



BOMA

86th Legislative Session

Wrap Up

Texas BOMA – Austin Chapter

Important Dates

- **January 8, 2019 – 86th Legislative Session Convenes**
- **March 8, 2019 – Last day for Members to file HBs and SBs**
- **May 27, 2019 – Sine Die**
- **June 16, 2019 – Last day for governor to veto or sign legislation**

Bill Statistics

86th Regular Session

Status	HB	HJR	SB	SJR	Total
Introduced	4765	147	2559	70	7541
Passed	969	7	460	3	1439
Vetoed	41	n/a	15	n/a	56*

* Governor also vetoed 2 HCR

New Day – New Focus

➤ House

- **New Speaker – State Representative Dennis Bonnen (R- Lake Jackson)**
- **House: 150 members**
 - **Republican: 83**
 - **Democrat: 67**
- **Democrats picked up 12 seats**

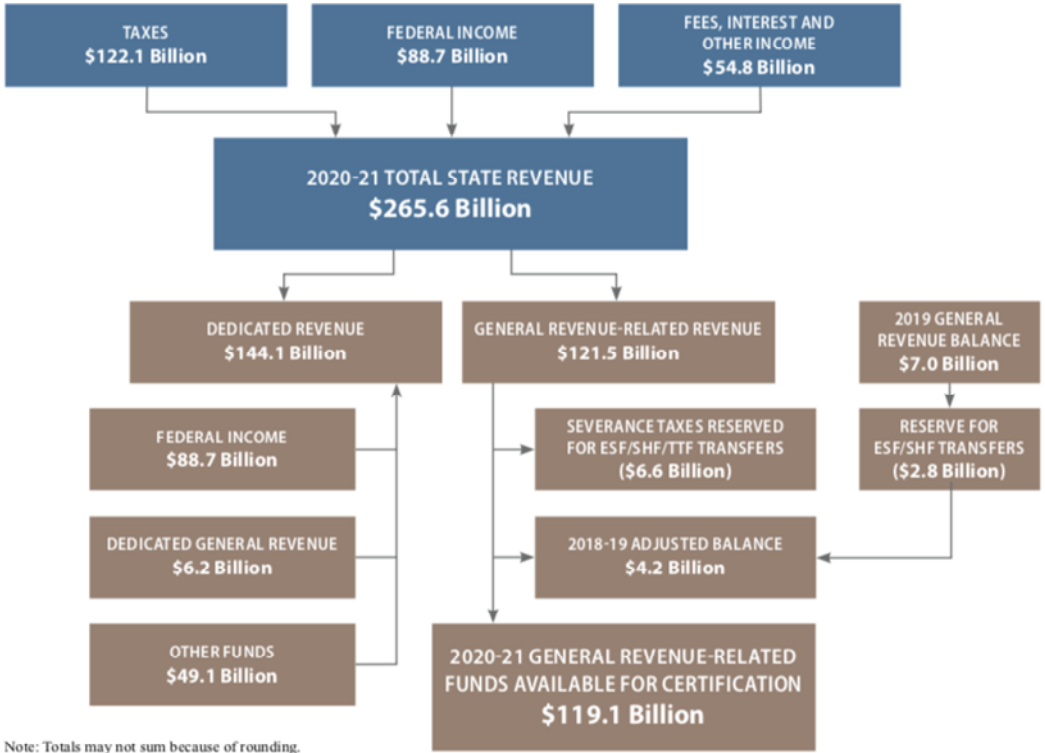
➤ Senate:

- **Lt. Governor Dan Patrick**
- **Senate: 31 members**
 - **Republican: 19**
 - **Democrat: 12**
- **Democrats picked up 2 seats**
- **Republicans picked up 1 seat**

