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State-Imposed Revenue Mandates

Legislation (S.B. 156/S.J.R 14 and S.B. 182/H.B. 365) has already been filed to impose limitations on city property tax revenues. The current proposals would provide minimal tax relief to city taxpayers, but they could be extremely detrimental to city revenue.

City officials can use League-prepared white papers on [revenue caps](#) and [appraisal caps](#) to make this point to their legislators.

Numerous Interim Legislative Reports Released

Legislative committees are given items to study during the interim, and each committee then reports its recommendations on those items. Several city-related committees issued reports last week, and the following is a brief summary of those reports. More reports will be issued in the coming weeks, and will be summarized here as well.

House Committee on Agriculture & Livestock

Charge: Study the feasibility of the creation of a border agricultural inspection training program and the authority of Texas Department of Agriculture employees to augment federal inspectors at Texas border land ports of entry.

Recommendations:

Industry stakeholders have turned to forming trade alliances that can potentially contribute money to fund more inspectors with cargo release authority at ports of entry. These partnerships allow industry groups and state and local governments to propose solutions to problems unique

to each area and reimburse the federal government after they are implemented. It is in the best interest of the state to participate in such programs through funding support.

Charge: Conduct legislative oversight and monitoring of the agencies and programs under the committee's jurisdiction.

Recommendations: There is concern that a focus on municipal consumers has inadvertently forced the Texas State Soil and Water Conservation Board to make changes to the Water Supply Enhancement Program (formerly the Texas Bush Control Program) that stray from the concerns of rural communities and agricultural producers. The Committee would support efforts to re-tool the program to strongly maintain a rural and agricultural focus.

House Committee on Corrections

Charge: Study the impact of S.B. 393 (83R) and S.B. 1114 (83R). Assess the impact of school discipline and school-based policing on referrals to the municipal, justice, and juvenile courts, and identify judicial policies or initiatives designed to reduce referrals without having a negative impact on school safety. (Joint charge with the House Committee on Public Education).

Recommendations:

- The legislature should consider creating new mechanisms for engaging parents in the school disciplinary process, especially for repeat offenders.
- The legislature should continue to monitor closely the impact of the bills on school safety.

House Committee on Economic and Small Business Development

Charge: Review the statutes and state agency rules pertaining to public-private partnerships to ensure a fair, competitive, and transparent process that benefits all parties engaging in the partnership. Review how other states and countries utilize public-private partnerships and make recommendations on how to improve the process in Texas, specifically looking at whether there needs to be a single state entity responsible for administering the public private partnership program.

Recommendation: Formation of a responsible oversight commission to make decisions regarding individual public-private partnership projects. The report includes the following statement with this recommendation: **“With the many mandates that state government has passed on to city governments, this is one way that the state could assist small cities. Smaller cities are the ones who could most benefit from alternative financing projects, yet are also the ones who cannot afford to hire expensive consultants. The state could do this for the cities. And it should.”**

Charge: Examine and evaluate economic development incentives to determine if the incentives are achieving the desired outcomes for which the incentives were initially established. Review which economic development goals and incentives are most important and report on methods to further improve those goals and incentives while reducing ones not meeting their desired objectives.

Recommendation: Economic development corporations (EDCs) are working and the legislature should avoid giving EDCs authority to spend funds on projects unrelated to economic development.

House Select Committee on Economic Development Incentives

Charge: Identify any problems in coordination between state and local economic development entities. Make recommendations to improve coordination where beneficial. Review best practices of economic development incentive programs and make recommendations on changes to existing programs where appropriate.

Recommendation: The committee recommends the Events Trust Fund and Major Events Trust Fund have a sunset date with a required audit two years prior to the sunset date. Additionally the committee recommends renaming the Event Trust Fund and Major Events Trust Fund to more accurately depict the programs as reimbursement programs.

