

# TEXAS BUILDER

SEPT/OCT 2017



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# Inside the 85<sup>th</sup> Legislative Session

By Felicia A. Wright, Associate Director of Legislative and Political Affairs

As the month of May came to an end, the Texas Legislature adjourned *sine die* bringing the 85<sup>th</sup> Regular Legislative Session to a close. The 140-day legislative session in Austin was quite a whirlwind, bringing forth a variety of issues to be debated by the elected body of the state. While not all issues directly affect the residential construction and development industry, like social issues regarding privacy, medical care and criminal penalties, many issues do in fact have positive or negative ramifications on how Texas home builders, remodelers and developers conduct business or affect the rights and budgets of Texas homeowners.

The regular session generated many proactive policies that will benefit the thriving home building industry in Texas. In just 140 days, TAB tracked, monitored and participated in the movement of over 1,200 legislative bills while productively working

with the Governor, Lieutenant Governor, Speaker of the House, all 181 state legislators and numerous state agencies on a wide variety of policy topics and TAB priority initiatives. All six TAB priority initiatives – including a ban on linkage fees, protecting developer’s vested rights, and insurance coverage for career and technical education programs – passed the House and Senate chambers before being sent to the Governor’s desk for final approval. In addition, 35 bills passed that TAB actively supported. Just as important, every bill that TAB opposed was either defeated or amended in the industry’s favor during the 140-day session.

The Association’s active involvement at the Capitol paired with the powerful grassroots support from its membership influenced the passage of bills that will preserve private property rights, increase access to career and technical education, outlaw linkage fees, address tree mitigation fees,

and reduce onerous regulations in Texas. Continue reading for an overview of TAB-supported bills that passed during the 85<sup>th</sup> Regular Legislative Session.

### BUILDING A BETTER TEXAS

After the passage of certain bills during the 85<sup>th</sup> Regular Legislative Session, Texas now:

- ✓ Has the strongest vested development rights law in the U.S.
- ✓ Is the only state in the U.S. that prohibits linkage fees
- ✓ Is the only state in the U.S. that prohibits inclusionary zoning
- ✓ Is one of only two states that does not authorize county zoning

Although regular or special sessions come to an end, TAB’s role in helping shape positive policy reforms never closes. During the interim and until the start of the 86<sup>th</sup> Legislative Session in January

2019, the TAB Government Affairs team will work to garner industry support from elected officials during the campaign season and research new ways to improve and protect the home builders and homeowners of Texas.

**TAB-SUPPORTED BILLS THAT PASSED**

\* Denotes a TAB Priority Bill

**City and County Authority, Development and Zoning**

\* **HB 1449 (Rep. Ron Simmons, R – Carrollton / Sen. Jane Nelson, R – Flower Mound):** Relating to prohibiting local governments from imposing certain fees on new construction.

**WHAT THE BILL DOES:** Prohibits a political subdivision from adopting or enforcing a regulation that imposes certain fees (like a linkage fee), charges or demands on new construction for the purpose of offsetting the cost or rent of any unit of residential housing. *Effective as of 5/29/17*

\* **HB 2040 (Rep. Phil King, R – Weatherford / Sen. Robert Nichols, R – Jacksonville):** Relating to the building code standards for new residential construction in the unincorporated area of certain counties; affecting the prosecution of a criminal offense.

**WHAT THE BILL DOES:** Closes an existing gap in the county’s enforcement of code mandates and allows a county to use its current enforcement authority if a builder does not provide notice that the home shows compliance with the code. The bill also provides the builder with an affirmative defense if a failure to provide proper notice is due to a failure of the code inspector to provide the builder with proper documentation. *Effective 9/1/17*

**Developers’ Vested Rights**

\* **HB 1704 (Rep. John Kuempel, R – Seguin / Sen. Joan Huffman, R – Houston):** Relating to the award of court costs and attorney’s fees in actions to determine the applicability of certain local government regulations.

**WHAT THE BILL DOES:** Strengthens vested development rights for property owners by authorizing the recovery of legal fees by a prevailing party in vested rights actions. *Effective 5/29/17*

**Property Taxes & Appraisal Districts**

**HB 150 (Rep. Cecil Bell, R – Magnolia / Sen. Brandon Creighton, R – Conroe):** Relating to the exemption from ad valorem taxation of, and the deferral or abatement of ad valorem taxes on, certain residence homesteads.