BUDGET

Comptroller's Biennial Revenue Estimate

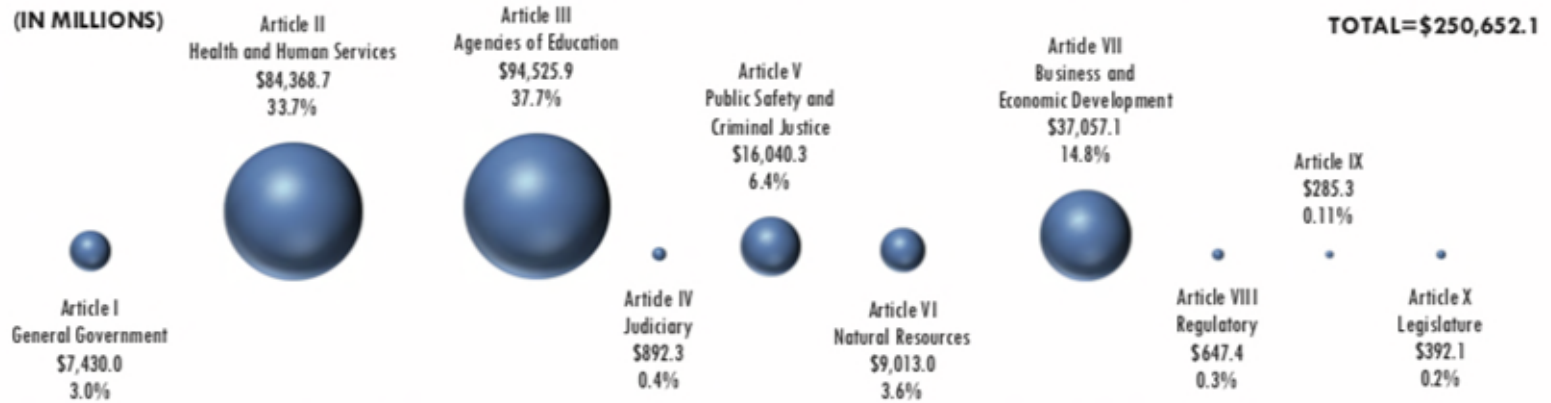
FIGURE 1
Flow of Major Revenues for the 2020-21 Biennium



Note: Totals may not sum because of rounding.
 SOURCE: Glenn Hegar, Texas Comptroller of Public Accounts.

Budget: 2020 – 2021 Biennium

FIGURE 1
FUNDING BY ARTICLE, ALL FUNDS



NOTE: Object size is proportional to the percentage of recommended All Funds appropriation for all articles.
SOURCE: Legislative Budget Board.

Budget: 2020 – 2021 Biennium

**FIGURE 2
FUNDING BY ARTICLE, ALL FUNDS**

(IN MILLIONS)	ESTIMATED/BUDGETED 2018–19 (1)	CCR HB1 2020–21	BIENNIAL CHANGE	PERCENTAGE CHANGE
ALL FUNCTIONS				
Article I – General Government	\$7,503.3	\$7,430.0	(\$73.3)	(1.0%)
Article II – Health and Human Services	\$83,584.2	\$84,368.7	\$784.5	0.9%
Article III – Agencies of Education (2)	\$81,229.0	\$94,525.9	\$13,296.8	16.4%
<i>Public Education (2)</i>	\$60,492.7	\$72,673.1	\$12,180.3	20.1%
<i>Higher Education</i>	\$20,736.3	\$21,852.8	\$1,116.5	5.4%
Article IV – Judiciary	\$857.1	\$892.3	\$35.3	4.1%
Article V – Public Safety and Criminal Justice	\$18,378.5	\$16,040.3	(\$2,338.3)	(12.7%)
Article VI – Natural Resources	\$6,566.0	\$9,013.0	\$2,447.1	37.3%
Article VII – Business and Economic Development	\$36,587.5	\$37,057.1	\$469.6	1.3%
Article VIII – Regulatory	\$671.7	\$647.4	(\$24.3)	(3.6%)
Article IX – General Provisions (2)	\$0.0	\$285.3	\$285.3	N/A
Article X – Legislature	\$392.8	\$392.1	(\$0.8)	(0.2%)
Total, All Articles	\$235,770.2	\$250,652.1	\$14,882.0	6.3%
Amount of Tax Relief			(\$4,980.0)	
Growth Excluding Property Tax Relief			\$9,902.0	4.2%

Budget Highlights: 2020 – 2021 Biennium

- Education: \$94.5 billion in All Funds
 - Public Education: \$72.7 billion in All Funds
 - Includes additional \$11.6 billion contingent on HB 3
 - Higher Education: \$21.8 billion in All Funds

- Health Care: \$84.3 billion in All Funds
 - Texas Medicaid Program: \$66.5 billion in All Funds

