

Texas 81st Legislative Session Legislative Report

The 81st Legislature adjourned *sine die* around 6:00 p.m. on Monday, June 1st and the Senate followed around 9:00 p.m. Many of the major issues of the session were still unresolved going into the last week of the session, and several of them remained unresolved when the final gavel fell. Two urgent matters, continuation of the Texas Department of Transportation and continuation of the Texas Department of Insurance, are expected to trigger a special session at some point in the future; however, Governor Perry has ruled out an immediate special session.

A **record number of bills** and constitutional amendments were filed this session – 7,621. 1,476 measures were passed. That compares to: 1,495 in 2007, 1,370 in 2005, 1,403 in 2003, 1,619 in 2001 and 1,911 in 1999.

After adjournment, **Lt. Governor David Dewhurst praised the Texas Senate** for a successful legislative session. He said, “I am extremely proud of the Texas Senate for working hard all session long and accomplishing so much that will keep our state’s economy strong, our citizens safe and our future full of opportunity. While other states are slashing budgets and shedding jobs, we found ways to tighten the state’s belt while still cutting taxes for Texas families and businesses and investing in job creation.” Then Lt. Governor Dewhurst congratulated legislators for passing a biennial budget (SB 1) for Texas that funds essential services, funds a safety net for the needy, disabled and frail, continues record local school property tax cuts and increases funding for public and higher education and transportation, all while being prudent with taxpayer money by keeping state spending below the rate of inflation and population growth. He also highlighted other important bills passed by the Senate:

- SB 3 – Reforms the public school accountability system (passed as HB 3).
- SB 9 – Establishes a framework to create more flagship universities in Texas (passed as HB 51).

- SB 11 – Cracks down on gang-related crime (passed in HB 2086).
- SB 19 – Small business tax cut (passed as HB 4765).
- SB 1443 – Limits tuition increases at four-year public universities (did not pass the House).

He added, “The Texas Senate also passed landmark measures to improve the quality, accessibility and affordability of health care in Texas. SB 6 makes health insurance more affordable for small businesses through the innovative Healthy Texas Program (passed in SB 78). SB 7 makes an historic shift in health care delivery by focusing on quality outcomes for patients and promotes innovation in patient care with an emphasis on technology (passed in HB 1218). SB 8 requires the state to develop and distribute critical information regarding the use of ‘best practices’ in health care to both improve quality of care and reduce costs (died in the House). SB 10 creates a pilot program in the Employees Retirement System by aligning payments with quality of care rather than number of procedures performed (passed in HB 4586.” He concluded, “This session was a success because the Texas Senate continues to put the people of Texas first in every decision

we make, and we will continue to meet the challenges of this great state as the legislature prepares for the next session in 2011.”

At the end of the House session, **Speaker Joe Straus** said, “The 81st Legislative Session was a strong success. We invested more money in the classroom, college scholarships and healthcare while limiting spending and saving for the future in these uncertain economic times. Not only did we address the priorities of our people, but we did so with a renewed spirit of civility and cooperation demonstrating that Texas matters more than party or politics.” He listed legislative accomplishments including:

- Adopted the 2010-2011 biennial budget which reduces general revenue spending by 1.9%.
- Unanimous passage of new education reforms that focus on student growth and achievement to rate schools.
- A \$1.9 billion increase in public education money.
- A \$1.2 billion increase in higher education funding.
- Seed money to lay the groundwork for additional Tier One Texas universities.

- Added \$250 million in financial aid to make college affordable for 35,000 more students.
- Reformed the Top 10% rule to give the University of Texas more flexibility.
- Tax cut which will benefit approximately 40,000 Texas small businesses.
- Protected \$9.1 billion in the state's Rainy Day Fund.

