

Legislative Wrap Up Report

84th Regular Session



Council Presentation
July 14, 2015



84th Regular Session Overview

<i>Source: Texas Legislative Service</i>												
	House				Senate				TOTALS			
Metric	84R	83R	Diff	%	84R	83R	Diff	%	84R	83R	Diff	%
Bills Filed	4,207	3,950	257	6%	2,069	1,918	151	8%	6,542	6,216	326	4.98%
Joint Resolutions Filed	133	130	3	2%	67	63	4	1%				
Bills Passed	818	732	86	12%	504	705	-201	-29%	1,329	1,447	-118	-8.88%
Joint Resolutions Passed	2	6	-4	-67%	5	4	1	25%				
									Total % Passed			
									20.31%	23.28%	-2.96%	
									Vetoed by Governor			
									41	26	+15	



Legislative Outcomes

City of Corpus Christi Legislative Priorities	
Category	Successful Outcomes
Priorities	5 of 9
Actively Support	5 of 9
Endorse	5 of 9
Other Bills of Interest	5 of 6
TOTAL	20 of 33 (60%)



Legislative Outcomes

TML and city officials defeated legislation that would have:

- **Reduced the current cap on annual increases in residential appraisals from 10 percent to some lesser amount, applied the cap to all real property; or capped city revenues.**
 - **Limited the ability of cities to issue debt.**
 - **Eliminated municipal annexation authority.**
 - **Eliminated or restricted the ability of cities to enforce tree preservation ordinances.**
 - **Eliminated the ability of city officials to lobby or to join an association that lobbies on their behalf.**
 - **Required a city to pay money damages for a violation of the permit vesting law.**
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Legislative Outcomes

- **Required expensive cost-benefit analysis and reporting prior to the adoption or amendment of building codes.**
- **Make criminals out of police officers who enforce federal law.**

TML & cities defeated PREEMPTION legislation that would have:

- **Eliminated the concept of “home rule” cities.**
 - **Preempted ANY city regulation not expressly authorized by state law, or specifically preempted ordinances on plastic bags, payday/auto title lenders, Uber/Lyft, red light cameras, texting while driving, and more.**
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Legislative Outcomes

Budget Item	H.B. 1	2014-2015 appropriated	Change
Mixed Beverage Tax	\$408,527,000	\$307,296,000	\$101,231,000
Library Resource Sharing	\$37,443,163	\$24,170,709	\$13,272,454
Local Library Aid	\$4,948,159	\$4,114,692	\$833,467
Local Parks Grants	\$42,000,000	\$16,368,960	\$25,631,040
TCEQ Solid Waste Grants	\$13,431,017	\$15,625,679	(\$2,194,662)
LEOSE Training Funds	\$12,000,000	\$12,000,000	\$0
DEAAG Funding	\$30,000,000	\$0	\$30,000,000
Eco Devo & Tourism	\$70,000,000-\$93,000,000	\$74,600,000-\$80,800,000	Up to \$12.2M
Texas State Aquarium	\$9,000,000	\$0	\$9,000,000
*\$1.5 million reduction in Texas Fire Commission fund transfers to General Revenue			

RESTORE Act – Altered rider 6.24 in Article IX requiring legislative approval of \$1M or more. Now only requires notification of such awards, scope of project and costs.



Legislative Outcomes Transportation

SJR 5 (Proposition 7)

By Sen. Robert

Nichols/Rep. Joe Pickett

***Election on November 3,
2015***

**Constitutional amendment
to allocate a portion of
general sales tax and
motor vehicle sales tax
revenues to the State
Highway Fund.**

