

Legislative Update

TCMA

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Granbury

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State Elections Update

- Dennis Bonnen is the new House Speaker
- Says his priority will be school finance
- 12 seats shifted R to D in House
- 2 seats shifted R to D in Senate (1 net after a previous special election); Lt. Governor still has a 60% super majority for his priorities, but no Rs to spare

Governor Took on City Authority in 2017, How About 2019?

- 2017: “As opposed to the state having to take multiple rifle-shot approaches at overriding local regulations, I think a broad-based law by the state of Texas that says across the board, the state is going to pre-empt local regulations, is a superior approach,” Abbott said.
- So far in 2019, no such rhetoric. Doesn’t mean there aren’t specific preemption bills, however...

Preemption Bills Filed

- No paid sick leave ordinances (HB 222 by Krause)
- No lemonade stand ordinances (HB 234 by Krause and SB 824 by Nelson)
- No red light cameras (SB 77 by Hall; HB 262 by Thompson of Brazoria)
- No License plate readers for parking enforcement (SB 78 by Hall)
- No bans of “working animals” (HB 135 by White)
- No control over monuments on city land (SB 226 by Fallon)

...More Preemption

- City can't regulate raw milk sales (HB 503 by Flynn)
- City can't regulate rabbit carcasses (HB 410 by White)
- Must allow up to 6 chickens at each residence in city (SB 86 by Hall)
- No regulation or chicken eggs (HB 1284 by Lambert)
- No cell phone regulations (HB 1105 by Swanson)
- No juvenile curfew ordinances (HB 1332 by Israel)
- No employment benefits ordinances (SB 762 by Campbell and SB 15 by Creighton)
- No regulation of food samples at farmers markets (HB 1694 by Lambert)

...and Still More Preemption

- City can't prohibit dogs in outdoor portions of restaurants (HB 1801 by Goldman)
- No "ban the box" hiring ordinances (SB 875 by Campbell)
- Cities can't hire contingent fee attorneys with AG approval (HB 2003 by Leach)
- No city occupational licensing requirements if state also licenses (HB 2014 by Goldman)

Revenue Caps

- SB 2: 2.5% cap on cities over \$15 million in combined property and sales taxes
- Mandatory May 2020 election for all other cities to opt in/out of 2.5%
- Automatic election to exceed
- Disaster areas are only carve-out; not police and fire
- Can't ever decrease first responder pay from previous budget year
- H.B. 2 rumored to be heard in House Ways and Means next Wednesday
- SB 600 by Buckingham requires automatic election over 8% but doesn't lower rollback

City/County Caps are a Smokescreen

- Real issue with property taxes is school funding
- Current budget states school taxes “shall” increase by 7% each year
- Doing so allowed state to reduce state funding to schools by \$800 million this biennium
- Meanwhile, budget rider drove up school property taxes \$6.9 billion
- There is a property tax crisis—it’s caused by state and we’re the collateral damage

Appraisal Caps

- Not as much momentum as there is for revenue caps
- HB 383 by Bohac: 5% cap on residential
- HB 945 by Metcalf: extends current 10% cap to all property, not just residential

Draft House Budget Could Take Pressure off School Taxes

- House proposes \$7 billion more state funding of schools
- Could take pressure off school property taxes
- That could take pressure off city taxes, except HB 2 and SB 2 come after cities anyway
- Senate proposes \$4 billion in increased state money
- Let's hope legislators are realizing cities have not been the problem
- Significant school finance reform is the only way to provide meaningful property tax relief

Other Property Tax Bills

- Automatic tax freeze on over age 65 (HB 322 by Geren and HB 2008 by Pacheco)
- No property taxes paid at all by over age 80 (HJR 29 by Bohac)
- Automatic portability of senior tax freeze to other cities (HJR 60 by Bailes)

Economic Development / Caps Link

- Ch. 312 tax abatement authority expires in 2019 unless legislature re-enacts
- Key driver to state's economic development could disappear
- Cities will partner with industry to preserve Ch. 312, but...
- ...We won't be able to engage in tax incentives if the legislature artificially caps those taxes
- Bills filed to extend it by 10 years: SB 118 by West; HB 499 by Button
- One bill, SB 350 by Powell, would remove sunset provision permanently