**WHAT THE BILL DOES:** Expands the homestead exemption for partially disabled veterans. Currently, a partially disabled veteran is able to receive an exemption towards a portion of his or her property taxes on a home donated “at no cost” by a charitable organization, based on his or her veteran’s disability rating. This bill adds that a portion of the veteran’s property taxes can also be partially exempt if the home was paid for by the veteran at less than 50% of the good faith estimate of the market value at the time the home was donated by a charitable organization. (Also see HJR 21.) *Earliest effective date is 1/1/18, if approved by voters on 11/7/17*

**HB 804 (Rep. Tony Dale, R – Cedar Park / Sen. Van Taylor, R – Plano):** Relating to the entitlement of a lessee of property who is required to pay the ad valorem taxes on the property to receive notice of the appraised value of the property.

**WHAT THE BILL DOES:** Requires a property owner to send a copy of the notice of appraised value to a lessee who is contractually obligated to reimburse the property owner for taxes imposed on the property. The changes in the bill will ensure that lessees receive timely, fair notice of their leased property’s appraised value, better enabling lessees to protest those values. *Effective 9/1/17*

**HB 1101 (Rep. Joe Pickett, D – El Paso / Sen. José Rodríguez, D – El Paso):** Relating to the authority of the chief appraiser of an appraisal district to require a person to file a new application to confirm the person’s current qualification for the exemption from ad valorem taxation of the total appraised value of the residence homestead of a 100 percent disabled veteran.

**WHAT THE BILL DOES:** Prohibits a chief appraiser from requiring a disabled veteran with 100% disability rating and a 100% residence homestead exemption to file a new application to determine current qualifications if the person has a permanent total disability determined by the Department of Veterans Affairs. *Earliest effective date on 1/1/18*

**HJR 21 (Rep. Cecil Bell, R – Magnolia / Sen. Brandon Creighton, R – Conroe):** Proposing a constitutional amendment authorizing the legislature to provide for an exemption from ad valorem taxation of part of the market value of the residence homestead of a partially disabled veteran or the surviving spouse of a partially disabled veteran if the residence homestead was donated to the disabled veteran by a charitable organization for less than the market value of the residence homestead and harmonizing certain related provisions of the Texas Constitution. The implementing legislation is HB 150.

Session by Numbers

No. of Bills and Resolutions Filed: **10,672**  
 No. of Bills and Resolutions Passed: **4,960 (46%)**  
 No. of Bills Vetoed: **50**  
 No. of TAB-Related Bills Tracked: **1,254**

No. of TAB Priority Bills: **6**  
 No. of House and Senate Standing Committees: **38**  
 No. of Committee Hearings Monitored by TAB Staff and Lobbyists: **495+**

No. of TAB Members Testified/Served as Witnesses in Committee: **41**  
 No. of Grassroots Letters TAB Members Sent to Elected Officials: **400+**

No. of TAB Government Relations Task Forces and Councils: **5**  
 No. of TAB Rally Day Attendees: **750**  
 No. of Days in a Regular Session: **140**  
 No. of Days in a Special Session: **30**

**WHAT THE CONSTITUTIONAL AMENDMENT DOES:** Authorizes property tax exemptions for certain partially disabled veterans or their surviving spouses whose homes were donated to them by charity for less than market value. *Election date on 11/7/17*

**SB 1047 (Sen. Brandon Creighton, R – Conroe / Rep. Wayne Faircloth, R – Galveston):**

Relating to installment payments of ad valorem taxes.

**WHAT THE BILL DOES:** Allows a person eligible to make property tax payments in installments to make payments in four equal installments if the person pays the first installment before the delinquency date and notifies the taxing unit that the person will pay in installments. Sets due dates for the second, third, and fourth installment payments. Provides that if the person pays the first installment before the first day of the first month after the delinquency date, no penalty or interest accrues on the payment. *Earliest effective date on 1/1/18*

**SB 1767 (Sen. Dawn Buckingham, R – Lakeway / Rep. Drew Darby, R – San Angelo):**

Relating to hearings and protests before appraisal review boards involving ad valorem tax determinations.

