domestic violence shelter.

**H.B. 683 (White) – Driver Responsibility Program:** would, among other things, repeal the driver responsibility program and make several conforming changes to related traffic laws.

**S.B. 285 (Boris) – Hurricane Preparedness:** would, among other things, require: (1) the governor to issue a proclamation each year before hurricane season instructing: (a) individuals, including residential and commercial property owners, to prepare their property and communities for the upcoming hurricane season; and (b) cities and other agencies, to the extent practicable, to conduct community outreach and education activities on hurricane preparedness between May 25 and 31 of each year; and (2) the General Land Office conduct a public information campaign each year before and during hurricane season to provide local officials and the public with information regarding housing assistance that may be available under state and federal law in the event of a major hurricane or flooding event, including information about types of assistance unavailable under the law.

**S.B. 291 (Lucio) – Human Trafficking Unit:** would create a human trafficking unit within the Department of Public Safety to, among other things, collaborate with federal and local law enforcement agencies to investigate human trafficking and arrest persons determined to have engaged in human trafficking.

**S.B. 295 (Lucio) – Unlawful Restraint of a Dog:** would: (1) create the offense of unlawful restraint of a dog; and (2) provide that the bill does not preempt a local regulation relating to the restraint of a dog or affect the authority of a political subdivision to adopt or enforce an ordinance or requirement relating to the restraint of a dog if the regulation, ordinance, or requirement: (a) is compatible with and equal to or more stringent than a requirement prescribed by the bill; or (b) relates to an issue not specifically addressed by the bill.

**S.B. 305 (Watson) – 911 Immunity for Overdose:** would provide for a defense to prosecution for certain offenses involving possession of small amounts of controlled substances and other prohibited drugs, substances, or paraphernalia for defendants seeking assistance for a suspected overdose.

**S.B. 306 (Watson) – Public Intoxication Treatment:** would provide that a peace officer may release an individual who commits the offense of public intoxication in lieu of arresting the individual if the individual verbally consents to voluntary admission to a facility that provides a place for individuals to become sober under supervision, and the facility admits the individual for supervision.

### **Transportation**

**H.B. 625 (Neave) – Vehicle Towing and Booting;** would increase (from 14 to 60 days) the time a person has a right to request a court hearing to determine whether probable cause existed to tow or install a boot on a vehicle.

**H.B. 626 (Neave) – Vehicle Towing and Booting:** would require that a sign prohibiting unauthorized vehicles on a parking facility include notice of a person's right to request a court hearing to determine whether probable cause existed to tow or install a boot on a vehicle.

**H.B. 646 (Raney) – Mopeds:** would alter the inspection and licensure requirements to operate a moped.

### **Utilities and Environment**

**H.B. 654 (Dutton) – TCEQ Permitting Notice:** would provide that the definition of “affected person” for purposes of a contested case hearing by or for the Texas Commission on Environmental Quality regarding water quality, beneficial land use, new source review (air), municipal solid waste, industrial solid waste, hazardous waste, or underground injection wells permit applications include the state senator and representative who represents the area in which the facility to which the application relates is located or proposed to be located.

**H.B. 669 (T. King) – Rural Broadband:** would provide that the Texas Public Utility Commission shall provide financial assistance from the universal service fund for an incumbent local exchange company to build and maintain facility-based networks capable of providing access to broadband service in rural areas of this state where support is necessary to allow the provision of services at rates comparable to the benchmark rates established by the Federal Communications Commission.

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