The speaker continued, "Unlike numerous states raising the tax and debt burden on citizens and employers, Texas legislators cut taxes for small businesses to help thousands of business owners survive the national recession. By leaving the \$9 billion 'Rainy Day Fund' untouched, legislators also created a budgetary cushion for the next legislative session when they have to address a structural deficit without the benefit of another infusion of federal stimulus funds. Together we proved much can be accomplished in a narrowly divided house if we are willing to find common ground, build consensus, and debate the big issues of the day in a spirit of civility. Perhaps nothing showed our shared commitment to moving Texas forward more than two significant votes: a unanimous vote to pass the House budget and a unanimous vote to

make major changes to our system of school accountability.”

Two **key issues will define the 81st session** – voter ID and the \$16.8 billion in federal economic stimulus money Texas is slated to receive under the American Reinvestment and Recovery Act.

VOTER ID

The **session started** with the Senate holding a marathon session debating a change to Senate rules offered by Senator Tommy Williams (R-The Woodlands) to allow legislation relating to voter identification requirements to bypass the longstanding Senate requirement that bills be brought up for consideration by a two-thirds vote and to instead be set as a special order by vote of a simple majority of the members of the Senate. Senator Leticia Van de Putte, who chairs the Senate Democratic Caucus, gave a personal privilege speech praising the civility of the Senate and lamenting that the first action taken by the Senate this session was a break in Senate tradition over a partisan issue. Through the course of debate, Democratic senators

offered a series of amendments that would have applied special orders to health care, insurance reform, job training, funding for the Children's Health Insurance Program, education funding, and college tuition re-regulation. All of the amendments were defeated by a vote of 19 to 12 strictly along party lines. The special order for the voter ID issue was ultimately adopted by a vote of 18 to 13 with Senator John Carona (R-Dallas) siding with the Democrats. The Senate passed **SB 362** by Senator Troy Fraser (R-Horseshoe Bay), which would require voters to present **proof of identification in order to vote**. In the House, the **session ended** with House Democrats, who did not want the House to get to the voter ID bill, discussing each bill on the Local and Consent calendar (which usually pass quickly with little or no debate) for the allowed ten minutes per bill. That slowed down House proceedings to a crawl. Several attempts were made by Democrats to suspend the rules in order to let the House debate the Texas Department of Insurance sunset bill, the Texas Windstorm Insurance Association bill, and an ad valorem tax exemption for disabled veterans ahead of the voter ID bill; however, 62 members signed a list opposing any move to take up bills out of order, so the Local and

Consent debate continued until only a few minutes were left before the deadline for the House to pass Senate bills on third reading.

ECONOMIC STIMULUS FUNDS

The Legislative Budget Board made a presentation to the **House Select Committee on Federal Economic Stimulus Provisions**. They estimated allocations to Texas to be \$16.8 billion including:

Health and Human Services Total Estimated: \$5.8 billion

Medicaid – For payments of medical assistance on behalf of cash assistance recipients, children, pregnant women, the elderly and disabled who meet income and resource requirements - \$5.4 billion over nine calendar quarters beginning October 1, 2008 through December 31, 2010.

Foster Care and Adoption Assistance – Financial assistance to states for providing safe, appropriate, 24-hour substitute care for children who need temporary placement and care outside their homes and assists states in finding

adoptive homes for children with special needs
- \$48.7 million.

Medicaid Disproportionate Share Hospital (DSH) – Provides supplemental payments to hospitals that serve large numbers of Medicaid beneficiaries and low-income or uninsured patients - \$70.8 million.

Temporary Assistance for Needy Families (TANF) – Block grants providing assistance to families with needy children (including cash), job preparation services, and child protective services - \$52.7 million.

Senior Nutrition Program – Funding to states through formula grants for meals, nutrition education, and other nutrition services to promote health and well-being of older individuals - \$7.9 million.

Vocational Rehabilitation Grants (VR) – Funding to assist persons with disabilities to become gainfully employed including counseling and vocational services - \$38.1 million.

IDEA, Part C, Special Education Grants for Infants and Families – Implementing statewide systems of coordinated, comprehensive, multidisciplinary interagency programs of early intervention services for infants and toddlers with disabilities and their families - \$32.5 million.

Independent Living Services (ILS) –for Older Individuals Who are Blind - \$2.1 million.