**Estimated revenue gain for
the State Highway Fund:**

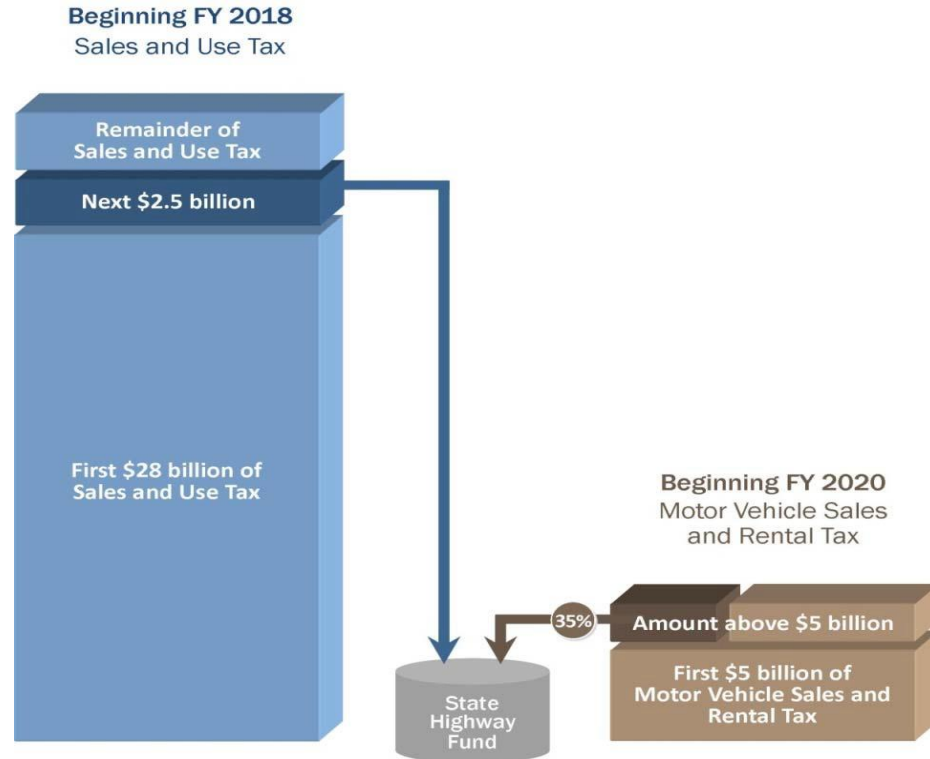
FY 2018 \$2.5 billion

FY 2019 \$2.5 billion

FY 2020 \$2.9 billion

FY 2021 \$3.0 billion

**Source: Texas Department
of Transportation,
Governmental Affairs**





Legislative Outcomes Transportation

HB 20 by Rep. Ron Simmons/Sen. Robert Nichols
Modifies TxDOT planning processes, establishes legislative select committees on transportation, and more.

Performance-Based Planning

- **Commission to establish performance metrics**

Planning Organization 10-Year Plans

- **Developed by each MPO and each TxDOT district outside of MPO**

Project Recommendation Criteria

- **Developed by each MPO and each TxDOT district outside of MPO**

Project Prioritization and Authorization by Commission

- **Caps Commission discretionary decisions at 10% of biennial budget**

Parameters for Design-Build Contracts

- **Cost of at least \$150 million**

Legislative Select Committees on Transportation Planning

- **Sept. 1, 2015: TxDOT submits first report to committees**
- **March 31, 2016: TxDOT submits second report to committees**
- **Nov. 1, 2016: Legislative committees submit final report**

Source: Texas Department of Transportation, Governmental Affairs



Legislative Outcomes Military Communities

HB 1 by Rep. John Otto/Sen. Jane Nelson

Appropriation of \$30M (\$15M in each year of biennium) to the Governor's Office for the Defense Economic Adjustment Assistance Grant (DEAAG) program. Sought \$150M (\$75M/FY) Effective September 1, 2015, although funds likely won't be available until first quarter of calendar year 2016.

SB 318 by Sen. Juna "Chuy" Hinojosa/Rep. Susan Kings

SB 503 by Sen. Charles Perry/Rep. Eddie Rodriguez

SB 1358 by Sen. Donna Campbell/Rep. Susan King

Increased DEAAG cap from \$2M to \$5M. New eligible use: infrastructure necessary to prevent reduction or closure of a base and funding to train workers to support military installations. Makes TMPC a stand-alone program in Governor's office.