The House Committee on Energy Resources

Charge: Study the impact of the expanding oil and gas exploration and production occurring across the state. Included in the study should be both the positive impacts of the exploration and production as well as the new challenges they are presenting. The study should encompass a review of the following issues:

1. The effect on the state budget and the Economic Stabilization Fund;
2. The overall impact on the state economy;
3. The impact on property values and local taxes;
4. The effect on roads;
5. The complex relationship between land owners, royalty owners, and operators;
6. The impact on the environment, including emissions and injection wells;
7. Projected water needs and how those fit with our state water plan; and
8. The housing issues created by the number of workers needed in areas of shale plays.

Recommendations:

- The 84th Legislature should engage in continued dialog with the oil and gas industry to ensure the state has proper infrastructure to assist with the creation of a robust oil and gas economy.
- The 84th Legislature should insist that the Railroad Commission of Texas and the Texas Commission on Environmental Quality work together to address the issue of flaring. This includes ensuring that the RRC notifies TCEQ in a timely manner when flaring permits are granted or extended. The committee also recommends a more thorough vetting by the RRC for these types of permits to ensure proper practices are being followed. Additionally, flaring permits and the status of those permits should be published in county-by-county searchable format on the RRC website for transparency.
- The 84th Legislature should consider non-punitive ways to encourage the use of recycled and brackish water by the oil and gas industry, including consideration of a severance tax exemption.

House Committee on Government Efficiency and Reform

Charge: Examine current restrictions on state and local governmental entities relating to the

construction of critical infrastructure, including transportation and water projects, and make recommendations for expediting and creating more cost-effective and efficient methods for the construction of such projects.

Recommendations: Remove the restrictions placed on design-build projects both dollar amounts as well as number of projects. Allow both the Texas Department of Transportation and local governments to utilize the best fit for their community and project.

Charge: Review the application of the Public Information Act regarding requests for large amounts of electronic data. Examine whether the procedures and deadlines imposed by the Act give governmental bodies enough time to identify and protect confidential information in such requests.

Recommendations:

- Consider allowing public entities to satisfy the requirements of the Act by directing appropriate requests to the entities website where the information could be regularly posted, and easily accessible.
- Consider adding “utility billing” information (i.e. new water customer lists) to the current list of exceptions identified in ORD No. 684. If the customer has marked their application as confidential, it would eliminate the need to request an Attorney General’s opinion.
- Add copyrighted material to the current list of exceptions identified in ORD No. 684, which would eliminate the need to request an Attorney General’s opinion. The Attorney General’s office currently denies the release of copyrighted materials, however, the Act allows for viewing and review of this material by requester.

House Committee on State Affairs

Charge: Conduct legislative oversight and monitoring of the agencies and programs under the committee’s jurisdiction and the implementation of relevant legislation passed by the 83rd Legislature.

Recommendations: A 2011 statutory change regarding proof of lawful presence did not provide for an alternative driver authorization document – even for those individuals who already had or still have unexpired Texas driver’s licenses. The legislature should remedy this by enacting legislation that creates a conditional driving permit, which remains compliant with the *Real ID Act*, while allowing individuals who cannot prove lawful presence to obtain the legal means to operate a motor vehicle. Additionally, the legislature should reassess the TexasSure program, and create a robust enforcement mechanism to bolster the likelihood that individuals will insure their vehicles after registration.

House Committee on Transportation

Charge: Monitor the usage of state funds by the Texas Department of Transportation for improving road quality in areas impacted by Energy Sector activities.

Recommendations:

- Explore options to continue to provide funding for energy sector roads.
- Encourage TxDOT to continue working with local governments and citizens to meet transportation needs.

- Reexamine formulas used by TxDOT for the distribution of funds through TIF grants to ensure that funds appropriately target areas most impacted by energy sector activity.
- Ensure TxDOT has the resources needed to identify future areas of energy sector growth in order to take preventative maintenance measures resulting in overall cost savings.

Charge: Evaluate the status of passenger and freight rail in Texas, including a review of the structure and operations of the Rail Division of the Texas Department of Transportation. Encourage and monitor the continued efforts of TxDOT's Rail Division.

Recommendations:

- Identify any necessary legislative authority to allow the Rail Division to effectively promote the needs of Texas' rail system.
- Identify resources to fund the Rail Relocation Fund.

Charge: Monitor the implementation of the “Turn-Back Program” by the Texas Department of Transportation, specifically its fiscal impact to municipalities and taxpayers.