Debt Restrictions

- Complex finance information on bond ballot proposition (HB 430 by Shaheen; SB 462 by Campbell)
- November election only for bonds
- Mandatory election for COs
- Minimum voter threshold to pass bonds (SB 702 (Huffines) in 2017 – 33 percent of registered voters must vote in election)

Lobbying Restriction Bills Filed

- No lobbying if city receives state funds (SB 82 by Hall)
- No lobbying with public funds (HB 281 by Middleton)

Annexation

- No unilateral annexation in all counties (HB 347 by King)

Eminent Domain/Land Use

- Eminent domain action must take account special circumstances of condemned or remaining property (HB 991 by Burns; SB 421 by Kolkhorst)
- Possible attacks on building fees as supposed major cost drivers to new construction
- Likely continued attacks on vested rights statute, including vesting triggered at land purchase instead of permit

Elections

- Bill last session, and bills pending in other states, would require or allow mayors and council to run as Republican or Democrat (HB 2919 by Sanford in 2017)
- Bills to eliminate May election date (H.B. 358 by Lang and H.B. 365 by Cain)
- General law city may establish term limits (SB 452 by Fallon)

Guns

- No cooperation with or grants from feds related to firearms (HB 238 by Krause)

Workers Comp Issues

- Firefighter cancers
 - Attempt to expand presumption from 3 to 21 likely
- Bill would add police to the presumption statute (HB 1492 by Wray)
- Increased penalties for cities that “wrongfully” deny workers comp claims (HB 1521 by Burrows)
- PTSD
 - Can be link, but how to distinguish from other factors?

Online Sales Taxes

- US Supreme Court ruled in our favor recently
- Comptroller issued rules October 19, believes no legislation strictly required to begin state and city collection
 - \$500,000 threshold vs \$100,000 in *Wayfair*
 - October 1, 2019 start date for collection
- Comptroller-recommended legislation (SB 70 by West) would affect city share
 - Blended rate instead of individual city rates
 - Cities collect based on current sales tax collections, not actual deliveries from out-of-state retailers
 - TML must stay clear of these city-vs-city sourcing issues
- Bills would shift all sourcing, including in-state, to destination if goods sold at certain “marketplaces” (SB 890 by Nelson and HB 1525 by Burrows)

Rising Use of City Initiatives and State Interference with Ballot Language

- Citizens in some cities copying council action by other cities on workplace rules ordinances.
- Unions in San Antonio trying to put favorable employment rules directly into charter
- Land use decisions in Plano and Austin
- Revenue caps and civil rights ordinance in Houston
- Bill would give state judges authority to approve city ballot language (SB 323 by Huffman)
- Easier to challenge ballot props by citizens and no free legal services to city (SB 464 by Campbell)

Purchasing

- Mitigate the effect of last session's "no boycott of Israel bill" somewhat (SB 491 by Creighton)

City Fees

- Detailed notice, hearings, and budget disclosure of new city fees (HB 984 by Parker and SB 849 by Fallon)
- No fees or fines in ETJ after disannexation or failed annexation (SB 422 by Campbell)
- Building permit fees may not be tied to value of building or cost of construction (SB 855 by Fallon)

Employment

- Expand whistleblower reportees to include supervisors or HR staff (HB 1001 by Israel)

Law Enforcement

- No arrests for Class C misdemeanors (HB 482 by S. Thompson)

Good Bills for Cities

- City website or social media posting instead of newspaper (HB 1229 by Shaheen) – TML priority bill
- No unfunded state mandates (SJR 10 by Buckingham and Perry)
- State must pay 50% of public school funding—will address real problem with property taxes (HJR 24 by Geren)
- Concrete plants must be further from residences (SB 208 by Campbell)
- Reauthorize city bans on single use plastic bags (HB 514 and HB 856 by Hinojosa)
- Council can adopt a sales tax that replaces city's property taxes (HB 648 by Krause)

...and More Good Bills

- Cut the state's fee to collect city sales taxes in half (HB 1192 by Thompson)
- Fix equal and uniform appraisal problem (HB 1816 by Beckley)
- UT must play A&M every year or else no scholarships by either school (HB 412 by Larson)

TML Messaging

- Theme is “Our Home, Our Decisions”
- Target audience is chambers, civic groups who care about health of Texas cities and economy
- <https://www.tml.org/ourhomeourdecisions>
- Follow us on Twitter @TML_Texas