**WHAT THE BILL DOES:** Provides protections for property owners who choose to protest their property assessments by preventing additional increases in assessments without consent and guaranteeing an opportunity to respond to the evidence used to determine the value of their property. Limits the Appraisal Review Board (ARB) to a determination no greater than the amount of the appraised value of the protested property as it appears in the appraisal records, unless otherwise agreed by the owner and chief appraiser. Allows the property owner to present its case before or after the chief appraiser at the hearing. *Earliest effective date on 1/1/18*

**SJR 1 (Sen. Donna Campbell, R – New Braunfels / Rep. Pat Fallon, R – Frisco):**

Proposing a constitutional amendment to provide for an

exemption from ad valorem taxation of all or part of the market value of the residence homestead of a surviving spouse of a first responder killed in the line of duty.

**WHAT THE CONSTITUTIONAL AMENDMENT DOES:**

Authorizes the legislature to exempt all or part of the market value of the residence homestead of a first responder killed or fatally injured in the line of duty. Allows the surviving spouse to transfer the exemption to another homestead if the spouse has not remarried since the death of the first responder. The implementing legislation is SB 15. *Election date on 11/7/17*

**Workforce Opportunities/Career and Technical Education**

**HB 136 (Rep. Cecil Bell R – Magnolia / Sen. Carlos Uresti, D – San Antonio):**

Relating to inclusion of career and technology education and workforce training in the mission of public education.

**WHAT THE BILL DOES:** Includes Career and Technical Education (CTE) and workforce training into one of the objectives of the Texas Education Agency (TEA). Adds that the State Board of Education (SBOE), TEA and the TEA commissioner shall assist schools with providing CTE education and effective workforce opportunities to an objective of TEA. *Effective 6/1/17*

**HB 257 (Rep. Ana Hernandez, D – Houston / Sen. Dawn Buckingham, R – Lakeway):**

Relating to a report by the Texas Workforce Commission regarding the transition from military service to employment.

**WHAT THE BILL DOES:** Requires the Texas Workforce Commission (TWC) to work with the Texas Coordinating Council for Veterans Services to submit a report to the Legislature that identifies the five most common military occupational specialties, the transferable skills needed for employment, and certifications needed, if applicable. *Effective 9/1/17*

**\* HB 639 (Rep. Doc Anderson, R – Waco / Sen. José Menéndez, D – San Antonio):**

Relating to authorizing the purchase of certain insurance coverage by public school districts for the benefit of businesses

# DEFEATED!

## Anti-Building Bills

### **Mechanic's, Contractor's or Material Man's Lien "Re-write"**

TAB successfully defeated a bill that would have resulted in a significant shift from the basic principles of the Texas lien laws as those laws have operated for the past century. In essence, the bill would have shifted lien obligations to property owners who would have faced potentially unlimited liability.

### **Installation of Residential Fire Sprinkler Systems**

Current law, as passed in 2009, prohibits cities from mandating fire sprinklers in new one or two-family homes. Proposed legislation would have allowed cities with less than 500,000 in population to hold an election to allow the city to mandate residential fire sprinklers and override existing state law.

### **City Zoning Outside of City Limits**

TAB defeated an amendment to a municipal annexation bill that would have allowed cities to regulate land use in their extraterritorial jurisdictions, including zoning authority, within 5 miles of a military base, without providing city services and without a vote of the citizens of the area proposed to be annexed.

### **Increased County Authority**

TAB defeated an onerous bill that would have authorized counties of 100,000 in population or more, and counties adjacent to them, zoning authority, other land use authority, and building standard oversight.

### **Mandatory Workers Compensation Bills**

TAB worked hard to ensure burdensome provisions regarding mandatory workers compensation did not place unnecessary regulation and mandates on the home building industry.



and students participating in career or technology training programs and providing for immunity from liability of certain public school students participating in career and technology programs.

**WHAT THE BILL DOES:** Permits public schools to purchase certain insurance coverage for the benefit of businesses and students participating in career and technology programs and providing immunity from liability of certain public school students participating in CTE programs. *Effective 5/26/17*

**HB 2010 (Rep. Greg Bonnen, R – Friendswood / Sen. Larry Taylor, R – Friendswood):** Relating to providing workplace safety training information for use in the public school curriculum.