Independent Living State Grants – \$1 million.

Prevention and Wellness – To carry out evidence-based clinical and community based prevention and wellness strategies, immunization programs, and activities to implement healthcare-associated infections reductions - \$12.8 million.

Child Support Enforcement – To locate parents, establish paternity, obtain support orders, and enforce the support obligation owed by them - \$160.7 million.

Education

Total Estimated: \$6.2 billion

Grants to Local Educational Agencies –

Assists school districts in providing supplementary educational services for disadvantaged children to meet state academic content and student academic achievement standards - \$1.2 billion.

Individuals with Disabilities Act (IDEA),

Special Education Grants to States – Assists in meeting the costs of providing special education and related services to children with disabilities - \$1 billion.

Education Technology State Grants – Funds designed to increase the use of technology in K-12 schools to improve student academic achievement - \$58.1 million.

Education for Homeless Children and Youth –\$3.5 million.

State Fiscal Stabilization Funds to States – 81.8 % (\$3.2 billion) of the funds must be used to support elementary, secondary, and higher education (including early education). 18.2% (\$.7 billion) of the funds may be used by the Governor for public safety and other

government services (including education) -
\$3.9 billion.

Transportation
Total Estimated: \$2.7 billion

Highway and Bridge Construction – \$2.3
billion.

Urban and Rural Capital Transit – \$370
million.

Fixed Guideway (Rail Modernization) – \$2.6
million.

Labor
Texas Estimated: \$1 billion

Child Care and Development Block Grant
(CCDBG) – Funds to assist low-income
families pay for child care, and improve quality
and availability of child care - \$214.9 million.

Workforce Investment Act (WIA) – Adult
program providing information, advice, job

search assistance, and training to job seekers - \$34.7 million.

WIA – Youth – Assists low-income youth to acquire educational and occupational skills, training, employment, and support to successfully transition to careers and productive adulthood - \$82.8 million.

WIA – Displaced Workers – Provides activities that increase the employment, retention, earnings, and occupational skills of people who have lost their jobs or been otherwise dislocated from the workforce - \$57.5 million.

Employment Services (ES) – Provides a variety of placement services, without charge, to job seekers and to employers seeking qualified individuals to fill job openings - \$28 million.

Unemployment Insurance (UI) – Benefits are paid to qualifying individuals who have lost employment - \$530.1 million.

Criminal Justice
Total Estimated: \$161.1 million

Byrne Justice Assistance Grants (JAG) – Support law enforcement efforts to fight crime including equipment, operations, salary for overtime expenses of officers and support for other law enforcement personnel - 60% (\$84.4 million) is designed for distribution by the state while the remaining 40% (\$56.2 million) is directly awarded to local entities - \$140.6 million.

Crime Victims Assistance – Supporting community-based organizations that provide direct services to victims and survivors of domestic violence, sexual assault, child abuse, drunk driving, homicide, and other crimes through services like crisis intervention, counseling, emergency shelters, and emergency transportation - \$4.2 million.

Violence Against Women – Aid in developing and strengthening law enforcement and prosecution strategies to combat violent crimes against women as well as victim services - \$16.1 million.

Internet Crimes Against Children (ICAC) – Funds federal, state, and local task force

programs as part of a national effort to combat the threat of offenders who use the Internet to sexually exploit children - \$2.9 million.

Housing and Infrastructure
Total Estimated: \$957.1 million

Community Services Block Grant – Assists states and local communities through community action agencies or other neighborhood organizations, including those that serve seasonal or migrant farm workers - \$48.1 million.

Weatherization Assistance Program – Provides for energy-related improvements to homes and educate residents about energy conservation - \$236.2 million.

HOME Program – Provides funds to increase the supply of affordable housing for low-income individuals including rehabilitation and construction of affordable housing, tenant-based rental assistance, home buyers assistance for acquisition of existing housing and new housing construction - \$148.5 million.

State Energy Program – Funds to address the state’s energy priorities, which include funding for emerging renewable energy and energy efficiency technologies including residential, commercial, and governmental building energy efficiency retrofits - \$177.6 million.