- Texas Department of Transportation: \$31.1 billion in All Funds

- TRS Benefits: \$5.2 billion in All Funds (*includes SB 500*)
 - Includes \$589 million from ESF for one-time payment and \$524 million from ESF to increase state contribution and obtain actuarial soundness
 - Retiree health insurance: \$1.1 billion in All Funds

- Border Security: \$800.6 million in All Funds
 - Majority of funding (\$693.3 million) provided to DPS

SB 500 - Supplemental Bill

- **SB 500 – Supplemental Bill**
 - Appropriates \$6.1 billion from the ESF
 - Appropriates money for the following items:
 - Hurricane Harvey Relief and Recovery
 - Medicaid Shortfall
 - State Employee and Teacher Retirement
 - Other state expenses

Hurricane Harvey

- **SB 7** – Texas Infrastructure Resiliency Fund and Flood Infrastructure Fund
 - \$1.68 billion in funding
 - Includes:
 - \$838 million for state matching dollars
 - \$840 million for State Flood Plan
- **HJR 4** – Proposes a constitutional amendment to create the Flood Infrastructure Fund (*November 2019 ballot*)
 - Assist in financing of drainage, flood mitigation, and flood control projects
- **HJR 34** – Proposes a constitutional amendment to permit the Legislature to provide for a disaster exemption for property located in a Governor-declared disaster area. (*November 2019 ballot*)

Leadership Priorities



Property Tax



School Finance

SB 2 by State Senator Paul Bettencourt (R – Houston)

- **SB 2** – Texas Property Tax Reform and Transparency Act of 2019
 - Goals of SB 2:
 - Restrain the growth of property taxes
 - Increase transparency in the tax rate setting and appraisal process

SB 2 by State Senator Paul Bettencourt (R – Houston)

➤ Rollback Rate

- Lowers the rollback tax rate from 8% to 3.5%
 - Exceptions: taxing units with a tax rate lower than 2.5 cents per \$100 value; hospital districts; and junior college districts
 - School districts capped at 2.5% (HB 3)
- Automatic ratification election if exceed rollback rate
- Ability to bank unused revenue growth for 3 years
- Small taxing units receive a \$500,000 allowance

SB 2 by State Senator Paul Bettencourt (R – Houston)

- Appraisal Reform
 - Creates Special Appraisal Review Boards
 - Appraisal Manuals
 - Property Tax Administration Advisory Board
 - Appraisal District Reviews and General Audits
 - Employment Prohibitions
- Tax Rate Process Reforms
 - Real Time Tax Rate Notices
 - Statewide List of Tax Rates
 - Public Hearings
 - Notice of Tax Rate Adoption
 - November Election for Tax Rate Increases that Exceed Rates

HB 3 by State Representative Dan Huberty (R- Houston)

- What does **HB 3** do?
 - Increases funding for students
 - \$4.5 billion for education reforms
 - Lowers school district tax rates
 - Over \$5 billion in statewide property tax relief
 - Lowers recapture payments (a.k.a. “Robin Hood”)
 - \$3.6 billion recapture reductions
 - Increases salaries for teachers, librarians, counselors, and nurses

Is Funding for HB 3 Sustainable?

- **HB 3 cost expected to cost \$13.4 billion in 2022-23 biennium**
- **Funding options:**
 - **HJR 3** – Rep. Huberty: Amends the Texas Constitution to increase the sales tax rate to 7.25 percent.
 - Dedicates the revenue from the portion of the rate above the current 6.25% to increase the state’s share of the cost to maintain and support public schools and to reduce school property taxes.
 - Bill failed to pass
 - Eliminating certain tax exemptions?
 - State Income Tax?
 - **HJR 38** – no state income tax in Texas (*November 2019 ballot*)

Texas BOMA Priorities

Appraisal Caps

- Appraisal caps limit how much taxable property values can rise each year.
- Problem with Appraisal caps → shifts the tax burden to the non-capped properties
- Bills filed:
 - **HB 878** – Rep. Bell – reduces appraisal caps to 5% and applies to all properties
 - **HB 383** – Rep. Bohac – reduces appraisal caps for residence homestead from 10% to 5%
- Both bills failed to pass.