**WHAT THE BILL DOES:** Requires TEA to collect and provide information to a school district regarding workplace safety training as part of the curriculum, upon request of the district. *Effective 6/9/17*

**HB 2729 (Rep. Eddie Lucio III, D – Brownsville / Sen. Borris Miles, D – Houston):** Relating to an inventory of credentials and certificates that may be earned by a public high school student through a career and technology education program.

**WHAT THE BILL DOES:** Directs TEA, Texas Higher Education Coordinating Board (THECB) and TWC to post an inventory of credentials and certificates that may be earned by a public high school student through a CTE program. *Effective 6/9/17*

**HB 2994 (Rep. Trent Ashby, R – Lufkin / Sen. Juan “Chuy” Hinojosa, D – McAllen):** Relating to workforce continuing education offered by public junior colleges.

**WHAT THE BILL DOES:** Creates a workforce continuing education program at public junior colleges in order to better prepare adult students for employment. *Effective 9/1/17*

**HB 3029 (Rep. John Frullo, R – Lubbock / Sen. John Whitmire, D – Houston):** Relating to air conditioning and refrigeration contracting and the education and certification of air conditioning and refrigeration technicians.

**WHAT THE BILL DOES:** Creates a new air conditioning and refrigeration certification at the Texas Department of Licensing and Regulation (TDLR) called a technician certification. Allows a technician certification training program to be taught at public schools and public/private higher educational institutions, and allows for those hours to go toward the necessary practical experience for the formal technician certification. Allows technician certification holders to apply for full air conditioning and refrigeration contractor licenses. This is new and different from the existing technician registration. *Effective 9/1/7*

## Texas, First State to Ban Linkage Fees

The 85<sup>th</sup> Legislative Session was momentous for the home building industry for a number of reasons but one standout was the passage of one contentious, yet necessary bill to ban linkage fees in Texas. As passed, House Bill (HB) 1449 effectively prohibits a political subdivision from adopting or enforcing any measure that imposes a fee on new construction for the purpose of offsetting the cost or rent of any unit of residential housing. When HB 1449 took effect on May 29, 2017 Texas became the first state in the country to ban linkage fees.

Linkage fees are imposed by cities in other states, such as California and Colorado, on new residential and commercial development projects to subsidize low- and moderate-income housing. Cities collect these fees to fund low-interest housing loans, grants and rent subsidies, for example. The notion is that new development attracts lower wage employees who can't afford market rate housing, and linkage fees “link” the need for affordable housing with the developers “responsible” for creating the need. The fee amount is usually calculated according to the number of square feet in affected structures and, like most fees, linkage fees would undoubtedly increase over time.

Increasing the cost of housing in an attempt to improve housing affordability within the city is counterintuitive. Ironically, instead of improving housing affordability, linkage fees increase the cost of housing for everyone, including low-income renters. It is no

coincidence that many of the states where linkage fees currently exist have some of the most expensive housing markets in the country.

For example, a linkage fee of only \$3 per square foot would have a drastically negative effect on a moderately sized 1,800 square foot entry-level home, resulting in a \$5,400 price increase and pricing tens of thousands of Texas households out of that home.

The success of the Texas economy depends in large part on the availability of reasonably-priced housing. Thus, it goes without saying that linkage fees are bad for Texas. By preventing an additional fee on the backs of housing and other construction, in a system already laden with burdensome fees and regulations, the passage of HB 1449 ensures that the Texas housing market will stay affordable and remain an economic driver of our great state.

**Local HBA Spotlight:** Almost all of the 28 local home builders associations and their members sent emails to their Representatives and Senators urging support of HB 1449. Those emails, letters and phone calls played a significant role in getting HB 1449 passed. The bill could have died many times due to the intricacies of the legislative process and to the cities’ strong opposition to the bill, yet the support from Association members and partner industries kept the bill moving towards enactment. Thank you to TAB’s local HBAs for your support on HB 1449.

**HB 3049 (Rep. Ryan Guillen, D – Rio Grande City / Sen. Brandon Creighton, R – Conroe):**

Relating to the number of hours of work experience required of a plumber's apprentice to take an examination for a plumber's license.