Clean Water State Revolving Fund – Provides states grants to capitalize their revolving loan funds for wastewater infrastructure improvements by providing low-interest loans to political subdivisions for planning, design, and construction of wastewater treatment, recycling and reuse facilities as well as for storm water and nonpoint source pollution control projects - \$181.9 million.

Safe Drinking Water State Revolving Fund – Grants to capitalize their revolving loan funds for drinking water infrastructure improvements by providing low-interest loans to political subdivisions of the state, nonprofit water supply corporations, privately owned water systems, and state agencies - \$164.8 million.

House Speaker Joe Straus appointed the House Select Committee on Federal Economic Stabilization to provide transparency and accountability of the more than \$16 billion in federal economic stimulus funds flowing to Texas from the American Recovery and Reinvestment Act. They held public hearings in Austin with invited testimony from all state agencies and other entities expected to receive allocations of stimulus funds. The committee also held public hearings throughout the state. The House Appropriations Committee established a subcommittee on stimulus funds. Budget writers added a new Article XII in the appropriations bill to allocate the federal stimulus funds. Ultimately, SB 1, the general appropriations bill, contained \$12.1 billion in American Recovery and Reinvestment Act funds with \$6.4 billion used to make general revenue available for other state obligations. (Not all of the \$16 billion in ARRA money was under the purview of the General Appropriations Act.)

Other major issues considered included:

BUDGET

The conference committee report on **SB 1**, the **appropriations bill**, was approved unanimously by the Senate and by a vote of 142 to 2 in the House. Representatives Joe Crabb (R-Kingwood) and Sid Miller (R-Stephenville) were the only “no” votes. It appropriates:

- \$182.2 billion total,
- \$87.1 billion in general revenue funds,
- and is a \$12.6 billion (7.4%) increase from the 2008-2009 budget.

It includes \$12.1 billion in federal funds from the American Recovery and Reinvestment Act. **(PASSED)**

HB 4586, the \$2.3 billion **supplemental appropriations bill**, also passed. **(PASSED)**

HB 4583, which un-dedicates and re-dedicates funds in order to **sweep unexpended balances** into general revenue (which was necessary to fund the budget), passed. HB 4583 was the vehicle the House attempted to use to save Texas Department of Transportation and Texas Department of Insurance. **(PASSED)**

ENVIRONMENT

SB 16, the omnibus **air quality bill**, died on the House calendar. (*FAILED*)

HB 1796 including some of the major provisions of SB 16, which allows **offshore geologic storage of carbon dioxide** passed. Provisions from SB 16 which passed in HB 1796 extend the Texas Emission Reduction Program to 2019; amend the uses of the Low Income Repair Assistance Program funding for local initiative projects; require Texas Commission on Environmental Quality to provide grants for eligible projects at facilities and other stationary sources to offset the incremental costs of emissions reductions including advanced clean energy projects, new technology projects, and electricity storage projects related to renewable energy; and require the Texas Commission on Environmental Quality, the Texas Railroad Commission and the Public Utility Commission to participate in the federal government process for developing federal greenhouse gas reporting requirements and the federal greenhouse gas registry requirements. (*PASSED*)

Neither **SJR 50** nor **HJR 128**, providing \$6 billion for **water bonds** passed, so it appears that additional funding for water infrastructure projects will be on hold for another two years. **(FAILED)**

ENERGY

SB 545, which is the distributed **solar generation incentive program**, died on the House calendar. It was added on the Senate floor to HB 1243. **(FAILED)**

HB 1390, the **electric co-op reform** bill, failed, and was also rolled into HB 1243. **(FAILED)**

HB 1243 requiring electric utilities to offer **net metering** services loaded up with above mentioned provisions died at midnight on Friday at the deadline for the House to concur in Senate amendments or go to conference committee. **(FAILED)**

SB 546, setting a new **energy efficiency goal** for the state, died in conference committee. **(FAILED)**