[Note: According to the report, “In January and February 2014, TxDOT met with members of the Texas Municipal League (TML) and the Texas Association of Metropolitan Planning Organizations (TEMPO); the result of these meetings was a memorandum of understanding (MOU) agreeing to a framework for accomplishing the goals of the Turn-Back Program. The MOU was executed by TxDOT, TML, and TEMPO in March 2014 and accepted by the Texas Transportation Commission at its March 2014 meeting. The major point of the MOU is that the Turn-Back Program is voluntary, and that no local government will be forced to assume responsibility for a state-owned roadway or be penalized for choosing not to participate.”]

Recommendations:

- **The Committee would like to thank the local communities and entities that worked with TxDOT to resolve the confusion surrounding the Turn-Back Program and would encourage TxDOT and its local partners to continue to work together to find mutually beneficial ways to increase local mobility and efficiency.**
- **Any turn-back program should continue to be voluntary.**
- **Explore alternatives for enabling legislation to allow local governments to utilize funding mechanisms which would provide the means of increasing local mobility and efficiency.**

House Select Committee on Transportation Funding, Expenditures & Finance

Charge: Review bonds issued for transportation, the Texas Emissions Reduction Plan Account, the comptroller’s allowance for motor fuels tax administration and enforcement, overweight/oversize vehicle permits, and state highway fund appropriations to agencies other than TxDOT.

Recommendations:

- Discontinue the issuance of bonds secured by the Texas Mobility Fund.
- Discontinue transfer from the State Highway Fund to the Texas Emission Reduction Plan Account.

- Eliminate the comptroller’s one percent allowance for motor fuels tax administration and enforcement.
- Redirect receipts from oversize/overweight permits to highway funding.
- Redirect receipts from commercial carrier registration to highway funding.
- Discontinue transfers from the State Highway Fund that are not rights-of-way acquisition, construction, or maintenance.

Joint Interim Committee to Study the Recruitment of Firearms and Ammunition Manufacturers

The committee heard suggestions of enacting a “Second Amendment sales tax holiday,” and at least one bill – H.B. 206 (Leach) – has been filed to implement the suggestion. The bill would exempt from sales and use taxes firearms and hunting supplies if the sale takes place during a period beginning at 12:01 a.m. on the Friday before the last full weekend in August and ending at 12 midnight on the following Sunday.

Senate Committee on Open Government

Charge: Review the Texas Public Information Act to ensure that access to public records and information by the public remains fully transparent, but that governmental entities have the authority to protect the privacy interests of citizens, including primary and higher education students, from improper public disclosure.

Recommendations:

- The Committee recommends the Legislature consider adding to the Texas Public Information Act a definition of student records that includes students records covered under the Family Educational Rights and Privacy Act (FERPA) of 1974, as well as records of an applicant for transfer or attendance regardless of whether or not the applicant attends the agency or institution.
- The Committee recommends the Legislature continue to monitor the extent to which the Public Information Act ensures transparent access to public records and information, but also protects private citizens’ interests.

Charge: Review and make recommendations on improving the transparency of information available on state websites regarding state expenditures, reports, and contracts, including a comparison of how similar information is provided by other states.

Recommendation: The Committee recommends the Legislature consider encouraging state agencies to continue to modify and provide interactive data for the public, as well as make additional data sets of interest available to the public.

The Senate Committee on Veteran Affairs and Military Installations

Charge: Investigate the impact of federal actions (including the federal government shutdown, sequestration, military force reductions, and potential base closure or realignment) on active-duty service members, the Texas Military Department, veterans, their families, defense-related contractors, small businesses, local governments, and state agencies.

Recommendations: Prepare installations for future reductions by funding Defense Economic Adjustment Assistance Grant (DEAAG) at the Texas Military Preparedness Commission.

DEAAG grants were designed to assist defense communities that are responding to or recovering from a reduction or termination of defense contracts with job creation. **The Committee recommends funding DEAAG grants at \$30 million per year.** The Committee recommends continuing the Base Realignment and Closure (BRAC) Task Force through 2019.

