

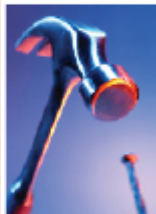


TEXAS
ASSOCIATION
OF
BUILDERS

Legislative Line



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Summarizing state legislative and regulatory developments affecting housing and the building industry.

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82nd Legislative Update

GOVERNOR – Governor Rick Perry took the oath of office for his third full term as Texas’ 47th governor. In his inaugural address, the governor celebrated the priorities that have helped make Texas the “best state to live, work and raise a family,” and committed to strengthening those principles to ensure the Lone Star State’s future remains prosperous.

Emergency Items – On Thursday, Governor Perry declared two additional emergency items for the legislature to consider in the initial 30 days of the session: legislation to require a **voter to present proof of identification** when voting; and legislation to provide for a **balanced budget amendment to the U.S. Constitution**.

SENATE – On Tuesday, David Dewhurst was sworn in for a third four-year term as Lt. Governor. The Senate adopted **SR 36** by Senator Kevin Eltife (R-Tyler), the **Senate rules**. Changes made include:

Committees - Adding the Committee on Agriculture and Rural Affairs with five members, the Committee on Economic Development with seven members, and the Committee on Higher Education with seven members;

Introduction of Local Bills – Clarifying the rule on introduction of bills to allow local bills to be filed any time during the session; and

Conference Committee Reports on Appropriations Bills – Requiring the “out of bounds” resolution (the resolution suspending the limitations on the conferees) for the general appropriations bill to be provided to Senate members at least 48 hours prior to Senate action on the resolution during a regular session and 24 hours in a special session.

After the Senate adjourned on Wednesday, Lt. Governor Dewhurst said the Senate will lay out its proposed budget by the middle of next week. He said it would preserve more funding for programs such as TEXAS Grants and merit pay incentives for teachers. He added that the Senate’s budget will include enough money to take care of less-fortunate Texans.

HOUSE – The House met in joint session with the Senate for the inauguration on Tuesday. Representative Jim Pitts (R-Waxahachie) sponsor of **HB 1**, the **general appropriations bill** which he filed on Tuesday, answered questions from House members about the budget. He explained that HB 1 reflected the guidelines given him by Speaker Straus to 1) Not raise taxes; 2) Not use the Rainy Day Fund; and 3) Show an honest effort to shrink the size of Texas government. He said that HB 1 is within the projected income of the state for the next biennium and under current estimates will leave around \$100 million to be appropriated.

As proposed, HB 1 appropriates \$156.4 billion from all fund sources for state government operations for the 2012-13 biennium, which represents a \$31.1 billion (16.6%) decrease from the 2010-11 biennium. General Revenue funds total \$79.3 billion, a decrease of \$9.2 billion (10.4%) less than 2010-11 spending levels. It would reduce the number of state employees by 9,287 and would decrease the state contribution rate for retirement benefits from 6.95% to 6%. The bill would not tap into the Rainy Day Fund and the balance in that

fund is projected to be \$9.4 billion by the end of the biennium. (*Note: additional information on the proposal is included in the budget and other major issue categories below.*)

ECONOMIC DEVELOPMENT – HB 1 would appropriate \$151.3 million in estimated unexpended balances to the Texas Enterprise Fund to be moved forward for expenditure in 2012-13. It would eliminate Texas’ national advertising and marketing campaign and would reduce economic development loans primarily to local economic development corporations, which assist local regions and communities with economic growth and development through job creation, capital investment, retention, expansion, and attraction of industry. It would appropriate \$21.3 million in unexpended balances for the Texas Emerging Technology Fund, down from \$137.4 million in the last biennium (an 84.5% decrease). Funding for rural economic development programs through the Texas Department of Agriculture would be eliminated. The GO Texan Partner Program would also be eliminated.