HB 469, the “**clean coal bill**” which provides up to \$100 million in franchise tax breaks for up to three projects that can capture at least 70% of CO2 from coal-fired power plants and keep at least 99% safely sequestered for 1000 years passed. (***PASSED***)

HEALTH

HB 3674 by Senfronia Thompson (D-Houston) and Jane Nelson (R- Lewisville) removes the requirement that an applicant for a license to practice medicine who graduated from a **medical school outside the United States and Canada** must present proof to the Texas Medical Board that the applicant is eligible for a license to practice medicine in the country in which the school is located and must allow foreign-trained physicians to be licensed if they are board certified in a specialty. (***PASSED***)

HB 4353 by Veronica Gonzales (D-McAllen) and Eddie Lucio Jr. (D-Brownsville) authorizes the Board of Nursing to issue a license to a person **licensed to practice nursing in Mexico** if the person:

- (1) graduated from an accredited nursing program in Mexico;
- (2) provides a report acceptable to the board issued by a credentials evaluation service approved by the board;
- (3) applies on the prescribed application and pays the application fee;
- (4) has received a score of at least 475 on the Test of English as a Foreign Language (TOEFL) exam;
- (5) has received a score acceptable to the board on the English version of the appropriate National Council Licensure Examination;
- (6) is eligible for employment in the United States; and
- (7) will practice nursing in a county that borders Mexico. ***(PASSED)***

HB 2962, which would have **expanded eligibility for the Children's Health Insurance Program**, did not pass the Senate. ***(FAILED)***

SB 841, which would also have **increased CHIP eligibility**, did not pass the House. ***(FAILED)***

Expanded CHIP eligibility was added to the conference committee report on **SB 2080** establishing a strategy to **reduce child abuse and neglect**. The House adopted **HR 2966** authorizing the conference committee to go outside the bounds to add the CHIP language; however, the House did not take up the conference committee report. Shortly before adjourning *sine die*, the Senate voted to discharge the conferees and to concur in House amendments on SB 2080 salvaging the original bill without the CHIP expansion.

HIGHER EDUCATION

SJR 35, the **national research university fund** constitutional amendment, died on the House calendar; however, provisions establishing the fund to provide funding for **emerging research universities** were added to HJR 14, the eminent domain constitutional amendment. It will be on the November 3, 2009 statewide ballot.
(FAILED)

SB 2146, the enabling bill for SJR 35 which would establish the allocation for constitutional

funds for institutions of higher education, also died on the House calendar. (*FAILED*)

HB 51, creating additional **Tier One Universities**, passed. (*PASSED*)

SB 175, which would relax the **Top 10% rule**, also passed. (*PASSED*)

SB 1443, the **tuition cap** bill, died in the House Calendars Committee. (*FAILED*)

INSURANCE

SB 1007, the **Texas Department of Insurance sunset bill**, died on the House calendar. A provision saving TDI for two years was added to HB 1959, the sunset safety net bill, which would put off sunset review of state agencies whose sunset bills failed to pass until 2011. That bill died at midnight Sunday night when the deadline for the House to take up conference committee reports passed. (*FAILED*)

On Monday, the House tried a last-ditch effort to spare TDI by passing **HCR 291**, a resolution to correct HB 4583 relating to **dedicated funds**.

HCR 291 would have continued state agencies scheduled for abolition on September 1, 2009 if the agency is eligible to receive federal stimulus funds. The House passed the resolution; however, the Senate did not take up the resolution before they adjourned. **(FAILED)**

SB 14, the **Texas Windstorm Insurance Association** bill, also died on the House calendar. **(FAILED)**

Provisions of SB 14 were resurrected in **HB 4409**, an **emergency preparedness** and management bill. **(PASSED)**

SB 1001, the sunset bill for the **Office of Public Insurance Counsel** failed because the conference committee did not reach agreement and never filed a report. **(FAILED)**