Public Utility Commission Hearing on Rate Case Participation

Last Tuesday, the Texas Public Utility Commission (PUC) held a hearing on [proposed PUC rules](#) that would limit how the discovery process works in electric rate cases. Some in the industry argue that the city intervention process is “inefficient,” and that the PUC should “streamline” the process.

City coalitions, along with numerous consumer advocacy groups, testified in opposition to the rules. Centerpoint Energy provided the only testimony in support of the proposed limitations.

Interested city officials should contact their legislators and ask them to contact the PUC with their concerns.

TML E-List Project: Choose Your Area of Interest

The Texas Municipal League is once again implementing the TML E-List project by gathering email addresses from city officials (elected and appointed) who: (1) may be willing to provide testimony during the 2015 legislative session; (2) want to be kept “in the loop” on certain subject matters; and/or (3) are willing to simply provide their perspective on a particular legislative matter.

The “E-lists” are one way TML staff contacts city officials regarding harmful legislation and are an invaluable grassroots tool. In many cases, bills will be set for committee hearings with essentially no notice. When that happens, an email will go out to the appropriate E-list asking for information or action on your part. Legislators need to hear from their city officials more than from TML staff.

To participate in the E-List project, go to <http://www.tml.org/genform/E-List.asp> and fill out the online form. If you have any questions, please contact JJ Rocha at jj@tml.org or 512-231-7400.

City-Related Bills Filed This Week

Each week, League staff summarizes in this section the city-related bills filed during the previous week. For a cumulative list of all city-related bills filed to date, click [here](#).

Property Tax

H.B. 706 (Farrar) – Property Tax Exemption: would provide that once a person claims a property tax exemption for the amount of appraised value of the person’s property that arises from the installation of solar or wind-powered energy device, the exemption need not be claimed in subsequent years.

H.B. 806 (Lozano) – Property Tax Exemption: would provide that a person does not have to include a copy of the person’s driver’s license or state-issued personal identification certificate in an application for a residence homestead exemption if the person is unable to obtain a driver’s license or personal identification certificate due to a sincerely held religious belief.

Sales Tax

H.B. 712 (Springer) – Sales Tax Exemption: would exempt from sales and use taxes the sale of a firearm or firearm supplies if the sale takes place during the last full weekend before dove hunting season begins.

H.B. 728 (Lucio) – Sales Tax Exemption: would exempt from sales and use taxes books purchased by full-time or part-time college students if the purchase takes place during specified time frames prior to each semester.

Purchasing

S.B. 303 (Hancock) – Public Work Contracts: would prohibit a city when awarding a public work contract funded with state money, from: (1) prohibiting, requiring, discouraging, or encouraging a bidder from entering into or adhering to a collective bargaining agreement related to the project; or (2) discriminating against a person based on a person's involvement in a collective bargaining organization or agreement.

Elections

H.B. 732 (Israel) – Elections: would: (1) require the certificate on an official carrier envelope to contain a space provided for the voter’s signature that is located in a box that is at least one inch by two inches, and has the term “Signature of voter” printed in bold type; (2) require textual material to be printed on a separate sheet accompanying the envelope, instead of on the reverse side of the envelope; and (3) require the notice of the voting rights hotline phone number to be included on an insert enclosed with the balloting materials, instead of on the official carrier envelope.

H.B. 733 (Israel) – Elections: would provide that the following are acceptable forms of photo identification for voting: (1) a Veteran Health Identification Card issued by the United States Department of Veterans Affairs that contains the person’s photograph; and (2) a student

identification card issued by a public, private, or independent institution of higher education that contains the student's photograph.

Open Government

H.B. 814 (Larson) – Meeting Notice: would provide that: (1) a governmental body that is required by law to post notice of a meeting in a newspaper may instead post notice of the meeting on the Internet; and (2) a government body that is required by law to post notice of a meeting on the Internet is not required to post notice in a newspaper.

Other Finance and Administration

H.B. 696 (Hunter) – Texas Windstorm Insurance Association: would make numerous changes relating to the operation of the Texas Windstorm Insurance Association.