**WHAT THE BILL DOES:** Allows the Texas State Board of Plumbing Examiners to credit a plumber's apprentice who wishes to take a journeyman or tradesman plumber's exam with up to 250 hours of required work experience if the applicant has completed certain courses offered through a CTE program approved by SBOE. *Effective 5/29/17*

**HB 3349 (Rep. Barbara Gervin-Hawkins, D – San Antonio / Sen. Van Taylor, R – Plano):**

Relating to creating an abbreviated certification program and a certificate for trade and industrial workforce training.

**WHAT THE BILL DOES:** Creates an abbreviated educator certification program and certificate for trade and industrial workforce training. *Effective 6/15/17*

**SB 2082 (Sen. Larry Taylor, R – Friendswood / Rep. Travis Clardy, R – Nacogdoches):**

Relating to the work-study student mentorship program administered by the Texas Higher Education Coordinating Board (THECB).

**WHAT THE BILL DOES:** Expands the work-study student mentorship program administered

by the THECB in an effort to help the state meet certain higher education goals. *Effective 5/26/17*

**SB 2105 (Sen. Borris Miles, D – Houston / Rep. Jarvis Johnson, D – Houston):**

Relating to the requirement that the Texas Workforce Commission (TWC) provide certain employment information for secondary school students.

**WHAT THE BILL DOES:** Requires more TWC information to be shared with high school students, including CTE partnerships with business, and field-based learning opportunities for students. *Effective 9/1/17*

### Special Districts

**HB 294 (Rep. Armando Walle, D – Houston / Sen. Sylvia Garcia, D – Houston):**

Relating to appointment of a receiver for a water or sewer utility.

**WHAT THE BILL DOES:** In an effort to address residential water quality or water loss issues, this bill expands the circumstances under which the Texas attorney general is required to bring suit for the appointment of a receiver to collect the assets and carry on the business of a water or sewer utility on certain requests. *Effective 9/1/17*

**HB 2358 (Rep. Will Metcalf, R – Conroe / Sen. Lois Kolkhorst, R – Brenham):**

Relating to eligible voters in a confirmation election for a conservation and reclamation district.

**WHAT THE BILL DOES:** Requires a voter in a qualification election for a Municipal Utility District (MUD) or other special district to not be a developer of property in the district, a relative of the developer, an employee of the developer, or to receive monetary consideration for their vote. Requires 30-day residence in the district prior to the date of the election. *Earliest effective date on 1/1/18*

**SB 625 (Sen. Lois Kolkhorst, R – Brenham / Rep. Phil Stephenson, R – Wharton):**

Relating to public access to financial and tax rate information of certain special purpose districts; imposing a civil penalty.

**WHAT THE BILL DOES:** Requires the Comptroller to create a Special Purpose District Information Database to include name of, board members, attorney representation, contact information, website, reports on revenue obligations, annual revenue, account balances, sales and use tax rate, and property tax rate of each special district. This information must be available to the public at no charge. *Effective 9/1/17*

### State Water Plan

**SB 1511 (Sen. Charles Perry, R – Lubbock / Rep. Four Price, R – Amarillo):**

Relating to the state and regional water planning process and the funding of projects included in the state water plan.

## FIRST CALLED SPECIAL SESSION

On June 6, Governor Abbott made a public statement that he intended to call a special session to address a list of legislative issues, including but not limited to property tax reform, school finance reform, and annexation reform. Nearly one month later on July 10, Governor Abbott filed a proclamation with the Secretary of

State to formally declare an extraordinary session of the 85<sup>th</sup> Legislature to commence at 10 a.m. on Tuesday, July 18, 2017.

A special session can last a maximum of 30 days and can only be declared by the Governor. The Governor of Texas can declare an unlimited amount of special sessions between regular legislative sessions, whether they are spread out or back-to-back, and add issues to the call at any time. The last time Texas had a special

session was in 2013, when former Governor Rick Perry called the Legislature back for three special sessions.

The first issue that was addressed by the Legislature during the special session was a Sunset Commission bill that extended the existence of five agencies that oversee medical practitioners. It was not until the Senate passed that Sunset bill that the Legislature could address the additional issues on the supplemental call.