PROCUREMENT

HB 987 by Brandon Creighton (R-Conroe) and Royce West (D-Dallas) increases the threshold for **competitive bidding for school districts** from \$25,000 to \$50,000; and allows school districts to receive bids or proposals through electronic means if the school board adopts

security-related rules. It increases the threshold for **competitive bidding for counties** from \$25,000 to \$50,000. It allows for recovery of attorney's fees in an adjudication brought against a local governmental entity for breach of a contract. *(PASSED)*

HB 2082 by Carl Isett (R-Lubbock) and Robert Duncan (R-Lubbock) requires municipalities to give **local bidders preference** in contracts for an expenditure of less than \$100,000. *(PASSED)*

HB 2515 by Todd Smith (R-Bedford) and Chris Harris (R-Arlington) requires **prime contractors under a public works contract with a municipality** to post a payment bond if the contract is in excess of \$50,000 (rather than \$25,000) if the governmental entity is a municipality or a joint board created under the Transportation Code. *(PASSED)*

HB 2521 by Joe Pickett (D-El Paso) and Royce West (D-Dallas) requires **state purchasing contracts for media-related services** to give preference to a commercial production company and advertising agency located in Texas if the company or agency meets the requirements regarding the service to be

performed and expected quality and the cost of the service does not exceed the cost of other similar services. *(PASSED)*

SB 229 by Royce West (D-Dallas) and Bill Callegari (R- Houston) applies **design-build procurement procedures** to local governmental entities with a population of 100,000 (rather than 500,000). *(PASSED)*

SB 2381 by Royce West (D-Dallas) and Dawnna Dukes (D-Austin) requires the comptroller to collect \$20 from each registrant for the **master bidders list** to be used to enforce compliance with state purchasing statutes and the prevention of fraud in the historically underutilized business program. *(PASSED)*

PROPERTY

HB 2275 by Richard Raymond (D-Laredo) and Judith Zaffirini (D-Laredo) creates the **Task Force on Uniform County Subdivision Regulation** to research and identify the conflicts and deficiencies in current law regarding the regulation of the development of

subdivisions in the unincorporated areas of **counties near the international border** and in economically distressed counties and develop recommendations and draft a proposal for legislation to create uniform standards for the regulation of the development of subdivisions in the unincorporated areas of counties near the international border and in economically distressed counties. The Texas Water Development Board is required to provide administrative support to the task force.
(PASSED)

HB 2833 by Marissa Marquez (D-El Paso) and Eliot Shapleigh (D-El Paso) authorizes the commissioners court in counties within 50 miles of a international border or has a population of more than 100 to **regulate residential land development** in the unincorporated area of the county. It requires new residential construction of a single-family house or duplex in the unincorporated area of a county to conform to the version of the International Residential Code published as of May 1, 2008 or the version of the International Residential code that is applicable in the county seat of that county. Counties are prohibited from charging

a fee to defray the costs of enforcing the standards. **(PASSED)**

HJR 14, an **eminent domain** constitutional amendment prohibiting the taking of private property for economic development or to enhance tax revenue, passed and will be submitted to the voters on November 3, 2009. **(PASSED)**

SB 18, the enabling bill for HJR 14 did not pass, so if the constitutional amendment is adopted by the voters, legislators will have to pass legislation implementing the constitutional amendment next session in order for it to take effect. **(FAILED)**

HB 2295, the **Texas Residential Construction Commission** sunset bill, has passed the House but it was pronounced “dead” by the Senate sponsor. **(FAILED)**

PUBLIC EDUCATION

HB 3646, the **public school finance/teacher** payraise bill, passed. **(PASSED)**

HB 130, requiring school districts to provide a full-day **Pre-Kindergarten** to disadvantaged children, passed when the House concurred in the Senate amendments. (*PASSED*)

HB 3, the **public education accountability** bill, also passed. (*PASSED*)

HB 4294, allowing local school districts flexibility to spend textbook funds on **electronic content and equipment**, passed and has been sent to the governor. (*PASSED*)