PUBLIC EDUCATION – HB 1 would appropriate \$32.8 billion in all funds and \$36.7 billion in general revenue for the Foundation School Program, a \$953 million reduction in general revenue and \$9.8 billion below the amount required to fund the school finance formulas including projected growth of 80,000 students (\$2.2 billion); decreases in school district property tax values (around \$2 billion); \$3.3 billion less in one-time federal stimulus funds; and an estimated \$1.4 billion related to the reliance on state overpayments to districts in the two previous biennia. Education funding outside the foundation school program would be reduced by \$1.8 billion (67.1%) by eliminating funding for District Awards for Teacher Excellence educator grants, Texas Advanced Placement Incentive Program, the Virtual School Network, Middle School PE grants, Life Skills Teen Parenting, Texas Reading/Math/Science Initiative, the Student Success Initiative, the Technology Allotment fund, pre-kindergarten Early Start grants, High School Completion and Success Initiative, Science Lab grants, and School Bus Seat Belt grants. Instructional materials funding would include money to fund continuing contracts assuming the use of 100% of fund balances in the State Textbook fund but would not include funding for new materials under Proclamation 2011 (English Language Arts and Reading) or supplemental Science materials in lieu of Proclamation 2012. It would reduce funding for Texas Education Agency’s administration by 40% and reduce the agency’s employee cap by 212 (20%).

HIGHER EDUCATION – HB 1 would appropriate \$21.1 billion in all funds and \$13.6 in general revenue for higher education, a \$411.9 million reduction in formula funding (a 10% reduction). It would eliminate funding for four community colleges, would not provide funding for enrollment growth, and would reduce special item funding by approximately 25%, resulting in a decrease of \$254.4 million. It would provide student financial aid only for students already receiving financial aid, a reduction of \$431.2 million. It would reduce higher education group insurance contributions by \$245.8 million; reduce the Research Development Fund by \$19.2 million, system office operations by \$26.2 million, clinical and hospital operations by \$82.5 million, assistance to volunteer fire departments by \$32.5 million and eliminate \$227 million in one-time federal stimulus funding. It would eliminate funding for Texas Research Incentive Program, Professional Nursing Shortage Reduction Program, Family Practice Residency Program, College Readiness Grants, the Advanced Research Program, and the Teach for Texas Loan Repayment Program. The \$38 million decrease in general revenue for public community/junior colleges would include a decrease of \$34.4 million in formula funding to reflect funding 46 of 50 districts; a decrease of \$1.2 million in Small Institution Supplemental funding; a decrease of \$1.5 million for special items; and a decrease of \$0.9 million due to the elimination of Bachelor of Applied Technology degree programs at three districts.

ENERGY – HB 1 would reduce funding at the Public Utility Commission by \$2.1 million (10.2%). The reductions are expected to delay the development of tools for companies to make filings via the Internet, result in longer wait times for customers who contact the PUC by phone, reduce staff participation in protocol development at the Electric Reliability Council of Texas, reduce staff participation in rate cases, and result in longer processing time for informal complaints. It would decrease funding to the System Benefit Fund by \$56.4 million, including a 25% cut to the Low Income Discount Program.

ENVIRONMENT – HB 1 would reduce funding for the Texas Emission Reduction Plan (TERP) by 50% (\$114.3 million) and eliminate funding for the Low Income Vehicle Repair, Replacement and Retrofit Program (LIRAP). Funding for water quality enhancement (brush control) projects would be cut by 50%. It would also cut \$13.9 million from Texas Commission on Environmental Quality which would be replaced with \$13.9 million from the Dedicated Water Resource Management Account No. 153. Other cuts associated with Texas Commission on Environmental Quality would include a 50% decrease to air quality planning grants to local governments, a 10% administrative reduction to the Air Monitoring, Air Quality Planning, and Eight-Hour Ozone programs; a \$2.4 million reduction in funding for capital budget items; a 50% reduction in funding for refinement and enhancement of modeling for air quality; and a 5% reduction in funding for local air pollution grants to ensure businesses are in compliance with environmental regulations. There would be a 25% reduction in funding for superfund cleanups and dry cleaning site cleanups, and a reduction of 16.7 full-time equivalent employees for hazardous materials cleanup.

HEALTH – In the Health and Human Services category, HB 1 would appropriate \$35.2 billion (\$14.6 billion in general revenue) for the Texas Medicaid program which includes provider rate reductions of 10%, a decrease of \$1.6 billion in general revenue and \$3.8 billion in all funds. It does not include funding for increased Medicaid-eligible recipients, for increased medical costs, or for higher utilization. It would result in the loss of an additional \$5.7 billion in federal matching funds. It would appropriate \$2.1 billion in all funds (\$626.4 million in general revenue) for the Children’s Health Insurance Program, which represents a decrease in general revenue and an increase in federal funding due to program changes. Funding would be reduced from 2010-11 levels (by 5.6%) as a result in shifts in caseloads and a 10% provider rate reduction.