Mandatory Sales Price Disclosure

- Some appraisal districts and local government entities support full disclosure of all sale prices to establish the value of real property.
- Problem with sales price disclosure → results in appraisal districts chasing sales prices, pushing the taxable value of real property higher than it should be based on the highest price in a given area.
- Bills filed:
 - **HB 1036** – Rep. Beckley (D- Carrollton): requires mandatory sales price disclosure
 - **HB 185** – Rep. Bernal (D – San Antonio): requires a study on mandatory sales price disclosure
 - **HB 3493** – Rep. Talarico (D- Round Rock): requires mandatory sales price disclosure
- All bills failed to pass.

Equal and Uniform

- Appraisal districts are required to assess property taxes on an equal and uniform basis, so that similar properties are valued in a similar way.
- Equal and Uniform help ensure the property owner is being treated the same as other property owners.
- Bills filed:
 - **HB 1816** – Rep. Beckley (D – Carrollton)
 - **SB 853** – Sen. Johnson (D – Dallas)
- Both bills failed to pass.

Paid Sick Leave Ordinances

- Cities were passing mandatory paid sick leave ordinances.
 - Austin, San Antonio, and Dallas
- Problem with paid sick leave ordinances → enforces a one-size fits all policy
- Bills filed this session:
 - **SB 15** – employment benefits
 - **SB 2485** – employment benefits
 - **SB 2486** –scheduling practices
 - **SB 2487** – employment leave policies
 - **SB 2488** – ban the box
- No bills passed this session

Guns Legislation

- **HB 302** – Rep. Dennis Paul (R- Houston)
 - Original bill: prevented residential and commercial property owners from banning guns on their property.
 - We were able to remove commercial properties from the bill.
 - (*Effective: 9/1/19*)
- **HB 121** – Rep. Valoree Swanson (R- Houston)
 - Establishes a defense to prosecution if a person accidentally carries a handgun onto another person's property and did not know guns were prohibited on the property.
 - (*Effective: 9/1/19*)

Plumbing Sunset Bill

- **SB 621** – Senator Robert Nichols (R – Jacksonville)
 - Texas State Board of Plumbing Examiners (TSBPE) regulates plumbing in Texas by licensing and overseeing apprentices, tradesman, journeyman, and master plumbers, and plumbing inspectors.
 - TSBPE and Plumbing License Law subject to sunset
 - Major problems with the plumbing board
 - SB 621 failed to pass
 - State plumbing code to be abolished on Sept. 1, 2019
 - TSBPE winding down and wrapping up by Sept. 2020
- **Governor Abbott issued an executive order to extend the plumbing board until 2021.**

Bills of Interest

- **HB 589** – Rep. Deshotel and **HB 3498** – Rep. Burrows
 - Updating the lien law statute (*Bills died*)
- **HB 1152** – Rep. Diego Bernal:
 - Addresses price gouging on products such as building materials during a declared disaster. (*Effective 9/1/19*)
- **HB 2439** – Rep. Dade Phelan:
 - Prohibits state and local government entities from requiring standards for building materials used in construction or renovation that were stricter than those set by a national model code published within the last three code cycles. (*Effective 9/1/19*)
- **SB 549** – Sen. Royce West:
 - Regulates the use of motor scooters and prohibits parking motor scooters where they would block roads or sidewalks. (*Bill died*)

Bills of Interest

- **SB 849** – Sen. Fallon: requires cities to notify the public if increasing existing fees or imposing new fees. (*Bill died*)
- **HB 290** – Rep. Leach: limits a contractor's liability and responsibility for the consequences of certain defects related to design and planning with respect to construction or repair of an improvement to real property. (*Bill died*)
- **HB 1737** – Rep. Holland : Shortens the statute of limitation and repose for certain construction claims. (*Bill died*)

Other Issues

- **HB 1545:** Renewal of TABC
- **HB 1631:** Banning Red Light Cameras (*Effective immediately*)
- **HJR 117:** Eliminates Daylight Savings Time (*Bill died*)
- **SB 1978:** Religious Liberties a.k.a. “Save Chick-fil-a” bill (*Effective: 9/1/19*)
- **HB 16:** Born Alive Act (*Effective: 9/1/19*)
- **SB 22:** Prohibits Contractual Partnerships with Planned Parenthood (*Effective: 9/1/19*)
- **SB 21:** Raise the Age for Tobacco Products (*Effective: 9/1/19*)

Conclusion

Any questions?

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