TAX

HB 4765, which would increase the **franchise tax small business exemption** to exempt businesses with less than \$1 million in gross receipts, passed. The exemption for businesses with gross receipts up to \$1 million will last for two years, and after 2011, the exemption will be for companies with up to \$600,000 in gross receipts. (*PASSED*)

HB 1789 by Diana Maldonado (D-Round Rock) and Steve Ogden (R-Bryan) authorizes the use of revenue from the **hotel occupancy**

tax to enhance and upgrade sports facilities in counties with between 13,000 and 39,000 located in a county with a population of at least 200,000; counties with a population of at least 65,000 but less than 80,000 and no part of which is located in a county with a population greater than 150,000; and counties adjacent to the Texas-Mexico border with a population of at least 500,000, that do not have a municipality with a population greater than 500,000. For a municipality with a population of at least 65,000 but less than 80,000, no part of which is located in a county with a population greater than 150,000, the hotel occupancy tax can be used for the construction, improvement, enlarging, equipping, repairing, operation, and maintenance of a coliseum or multiuse facility. *(PASSED)*

A package of **property tax appraisal reform** bills also passed including:

HB 8 changing the frequency of the comptroller's **property value study** from annual to biennial and establishing a Property Value Study Advisory Committee to help the comptroller draft rules governing the conduct of the standards and procedures study. *(PASSED)*

HB 3611 allowing two or more adjoining **appraisal review boards to consolidate** (an enabling bill for HJR 36). (*PASSED*)

HB 3612 establishes a pilot program in Bexar, Cameron, El Paso, Harris, Tarrant, and Travis counties (Dallas county was removed by a resolution correcting the bill) to allow taxpayer appeals of appraisal review board decisions involving property values of more than \$1 million to be heard by the **State Office of Administrative Hearings**. (*PASSED*)

HB 3613 requiring the market value of a residence homestead to be determined solely on the basis of the property's value as a residence homestead, regardless of whether the residential use of the property by the owner is considered to be the **highest and best use** of the property (another enabling bill for HJR 36). (*PASSED*)

HJR 36, a constitutional amendment authorizing the legislature to provide for the taxation of residential homesteads based solely on the basis of the property's value as a residence homestead regardless of whether the residential use of the property by the owner is considered to be the **highest and best use** of the

property, and authorizing the legislature to allow a single board of equalization for two or more adjoining **appraisal entities to consolidate** (it will be on the statewide constitutional amendment ballot on November 3, 2009). *(PASSED)*

HB 742 instituting a residence **homestead exemption for disabled veterans**, which implements a constitutional amendment passed two years ago, died on the House calendar. **SB 469**, also died on the House calendar. *(FAILED)*

However, it ended up passing as a Senate amendment to HB 3613. *(PASSED)*

TRANSPORTATION

HB 300, the **Texas Department of Transportation** sunset bill, died because neither the House nor the Senate took up the conference committee report. A controversial provision added in the Senate to allow local option fee increases to fund transportation projects was taken out in conference committee. That provoked Senator John Carona (R-Dallas)

to threaten to filibuster the conference committee report. However, he never got the chance because the House failed to bring it up for consideration before Sunday's midnight deadline. **(FAILED)**

The same last ditch effort that was made for the Texas Department of Insurance sunset bill was made by the House when they passed **HCR 291**, a resolution to correct HB 4583 relating to **dedicated funds**. HCR 291 would have continued state agencies scheduled for abolition on September 1, 2009 if the agency is eligible to receive federal stimulus funds. The House passed the resolution; however, the Senate did not take it up. **(FAILED)**

SB 1350, the **Transportation Revolving Fund** bill, died in the House Calendars Committee. **(FAILED)**

TECHNOLOGY INDUSTRY HIGHLIGHTS

This session was a success for the technology industry. Important initiatives that passed include:

Economic Development

- \$203 million was appropriated for the **Emerging Technology Fund**;
- \$203 million was appropriated for the **Texas Enterprise Fund**;
- HB 873 instituted a film and **media incentive program**, and \$40 million was appropriated for film incentives;
- HB 3676 extended the **Economic Development Act** to 2015.