H.B. 763 (King) – State Agency Rulemaking: would: (1) require at least 51 percent of the total number of signatures on a petition for a state agency to adopt rules to be of residents of the state of Texas; and (2) clarify the definition of interested person as a resident, business entity, governmental subdivision, or public or private organization located in the state of Texas.

S.B. 302 (Hinojosa) – Texas Windstorm Insurance Association: would make numerous changes relating to the operation of the Texas Windstorm Insurance Association.

S.B. 309 (Campbell) – Local Debt: among other things, would: (1) require the comptroller to create an Internet database, known as the Political Subdivision Public Information Warehouse, that contains information regarding all active political subdivisions in the state that are authorized to impose an ad valorem or sales and use tax to issue bonds, notes, or other obligations; (2) require the warehouse database to include the following information: (a) the name of the political subdivision; (b) the rate of any sales and use tax the political subdivision imposes; (c) various property tax rates for the most recent tax year; (d) the total amount of the political subdivision's debt, including the principal, interest, and year in which the debt would be paid; (e) the political subdivision's Internet website address, or if the political subdivision does not operate a website, contact information to enable a member of the public to obtain information from the political subdivision; and (f) the Internet website address for the appraisal district in each county in which a political subdivision has territory; (3) authorize, but not require, the warehouse database to include the following information: (a) information describing the political subdivision's boundaries; (b) the political subdivision's current budget; (c) each current check registry published by the political subdivision's governing body; and (d) any other current financial audit or annual report published by the political subdivision's governing body; (4) authorize the comptroller to consult with the appropriate person from each political subdivision to obtain the information necessary to operate and update the warehouse database; (5) require the governing body of a political subdivision that publishes the check registry on its website to provide a link to the webpage containing the information to the comptroller; (6) require the comptroller to update tax rate information at least annually; (7) require a political subdivision to

transmit records and other information to the comptroller annually in a form and in the manner prescribed by the comptroller, for purposes of operating the Political Subdivision Public Information Warehouse; (8) require a political subdivision to transmit to the comptroller: (a) its most recently adopted annual budget; (b) its most recently adopted annual financial report; and (c) the address of the Internet website maintained by the political subdivision, if any.

S.B. 310 (Campbell) – Local Debt: (1) provide that, except in a case of grave public necessity to meet an unusual and unforeseen condition, a city may not issue a certificate of obligation (CO) if the voters voted down a bond proposition for the same purpose within the preceding three years; (2) extend the timeframe to publish newspaper notice of intention to issue a CO from 30 to 45 days before the passage of the ordinance; (3) require a city issuing a CO to maintain an Internet website, and to continuously post notice of intention to issue a CO on its website for 45 days before the passage of the CO issuance ordinance; (4) require that the notice of intention to issue a CO include the following information: (a) the then-current principal of all outstanding debt obligations of the issuer, stated as a total amount and as a per capita amount; (b) the then-current combined principal and interest required to pay all outstanding debt obligations of the issuer on time and in full, stated as a total amount and as a per capita amount; (c) the principal of the COs to be authorized, stated as a total amount and as a per capita amount; (d) the estimated combined principal and interest required to pay the COs to be authorized on time and in full, stated as a total amount and as a per capita amount; (e) the estimated rate of interest for the COs to be authorized; (f) the maturity date of the COs to be authorized; and (g) a specific statement of the process by which a petition may be submitted requesting an election on the issuance of the COs; (5) change the threshold number of voters needed to petition to force an election on the issuance of a CO from five percent of the qualified voters of the issuer to five percent of the total number of voters that voted in the most recent gubernatorial general election in the city; and (6) make COs issued for personal or professional services subject to the notice requirements.

Municipal Courts

H.B. 697 (White) – Failure to Attend School: would require a municipal court judge to waive or reduce a fine, fee, or court cost imposed for Failure to Attend School if the court finds that payment would cause financial hardship.

H.B. 749 (Dutton) – Dismissal of Cases: would require a municipal court judge to dismiss a case with prejudice if the police officer fails to appear when the case is called for trial; would also prohibit a municipal court judge from continuing a case for the sole reason that the officer fails to appear.