**WHAT THE BILL DOES:** Expanding the rules of the State Water Plan, under the Texas Water Development Board (TWDB) to include information on projects from the preceding water plan that were of high priority and information about how the projects were implemented, or not implemented. Allows a regional water planning group to amend a water plan to include a feasible water management strategy. *Effective 9/1/17*

**Housing and Community Development**

**\* HB 890 (Rep. Charlie Geren, R – Fort Worth / Sen. Craig Estes, R – Wichita Falls):** Relating to providing information to the public and to purchasers of real property regarding the impact of military installations.

**WHAT THE BILL DOES:** Adds a notice to the Texas Real Estate Commission (TREC) Seller’s Disclosure form stating that the property to be purchased may be located near a military installation. *Effective 9/1/17*

**HB 1463 (Rep. John Smithee, R – Amarillo / Sen. Kel Seliger, R – Amarillo):** Relating to procedures for actions alleging failure to comply with certain standards to accommodate persons with disabilities.

**WHAT THE BILL DOES:** Creates a notice and right to correct for alleged violations of Americans with Disabilities Act accessibility requirements. Attempts to stem the tide

of class action lawsuits against apartment complexes for alleged minimal violations. *Effective 9/1/17*

**HB 3574 (Rep. Nicole Collier, D – Fort Worth / Sen. José Menéndez, D – San Antonio):** Relating to the allocation of low income housing tax credits.

**WHAT THE BILL DOES:** Clarifies that the Texas Department of Housing and Community Affairs (TDHCA) can consider education quality as part of the threshold criteria, but not in the points system of the Qualified Action Plan (QAP) application. *Effective 9/1/17*

**SB 873 (Sen. Brandon Creighton, R – Conroe / Rep. Jim Murphy, R – Houston):** Relating to the authority and liability of owners and managers of apartment houses, manufactured home rental communities, condominiums, and multiple use facilities in charging tenants for sub metered and nonsubmetered master metered water and wastewater services.

**WHAT THE BILL DOES:** Clarifies the dispute process regarding tenant utility service at the Public Utilities Commissioner (PUC). Requires tenants to bring administrative actions prior to filing lawsuits regarding overcharge of utility services, which is intended to reduce the amount of class action lawsuits in this area against apartment complex owners. *Effective 6/1/17*

**SB 1248 (Sen. Dawn Buckingham, R – Lakeway / Rep. Eddie Lucio III, D – Brownsville):** Relating to municipal regulation of manufactured home communities.

**WHAT THE BILL DOES:** Protects the property rights of manufactured home community owners and their tenants by preventing cities from adopting discriminatory policies. For example, this bill prohibits cities from reducing the nonconforming use allowance for existing manufactured homes. *Effective 9/1/17*

**Other**

**SB 807 (Sen. Brandon Creighton, R – Conroe / Rep. Paul Workman, R – Austin):** Relating to choice of law and venue for certain construction contracts.

**WHAT THE BILL DOES:** Provides that, with certain exceptions, a provision in a construction contract or an agreement collateral to or affecting the construction contract that makes the dispute subject to another state’s law, litigation in the courts of another state, or arbitration in another state, is voidable by a party. Does not apply to a construction contract that provides for a loan and the party promising to perform work that is subject to the loan is doing so as part of the party’s agreement with the lender. *Effective 9/1/17*

The Governor added twenty items to the 85<sup>th</sup> First Called Special Session including, but not limited to, teacher pay increases, school vouchers, property tax reform, prohibiting city ordinances regulating trees on private property and limiting municipal annexation authority. Of the twenty issues, those of interest to the residential construction and development industry were property tax reform, annexation, tree regulations, expedited permitting, vested property rights, union dues, and school finance.

TAB’s Government Relations team worked with elected officials to ensure adequate information was provided on how these proposals could benefit the Texas housing industry and eliminate any potential unintended consequences.

The first called special session of the 85th Legislature came to an end on August 16. Eleven issues presented by the Governor successfully passed, including a bill that requires cities that impose tree mitigation fees for tree removal to give property owners credits for trees

planted and allows trees to be planted on a mutually agreed upon location by the city and the property owner. TAB worked extensively on this bill during the regular (SB 744) and special session (HB 7).

A property tax reform bill failed to pass during the special session and may be subject to another special session, at the Governor’s discretion.

Look for an in-depth review of the special session and the tree credit bill in the next edition of *Texas Builder*.

**SB 1001 (Sen. Larry Taylor, R – Friendswood / Rep. Dennis Paul, R – Houston):** Relating to vehicle safety inspections, including vehicles exempt from those inspections.