Electronics Products Recycling

- HB 821 established new manufacturer-run **television recycling programs** to protect the environment and reduce waste.

Higher Education

- Almost \$1 billion was appropriated for **higher education tuition assistance** including a total increase of \$210.9 million over the 2008-2009 biennium:
- an additional \$185.9 million for the **Texas Grant Program**;

- an increase of \$15 million for the **B-On-Time Program**;
- and an additional \$10 million for the **Educational Opportunity Grant Program**.

Technology in Public Education

- The legislature fully funded the **technology allotment fund** of \$30 per student for a total of \$270.9 million;
- they provided an \$18 million increase for the **Virtual School Network** for a total of \$20.3 million with \$3 million to be used for administration of the network and the rest to pay tuition and other costs for students enrolled in courses through the network;
- an additional \$20 million for a total of \$60 million was appropriated for the **renovation of science laboratories**;
- and HB 4294, allowing local school districts flexibility to spend **textbook funds on electronic content and equipment** also passed.

Workforce

- An additional \$30 million was appropriated for the **Skills Development Fund** to train an additional 15,000 workers for a total of \$81 million to train 55,000 workers;
- HB 1637 authorizes the **shared work unemployment compensation program** for employees that work an average of 40 hours a week over a two-week pay period;
- HB 2730, the Department of Public Safety sunset bill contains a provision exempting the **repair and maintenance of a computer** from licensure under the Private Security Act.

Internet Safety

- SB 689 is an industry supported **on-line safety** bill that protects children from registered sex offenders;
- HB 2003 creates the offense of **online harassment**;
- HB 2004 requires state agencies or local governments who own or license computerized data that includes sensitive

personal information to disclose any **breach of system security**.

Use of Technology

- HB 1342 by Jose Menendez (D-San Antonio) requires health benefit plan issuers to use information technology that provides an enrollee with real-time information at the point of service. TechAmerica worked cooperatively with insurance companies and physician groups on this bill to expand the **use of technology in health care**.

Budget and Taxes

- HB 464 requires the Legislative Budget Board to prepare a **dynamic fiscal impact statement** based on dynamic scoring principles for each bill or joint resolution that raises or lowers the rate of a tax or fee \$100 million or more for up to five years;
- HB 1801 adds **school supplies** (including calculators) and backpacks to the Sales Tax Holiday.

The success of the high-tech industry can also be measured by the issues that did not pass. The technology industry was successful in defeating bills/amendments that would have:

- Prohibited school districts from requiring a student to use an identification device that uses **radio frequency identification technology** (RFID);
- Restricted the right of employers to prohibit **guns in their parking lots**;
- Required the state to adopt energy **efficiency standards on electronic products** (federal standards are already being developed);
- Instituted onerous reporting requirements on **vendors in state contracts**, required public disclosure of the terms of the contracts, and instituted contractor performance reviews that are arbitrary and would have allowed vendors to be blackballed;
- Prohibited persons from publishing through the Internet an image capable of zooming into greater detail than that of an **aerial photograph** taken without a magnifying lens 300 feet or higher of

private property not visible from the public right-of-way without the consent of the property owner.

- Authorized a financial institution to bring an action against a business that is subject to a **breach of system security** if the business is not in compliance with payment card industry data security standards.
- Required detailed reporting of **International shipments of electronic waste**.
- Required labeling of and banning products containing **bisphenol-A**.
- Prohibited the use of opt-out notices by businesses to obtain the consent of consumers to share their **personal identifying information**.
- Required manufacturers (that exceed \$1 million in annual gross revenue) doing business in Texas that produce a **medical device** to submit a detailed quarterly report to the attorney general disclosing any payment or other transfer of value to a physician or other health care provider or facility.

- Allowed cities or counties to increase **local sales taxes** above the 2% combined local sales tax cap.

There were some disappointments for the Technology Industry:

- Legislation that would have expanded the manufacturing equipment sales tax exemption to include **research and development equipment** failed as did bills instituting a franchise tax credit for R&D activities.