Connie Scott was confirmed by Senate as TMPC member.



Legislative Outcomes

Beach Funding

HB 1915 by Reps. Abel Herrero & Todd Hunter/Sen. Juan “Chuy” Hinojosa & Lois Kolkhorst

All eligible coastal barrier island municipalities now eligible for 2% of State HOT for beach maintenance. Applicable to Gulf and Bay beaches. HOT collected within Corpus Christi’s city limits, not just on barrier island. Exempts HOT for convention center hotel projects from collection for beach maintenance & must be used to pay debt service. Became law 6/19/15 without governor’s signature. Effective 10/1/15. First funding available in first quarter of calendar year 2016.





Legislative Outcomes

Windstorm Insurance

SB 900 by Sen. Larry Taylor, et al/Rep. Greg Bonnen

Restructures Texas Windstorm Insurance Association (TWIA) Board from majority insurance company representatives to equal representation – 3 insurance companies that actively write windstorm in the first tier; 3 first tier policy holders by region, one of which must be an insurance agent; and 3 public members residing 100 or miles from the coast. Current TWIA Board dissolves 9/30/15. Governor appoints new TWIA Board 10/1/15.

Requires the Texas Department of Insurance (TDI) to study on a biennial basis possible incentives for voluntary writing of windstorm policies outside of TWIA. Requires TWIA to create a depopulation program. Restructures funding structure to cover insured losses through premiums, the Catastrophe Reserve Trust Fund, Class 1, 2 and 3 bonds, member company assessments and reinsurance to cover up to a 1-in-100 year storm.



Legislative Outcomes

Oil and Gas

HB 40 by Rep. Drew Darby/Sen. Troy Fraser

- 1. An “oil and gas operation” means an activity associated with the exploration, development, production, processing, and transportation of oil and gas, including drilling, hydraulic fracture stimulation, completion, maintenance, reworking, recompletion, disposal, plugging and abandonment, secondary and tertiary recovery, and remediation activities.**
 - 2. An oil and gas operation is subject to the exclusive jurisdiction of the state.**
 - 3. With a few exceptions, a city may not enact, amend, revise or enforce an ordinance or other measure, that bans, limits, or regulates an oil and gas operation within the boundaries or ETJ.**
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Legislative Outcomes

Oil and Gas

HB 40 by Rep. Drew Darby/Sen. Troy Fraser (Continued)

4. Regulation of an oil and gas operation is expressly preempted, except under a four-part test. The ordinance or regulation:

- (a) regulates only aboveground activity related to an oil and gas operation that occurs at or above the surface of the ground, including a regulation governing fire and emergency response, traffic, lights, or noise, or imposing notice or reasonable setback requirements;**
 - (b) is commercially reasonable;**
 - (c) does not effectively prohibit an oil and gas operation conducted by a reasonably prudent operator; and**
 - (d) is not otherwise preempted by state or federal law.**
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Legislative Outcomes

Oil and Gas

HB 40 by Rep. Drew Darby/Sen. Troy Fraser (Continued)

5. “Commercially reasonable” means a condition that would allow a reasonably prudent operator to fully, effectively, and economically exploit, develop, produce, process, and transport oil and gas, as determined based on the objective standard of a reasonably prudent operator and not on an individualized assessment of an actual operator's capacity to act.

6. If the ordinance or regulation has been in effect for at least five years and has allowed the oil and gas operations at issue to continue during that period then it is considered prima facie to be commercially reasonable.



Legislative Outcomes

Changing Deed Restrictions

SB 1168 by Sen. Royce West/Rep. Jason Villalba

Signed by Governor on 6/19/15. Effective 9/1/15

On May 23, a floor amendment was added in the House to amend the Property Code to authorize a restriction in a dedicatory instrument that restricts the use of certain real property, designated as an amenity property, to its use as a golf course or country club to be modified or terminated by petition. The bill passed five days later on May 28.