**WHAT THE BILL DOES:** Raises the gross weight of trailers exempt from vehicle inspection requirements from 4,500 to 7,500 pounds. *Effective 9/1/17*

**SB 1955 (Sen. Bryan Hughes, R – Mineola / Rep. John Wray, R – Waxahachie):** Relating to expunction of a notice of lis pendens.

**WHAT THE BILL DOES:** Clarifies the existing statute to ensure that purchasers of real property, lenders, title companies, and others are able to rely on an expungement of a lis pendens to determine whether or not to purchase, lend against, or insure the title of a given piece of property. *Effective 9/1/17*

**SJR 60 (Sen. Kelly Hancock, R – North Richland Hills / Rep. Tan Parker, R – Flower Mound):** Proposing a constitutional amendment establishing a lower amount for expenses that can be charged to a borrower and removing certain financing expense limitations for a home equity loan, establishing certain

authorized lenders to make a home equity loan, changing certain options for the refinancing of home equity loans, changing the threshold for an advance of a home equity line of credit, and allowing home equity loans on agricultural homesteads.

**WHAT THE CONSTITUTIONAL AMENDMENT DOES:** Redefines what is and is not included in the calculation of the cap on fees associated with a home equity loan. Allows for an alternative option in refinancing of a seasoned home equity loan with a purchase money loan into one loan with one rate and term. Allows farm and ranch property owners to acquire home-equity loans, while maintaining the agricultural valuation of their properties. Establishes a lower amount for expenses that can be charged to a borrower and removing certain financing expense limitations for a home equity loan, establishing certain authorized lenders to make a home equity loan, changing certain options for the refinancing of home equity loans, changing the threshold for an advance of a home equity line of credit, and allowing home equity loans on agricultural homesteads. *Election date on 11/7/17*

## Why was the Tree Credit Bill Vetoed?

TAB has spent more than eight years trying to pass legislation that would limit or prevent onerous regulations on trees on purchased property. After years of working with stakeholders, cities and legislators, a tree credit bill finally passed during the 85<sup>th</sup> Legislative Session earlier this year.

Senate Bill (SB) 744 by Senator Lois Kolkhorst (Republican from Brenham) and Representative Dade Phelan (Republican from Port Neches) required cities that impose tree mitigation fees (there are about 77 Texas cities that have some type of tree ordinance) to give property owners credits for any trees planted on their property or in an area approved by the city.

Unfortunately, however, the bill did not become law. In June, Governor Greg Abbott vetoed SB 744.

In Governor Abbott's veto proclamation for SB 744, he said, "Cities telling landowners what

they can and cannot do with the trees in their own backyard is an assault on private property rights. . . I applaud the bill authors for their efforts, but I believe we can do better for private property owners in the upcoming special session."

The Governor added the topic of tree regulations to the call of the first called special session, which began on July 18. TAB engaged with the Legislature on this topic during the summer months of the special session. (At the time of printing, the special session had not yet ended. Look for an update on the outcome of the special session in the next edition of Texas Builder.)

**Local HBA Spotlight:** A special thank you to the Dallas Builders Association and the Greater Austin Home Builders Association, and its members, for their input, testimony, and endless support on the bill to address onerous tree mitigation fees.



## Career & Technical Insurance Coverage

Great news for the many local Home Builder Associations across Texas that are working with their Independent School Districts (ISDs) on internships for high school career and technical education (CTE) courses: public schools can now purchase insurance coverage to protect students in CTE programs.

With the passage of House Bill (HB) 639 by Representatives Doc Anderson (R- Waco), Dan Huberty (R-Houston), Kyle Kacal (R-College Station) and Phil Stephenson (R-Wharton), school districts are now authorized to purchase insurance coverage for students participating in career or technology training programs to provide immunity from liability for participating businesses.

TAB and the Texas Builders Foundation support the expansion of access to career and technical education programs in Texas's public school system. Allowing ISDs the ability to purchase insurance to cover students in CTE and workforce training programs will lower barriers to home builder and associated businesses that want to offer off-site workplace opportunities to students.

TAB is proud to have been supportive of this passed legislation that will eliminate existing barriers to CTE programs and thus allow the benefits of CTE programs in public high schools to be fully implemented.