H.B. 803 (Wu) – Misdemeanor Complaints: would provide that only a peace officer or prosecutor may file a complaint in municipal court if a defendant pleads not guilty or fails to appear for a fine only misdemeanor or parking offense.

Community and Economic Development

H.B. 738 (Larson) – Rental Housing: would prohibit a city or county from adopting or enforcing an ordinance or regulation that prohibits an owner, lessee, sublessee, assignee, managing agent, or other person who has the right to lease, sublease, or rent a housing accommodation from refusing to lease or rent the housing accommodation to a person because of the person’s lawful source of income to pay rent, including a federal housing choice voucher. (Companion bill is **S.B. 267** by **Perry**.)

H.B. 745 (Bohac) – Property Owners’ Association: would: (1) authorize a property owners’ association (POA) to install a solar-powered light-emitting diode stop sign on a road, highway, or street in the POA’s jurisdiction if the POA receives the consent of the governing body of the political subdivision that maintains the road, highway, or street and the POA pays for the installation of the sign; and (2) require a property owners’ association that installs a sign described in (1), above, to maintain the sign.

S.B. 318 (Hinojosa) – Military Preparedness Commission Grants: would provide that certain Texas Military Preparedness Commission grants to some local governmental entities, including cities that are defense communities, must be no less than \$50,000 and no more than the lesser of: (1) 50 percent of the amount of the local government match; (2) 50 percent of the local government investment; or (3) \$5 million.

Personnel

H.B. 739 (Button) – E-Verify: would: (1) require a governmental entity, including a city, to enroll in e-verify for its employees; (2) require the immediate termination of an employee responsible for verifying employment information through e-verify if they fail to comply with this requirement; and (3) authorize the Texas Workforce Commission to adopt rules and forms for implementation of this requirement.

H.B. 786 (Walle) – Personnel: would: (1) require a public employer, including a city, to develop breastfeeding policies for its employees that encourage and accommodate breastfeeding; (2) require a public employer to provide breaks and a room for breastfeeding; and (3) make it an unlawful employment practice to discriminate against an individual based on the employee’s exercise of her right to breastfeed in the workplace.

Public Safety

H.B. 695 (Springer) – Concealed Handguns: would provide that a private hospital or nursing home may not prohibit a license holder from carrying a concealed handgun on its premises.

H.B. 805 (Keough) – Concealed Handguns: would allow a license holder to carry a concealed handgun on the premises of any entity that receives public money and on premises owned or leased by a governmental entity.

H.B. 715 (Longoria) – Surplus Property: would give the Texas Department of Public Safety discretionary authority to sell at a 30 percent discount a surplus law enforcement motor vehicle or surplus law enforcement equipment to a county or city within thirty miles of the Texas – Mexico border.

H.B. 740 (Bohac) – Red Light Cameras: would require that red light camera signs list the possible monetary penalties for violations in addition to the information required by current law.

H.B. 748 (Isaac) – Liquid Propane: would provide that: (1) a city or county may not enact or enforce an order or ordinance that prohibits, restricts, or has the effect of prohibiting or restricting a property owner from installing a liquid propane gas tank above ground on the owner’s residential property if the tank is a size reasonably necessary to meet the gas requirements of the residence; and (2) the city or county may require the owner to screen the tank from view with reasonable screening materials.

H.B. 804 (Geren) – Vehicle Storage Facilities: would require a vehicle storage facility, including a city vehicle storage facility, to accept cash as a form of payment.

S.B. 301 (Taylor) – School Marshals: would authorize a private K-12 school to appoint a school marshal who can carry a concealed handgun on campus.

S.B. 311 (Campbell) – Concealed Handguns: would provide that a concealed handgun licensee may carry a concealed handgun on the premises of a polling place, hospital, or place of religious worship, at a racetrack, or in an amusement park.

Transportation

H.B. 813 (Munoz) – Motorcycles: would allow a motorcycles rider to “split lanes” under certain circumstances.

S.B. 321 (Hinojosa) – Transportation Funding: would modify the formula governing the transfer of money from the State Highway Fund to the Texas Emissions Reduction Plan Fund.

Utilities and Environment

No utilities and environment bills were filed this week.

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