

## **2015 Legislative Session Wrap-Up**

The legislative session is over. The Governor will be signing and vetoing bills through June 21<sup>st</sup> and we will be monitoring. The total number of bills and joint resolutions that have been sent to Governor Abbott is just over 1,300 in regular session this year. Nearly 6,500 bills and resolutions were filed this session. The vast majority of bills did not pass.

A preliminary count indicates that lawmakers may have passed fewer pieces of legislation in 2015 than they had in all of the six regular sessions that have been held since 2003 when the GOP had majorities on both sides of the rotunda for the first time in more than a century.

Republican leaders and legislators achieved most of their major objectives with a \$209 billion two-year state budget, a tax relief package with a \$3.8 billion price tag, an unprecedented border security plan, a \$3 billion-a-year transportation expansion and a pre-kindergarten initiative that Abbott had championed as the crowning achievements.

It has been a very long and challenging legislative session with a new Governor, Lt. Governor and slate of new legislative leaders, many hostile to cities. Cities have been faced with an unprecedented challenge on local control by a group of legislators

and they specifically also worked to kill HOT tax legislation this session.

I want to thank the city council for your support and assistance during the session. I want to especially thank Mayor Brian Loughmiller, City Manager Tom Muehlenbeck, Chamber President Lisa Hermes and Economic Development Corporation CEO Jim Wehmeier and their boards for the time, quick turnaround on issues and testifying and drafting letters of support and opposition for our legislative agenda. We spent a lot of time on defense this session and were successful. I expect another challenge on local control next session. I look forward to continuing our work defending the city and advocating for important policy issues that impact the City of McKinney, the McKinney Economic Development Corporation and the McKinney Chamber and defeating legislation that would harm our efforts.

## **New Collin County Courts Created**

Some good news: Collin County will have three new courts thanks to Mayor Loughmiller and Rep. Jodi Laubenberg. Jodi's bills HB 1822 and HB 4151 were rolled into an omnibus bill SB 1139 for a variety of courts. The 469th and 470th Judicial Districts are created in Collin County and The County Court at Law No. 7.

## **McKinney Chamber Supported Tax Relief for Business Passed – Homeowners also received Tax Relief**

\$3.8 billion in tax relief, including a permanent increase in the homestead exemption to \$25,000, pending voter approval, and a permanent 25 percent rate reduction in the business franchise tax.

## **Passed Most of Our Economic Development Agenda**

We achieved most of our economic development agenda. The legislature approved a two-bill package House Bill 26 by Rep. Angie Chen Button, R-Richardson, and Senate Bill 632 by Sen. Troy Fraser, R-Horseshoe Bay that will establish a fund to recruit academic researchers, abolish the emerging tech fund and create an oversight board to review various state incentive programs.

The measures signed by Gov. Greg Abbott include key elements of his higher education and economic policy agendas.

The measures will:

- Create the Governor's University Research Initiative Fund within the governor's office, to provide matching grants to public institutions of higher learning for recruiting Nobel laureates and members of the National Academy of Sciences and its sister organizations in engineering and medicine.
- Abolish the Emerging Technology Fund, whose star had faded amid a critical audit and bankruptcies of some startups it assisted.
- Establish a nine-member Economic Incentive Oversight Board charged with reviewing programs that award money or tax incentives at the discretion of the governor, comptroller or Agriculture Department.
- Change the name of the Major Events Trust Fund to the Major Events Reimbursement Program, and base reimbursement amounts on the prevailing state sales tax rate.
- \$90 million dollars to the Enterprise Fund and reduce from 90 to 30 days the time to approve Enterprise Fund approvals

However, HB 1754, the 380 agreements did not

pass. It passed the House and passed out of Senate committee, and was posted on the Senate intent calendar, but did not make it in time for a Senate vote. This is a bill we can work on again next session.

## **Passed Our Transportation Agenda**

We also approved our transportation agenda that advocated for \$5 Billion dollars to TXDOT. The legislature accomplished this by doing the following:

Funding for transportation infrastructure includes \$1.3 billion made available by completely ending diversions from the State Highway Fund and a \$2.4 billion transfer to the State Highway Fund resulting from the passage of Proposition 1 in 2014. Coupled with SJR 5, which will add a minimum of \$5 billion per biennium to the State Highway Fund beginning in the 2018-19 biennium, this is the largest transportation infrastructure commitment in a decade.

**SJR 5**

Texas voters later this year will have the chance to pass SJR 5 that will give the Texas Department of Transportation a \$2.5 billion raise.

The proposed amendment to the Texas Constitution that, beginning in 2017, would direct up to \$2.5 billion in state sales tax revenue annually to TxDOT. The money, under SJR 5, could be used for right of way purchases, construction and maintenance of non-tolled highways and to make payments on general fund-backed debt that TxDOT has accumulated in the past five years.

The amendment also would allow that new money for TxDOT to grow beginning in 2019, allocating to the agency 35 percent of vehicle sales taxes above \$5 billion annually. Rep. Joe Pickett, D-El Paso, the House sponsor of SJR 5, said that should amount to at least another \$250 million for roads in that first fiscal year based on projections by the Texas comptroller.

- The general sales tax allocation to TxDOT would last for 15 years, and the added amount from vehicle sales taxes would remain in place for 10

years, under SJR 5. But the Legislature, the amendment says, could extend either of those through a majority vote.