**Local HBA Spotlight:** The Greater Waco Advanced Manufacturing Academy (GWAMA) is an example of how successful a workforce training program can be once students have the access and schools have the insurance coverage needed. GWAMA is a successful workforce trades program that draws from 17 ISDs in the Waco, Texas area. The Heart of Texas Builders Association (HOTBA) recently partnered with GWAMA administrators to add a construction trades program in the fall of 2017.

HOTBA Past President Scott Bland worked tirelessly during the session to advocate for HB 639. His efforts on behalf of the future of the industry and public school students across the state is very much appreciated.



**TAB VOTER GUIDE:  
NOVEMBER 2017 BALLOT**

Amendments to the Texas Constitution that were passed during the Regular Session require voter approval in order to become effective as law. During the upcoming November 7 election, there will be seven constitutional amendments on the ballot.

**Proposition 1**  
*(House Joint Resolution 21)*

**WHAT WILL BE ON THE BALLOT:** "The constitutional amendment authorizing the Legislature to provide for an exemption from ad valorem taxation of part of the market value of the residence homestead of a partially disabled veteran or the surviving spouse of a partially disabled veteran if the residence homestead was donated to the disabled veteran by a charitable organization for less than the market value of the residence homestead and harmonizing certain related provisions of the Texas Constitution."

**WHAT IT MEANS:** It would authorize property tax exemptions for certain partially disabled veterans or their surviving spouse whose homes were donated to them by charity for less than market value. **TAB's Government Relations Committee Voted to Support HJR 21.**

**Proposition 2**  
*(Senate Joint Resolution 60)*

**WHAT WILL BE ON THE BALLOT:** "The constitutional amendment to establish a lower amount for expenses that can be charged to a borrower and removing certain financing expense limitations for a

home equity loan, establishing certain authorized lenders to make a home equity loan, changing certain options for the refinancing for home equity loans, changing the threshold for an advance of a home equity line of credit, and allowing home equity loans on agricultural homesteads."

**WHAT IT MEANS:** This would ease restrictions on borrowing against home equity in Texas. **TAB's Government Relations Committee Voted to Support SJR 60.**

**Proposition 3**  
*(Senate Joint Resolution 34)*

**WHAT WILL BE ON THE BALLOT:** "The constitutional amendment limiting the service of certain officeholders appointed by the governor and confirmed by the Senate after the expiration of the person's term of office."

**WHAT IT MEANS:** Unsalariated appointees whose terms have ended but who have not been replaced would serve only until the next legislative session has ended.

**Proposition 4**  
*(Senate Joint Resolution 6)*

**WHAT WILL BE ON THE BALLOT:** "The constitutional amendment authorizing the Legislature to require a court to provide notice to the attorney general of a challenge to the constitutionality of a state statute and authorizing the Legislature to prescribe a waiting period before the court may enter a judgment holding the statute unconstitutional."

**WHAT IT MEANS:** This would require courts to notify the state attorney general of any constitutional challenges to state laws.

**Proposition 5**  
*(House Joint Resolution 100)*

**WHAT WILL BE ON THE BALLOT:** "The constitutional amendment on professional sports teams' charitable foundations conducting charitable raffles."

**WHAT IT MEANS:** It would expand the definition of a "professional sports team," giving more team-connected foundations the ability to hold charitable raffles.

**Proposition 6**  
*(Senate Joint Resolution 1)*

**WHAT WILL BE ON THE BALLOT:** "The constitutional amendment authorizing the Legislature to provide for an exemption from ad valorem taxation of all or part of the residence homestead of the surviving spouse of a first responder who is killed or fatally injured in the line of duty."

**WHAT IT MEANS:** This would give property tax exemptions to surviving spouses of first responders killed in the line of duty.

**Proposition 7**  
*(House Joint Resolution 37)*

**WHAT WILL BE ON THE BALLOT:** "The constitutional amendment relating to legislative authority to permit credit unions and other financial institutions to award prizes by lot to promote savings."

**WHAT IT MEANS:** It would allow banks and other financial institutions to conduct promotional activities, such as raffles, to encourage savings. ■

*For more information on what will be on the ballot and where to vote, visit [VoteTexas.gov](http://VoteTexas.gov)*

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