The amendment was sought by the Blackard Global, developers of Barisi Village, to allow the project to move forward. The original bill HB 2594 died on the House Calendar on May 15.



Legislative Outcomes Environment

SB 912 by Sen. Kevin Eltife/Rep. Myra Crowover
Signed by Governor on 5/29/15. Effective 9/1/15

Establishes a distinction between the reporting requirements related to discharges versus spills and to alleviate the overly burdensome reporting requirements of TCEQ on certain utilities. It changes the volume-based exemption from reporting requirements for certain accidental discharges or spills from wastewater facilities.

This will be a BIG help to the City's sanitary sewer overflow (SSO) issue.

Instead of immediate reporting of any volume of spill ("if it floats a toothpick"), SB 912 allows for monthly cumulative reports of minor accidental spills that do not reach public waters and do not adversely affect public health.



Legislative Outcomes Higher Education

HB 1 by Rep. John Otto/Sen. Jane Nelson

Signed by Governor on 6/20/15. Effective 9/1/15

Overall funding increase for TAMUCC from approximately \$117.2M in FY 14-15 to approximately \$123.6M in FY 16-17, including \$1M per FY increase for Engineering programs, including mechanical engineering, electrical engineering, and the STEM pipeline initiative.

Contains funding for debt service in FY 2017 for tuition revenue bonds proposed in HB 100.

HB 100 by Rep. John Zerwas, et al/Sen. Kel Seliger, et al

Signed by Governor on 6/18/15. Effective 9/1/15

\$60M Tuition Revenue Bond (TRB) for Life Sciences Research and Engineering Building, although construction cost is \$120M. No funding for Arts and Media Building.



Legislative Outcomes

Sales Taxes

HB 157 by Rep. Lyle Larson/Sen. Kevin Eltife

A city may hold an election to impose a dedicated sales and use tax for sports and venue districts, crime control and prevention districts, economic development corporations, property tax relief, or street maintenance at any rate that is an increment of at least one-eighth of one percent and that would not result in a combined rate that exceeds the maximum local sales and use tax rate of two percent.

A city may hold an election to impose its general sales and use tax at any rate that is an increment of at least one-eighth of one percent and that would not result in a combined rate that exceeded the maximum local sales and use tax rate of two percent.

Cities now have the flexibility to ask voters to change the allocation of the dedicated and general sales and use taxes.



Legislative Outcomes

Property Taxes

HB 992/HJR 75 by Rep. Dennis Bonnen/Sen. Larry Taylor

Provides a complete residence homestead property tax exemption for the surviving spouse of a 100 percent or totally disabled veteran who died before the law authorizing a residence homestead exemption for such a veteran took effect, but only if the surviving spouse has not remarried since the death of the disabled veteran. Effective January 1, 2016, but only if HJR 75 (Proposition #2) is approved by the voters.

HB 1953 by Rep. Dennis Bonnen/Sen. Juan “Chuy” Hinojosa

**Allows a city or county to provide the required property tax rate notice not later than the later of September 1 or the 30th day after the first date the taxing unit receives each applicable certified appraisal roll.
Effective January 1, 2016**



Legislative Outcomes

Property Taxes

SB 1760 by Sen. Brandon Creighton/Rep. Dennis Bonnen

- (1) Requires at least 60 percent of a city's governing body to vote in favor of an ordinance setting a property tax rate that exceeds the effective tax rate (*Corpus Christi already complies*);**
 - (2) requires a taxing unit that increases property taxes to provide notice of how the taxing unit proposes to use the increase in total tax revenue;**
 - (3) provides that a property owner is not required to apply for a refund of taxes due to a correction of the tax roll in order to receive the refund;**
 - (4) provides that for a refund of taxes due upon final determination of an property tax appeal, the taxing unit shall include with the refund interest on the amount refunded calculated at an annual rate of 9.5 percent; and**
 - (5) allows a city or county to provide the required property tax rate notice not later than the later of September 1 or the 30th day after the first date the taxing unit receives each applicable certified appraisal roll. (Effective January 1, 2016.)**
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Legislative Outcomes