- The Legislature likewise in the future could lower either of those allocations, by up to 50 percent, in any given year or biennium, but doing so would require a two-thirds majority in both chambers.
- The upshot, if voters approve the amendment put before them by SJR 5, is that TxDOT by 2019 should be at or above the \$5 billion in added revenue that agency officials have said over the past couple of years will be sufficient to properly maintain the state's 80,000-mile state highway system and build enough new highways and interchanges to keep urban traffic congestion from getting worse.

**Came very close to passing our HOT tax bill. It passed the Senate as an amendment. We need to redouble our efforts next session to get it passed- sometimes it takes several sessions to achieve**

## **the goal**

While, I believe we had many victories this legislative session primarily our ability to beat back a lot of really bad legislation, I am disappointed we could not get the HOT tax bill passed. We came very close to passing it and I did everything within my power to get it passed working down to the wire over the weekend. We came extremely close. I have Senator Taylor's commitment to help us get it done next session.

## **Achieved our Local Control Agenda and Stopped the Top Priority Bills for the City including Revenue and Appraisal caps**

We stopped all the bills below:

SB 182 revenue cap bill did not pass. We will have to redouble our efforts in the interim and next session to be prepared for another attack on cities.

SB 156 Appraisal Cap bill

SB 1220 Tax Increment Financing restrictions

HB 2221/ SB 1639 annexation bill

SB 1806 Super Preemption Bill

SB 1041 Ballot Propositions-would require various types of debt information to be included in the text of any ballot proposition to approve a debt instrument, the purpose of which is to paint a limited and misleading picture of city finances in order for voters to vote down city debt issuances

SB 310- would restrict cities' use of certificates of obligation (CO). Two of the most concerning provisions of S.B. 310 would: (1) extend the period within which voters can petition for an election on a CO issuance; and (2) drastically lower the petition threshold to call an election on a CO. The end result would be a significantly easier process to call an election on a CO, which in many ways defeats the purpose of the debt instrument.

SB 1862/HB 1257- Prohibiting cities from hiring lobbyists

HB 134 Simpson- Relating to certain information included with ballot propositions for elections to authorize state and local general obligation bonds.

HB 540- This is an anti-local government bill that strips away authority of home rule cities and requires cities to get approval from the attorney general to determine which local referendum complies with state and federal law. All mayors in Collin County wrote a letter opposing this bill

HB 1556/SB 1155- Relating to prohibition of certain regulations by a county, municipality, or other political subdivision

**SB 1760 did pass. It requires 60% percent vote of a governing body to reduce property taxes. (This was part of the tax deal that was approved, but we were able to keep out appraisal and revenue caps)**

For a complete list of bills see the legislative tracking report.

2016-2017 Budget Highlights (HB 1) include:

- • 3.0 percent increase in All Funds and a 4.9 percent increase in state spending (total of General Revenue, General Revenue-Dedicated, and Other Funds), excluding tax relief, compared to the previous biennium. The budget is well under estimates of population growth and inflation ranging from 6.2 percent to 8.6 percent. The budget is billion under both the Article 8 Constitutional spending limit and the state's pay-as-you-go limit.
- • No spending from the state's Rainy Day Fund.
- • An increase in border security providing \$800 million for: additional Department of Public Safety (DPS) troopers; funding a 10-

hour workday for troopers statewide; a new company of the Texas Rangers; sustained presence of the Texas National Guard on the border until necessary DPS assets can be deployed; and additional technology to fight crime.

- Full funding for enrollment growth in public schools, plus \$1.5 billion more than current law requires to increase per student funding from \$5,040 to \$5,140, to improve equity, and to fund new school facilities.
- • \$40 million for math and reading training for K-3 teachers and \$118 million for a high quality pre-kindergarten grant program.
- • A 3 percent formula funding increase for colleges and medical schools.
- • \$53 million for Graduate Medical Education to provide sufficient funding for every Texas medical school graduate to have a residency in Texas.
- • \$373 million in Medicaid cost containment savings, \$50 million for women's health, and \$712 million in All Funds, an increase of \$573 million, for hospital payments, including rural, trauma-designated, and safety net hospitals.

- • Funding for an 8 percent salary increase and related benefits to Correctional Officers at the Texas Department of Criminal Justice.
- • \$500 million for state facilities and deferred maintenance projects, as well as funding for the restoration of historic Texas courthouses, the Battleship Texas, and the Alamo.

All of Gov. Greg Abbott's emergency items passed except the ethics legislation. A couple of smaller ethics bills passed.

#### Early Education:

- Pre-K (House Bill 4) was passed by the House and Senate.
- Reading Excellence Teams (Senate Bill 935) and Math Achievement Academies (SB 934) were passed by the Senate on April 23 and have been referred House Public Education Committee.
- Reading to Learn Academies (SB 925) was passed by both chambers and has been received by the governor's office for his signature.

#### Higher Education Research Initiative:

- SB 632, which would eliminate the Emerging Technology Fund and establish the Governor's University Research Initiative, was passed by the Senate on April 29.
- Proposal language was included in omnibus bill HB 26, which was passed by the House.
- The research initiative has funding appropriated in both the House and Senate budgets.

#### Transportation:

Senate Joint Resolution 5, which would both direct significant sales tax money to the Texas Department of Transportation

#### Border Security:

HB 11 which would both include hiring hundreds more Texas Department of Public Safety troopers to patrol the state's southern border, have been passed by their respective chambers.

#### Ethics Reform:

- SB 19, an omnibus bill that includes multiple initiatives from Abbott's emergency item on ethics reform did not pass.