City Purchasing Contracts

HB 1295 by Rep. Giovanni Capriglione/Sen. Kelly Hancock

Provides that: (1) a city is prohibited from entering into a contract with a business entity unless the business entity submits a disclosure of interested parties (i.e., discloses a person who has a controlling interest in the business or who actively participates in facilitating the contract for the business) if the contract: (a) requires an action or vote by the city council before the contract may be signed; or (b) the contract has a value of at least \$1 million;

(2) the disclosure must be on a form prescribed by the Texas Ethics Commission; and

(3) a city must, not later than 30 days after receiving a disclosure, submit a copy to the Texas Ethics Commission.

Effective September 1, 2015, but only applicable to contracts entered into on or after January 1, 2016.



Legislative Outcomes

Local Debt Reporting

HB 1378 by Rep. Dan Flynn/Sen. Paul Bettencourt

1. Every political subdivision must annually compile and report:
(a) debt obligation information for the political subdivision that must state:

- (i) the amount of all authorized debt obligations;**
 - (ii) the principal of all outstanding debt obligations;**
 - (iii) the principal of each outstanding debt obligation;**
 - (iv) the combined principal and interest required to pay all outstanding debt obligations on time and in full;**
 - (v) the combined principal and interest required to pay each outstanding debt obligation on time and in full;**
 - (vi) the amounts required by (i)- (v) limited to authorized and outstanding debt obligations secured by property taxes, expressed as a total amount and per capita amount; and**
 - (vii) for each debt obligation: (A) the issued and unissued amount; (B) the spent and unspent amount; (C) the maturity date; and (D) the stated purpose for which the debt obligation was authorized;**
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Legislative Outcomes

Local Debt Reporting

- (b) the current credit rating given by any nationally recognized credit rating organization to debt obligations of the political subdivision; and**
- (c) any other information that the political subdivision considers relevant or necessary to explain the values;**

2. Instead of replicating in the annual report information required on a political subdivision's website, a political subdivision may provide in the report a direct link to, or a clear statement describing the location of, the separately posted information;

3. As an alternative to preparing the required report, a political subdivision may provide all required debt information to the comptroller and have the comptroller post the information on the comptroller's official website;



Legislative Outcomes

Local Debt Reporting

5. Except as provided, the governing body of a political subdivision must take action to ensure that: (a) the annual report is made available for inspection by any person and is posted continuously on the political subdivision's website until the political subdivision posts the next annual report; and (b) the contact information for the main office of the political subdivision is continuously posted on the website, including the physical address, the mailing address, the main telephone number, and an email address; and

6. Except in the case of a public calamity, a case in which the issuer needs to act to protect the health of the residents, a case of unforeseen damage to public equipment or property, or to comply with a state or federal regulation, a city may not issue a certificate of obligation if the voters voted down a bond proposition for the same purpose within the preceding three years.

Effective January 1, 2016



Legislative Outcomes

Economic Development

S.B. 100 by Sen. Juan “Chuy” Hinojosa/Rep. Jim Murphy

Provides that a county may create an enterprise zone within a city provided the county first enters into an interlocal agreement with the city specifying which entity has jurisdiction over the zone.

Places limits on benefits to enterprise projects designed to retain, rather than create, jobs. Projects designed to retain jobs could receive a maximum refund of \$1.25 million, whereas current law allows certain projects designed to retain jobs to receive a maximum refund of \$3.75 million. Projects could be designated as double jumbo and triple jumbo only if they created new permanent jobs. Approved enterprise projects no longer would be eligible to receive a franchise tax credit.

Allows a project designation to be split into two half designations, which could receive a maximum refund not to exceed \$125,000 in each state fiscal year.

Effective September 1, 2015



Questions?

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