WORKFORCE - HB 1 would decrease the Texas Workforce Commission’s employment and community services funding by \$15 million and eliminate funding for public-private partnerships with employers to move Texans off of public benefits and into the workforce. Funding for the Skills Development Program would be reduced by \$30 million (38.2%) decreasing funding from \$78.5 million to \$48.5 million. Funding would be eliminated for the Project Reintegration of Offenders program. Federal funds would increase by \$69.4 million due to a higher allotment of funds for the Fair Housing Assistance Program, unemployment insurance, trade adjustment assistance workers, and child care and development grants.

TORT REFORM – In a speech to the Texas Public Policy Foundation last week, Governor Rick Perry called for expanded lawsuit reform in Texas. He said, “We need to continue the fight against lawsuit abuse because employers aren’t doing anybody any good when they’re tied up in court. I hope the 82nd Legislature will consider improving our important tort protections during this session with even greater accountability, transparency and efficiency. Victims of frivolous lawsuits shouldn’t have to bear the financial burden of defending themselves. Instead, the responsibility should fall to the individual who brought the suit in the first place. Texas is one of a very few states who do not currently have an ‘early dismissal’ option for obviously frivolous lawsuits but we should. We should balance

that new power for judges by ensuring new causes of action can only be created by the Legislature in a transparent and deliberative manner. We need to make our system more accessible to the little guy by setting up expedited trials and limited discovery for lawsuits with claims between \$10,000 and \$100,000. These reforms would further improve the legal climate in our state, impart even more energy to our economy, and ratchet up the fairness of our system.

NEXT WEEK – The Senate is expected to meet as Committee of the Whole Senate on Monday to take up voter ID. The House is planning to debate revisions to House rules on Monday.

Legislative Articles of Interest

[Lawmakers sobered by budget reality as details on impact emerge](#)

[Candidates Line up for Hutchison Seat](#)

[Senate Minority Keeps its Clout - Except Voter ID](#)

82nd Legislature Dates of Interest

Tuesday, January 11, 2011 (1st Day)

The 82nd Legislature convenes at Noon.

Friday, February 11, 2011 (30th Day)

The 30th day marks the end of constitutional limitations on business that may occur in the first 30 days of session. During the first 30 days of regular sessions, bills may be referred to committee, but committees may not hold hearings on bills.

Wednesday, February 23, 2011

Texas Association of Builders Rally Day at the Capitol

Friday, March 11, 2011 (60th Day)

Deadline for filing bills and joint resolutions other than local bills, emergency appropriations and bills that have been declared an emergency by the governor.

Monday, May 30, 2011 (140th Day)

Last day of 82nd Regular Session. The Legislature adjourns Sine Die.

Sunday, June 19, 2011 (20th Day Following Final Adjournment)

Last day governor can sign or veto bills passed during the regular legislative session

Monday, August 29, 2011 (91st Day Following Final Adjournment)

Date that bills without specific effective dates (that could not become effective immediately) become law

Helpful Links

[Texas House of Representatives](#)

[Texas Senate](#)

To research bills of interest, visit the [Texas Legislature Online](#).

Rally Day - Wednesday, February 23

We are pleased that Rally Day will be held on Wednesday, February 23, 2011. We are looking forward to another successful event and are hoping to have all 34 of our local associations participate in Rally Day and deliver our message to the state legislators come February.

The purpose of Rally Day is to deliver our legislative agenda right to the door of our State Representatives and Senators. As an industry, we must proactively inform elected officials of the consequences of passing over-reaching legislation that can have an overly burdensome and costly effect on Texas home builders and home buyers. Your state association leadership and staff are excited about the 82nd Session, but without your strong support and grassroots action, the Texas Association of Builders will not be able to accomplish its goals.

Rally Day will include an address from elected officials on the south steps of the Capitol. After the rally, we will have lunch on the Capitol grounds where all legislators and their staff are invited to join us. After lunch, groups will meet with their legislators to discuss the key issues on TAB's legislative agenda. Wrapping up the day's festivities will be a legislative reception at the historic Driskill Hotel.

We need your help to continue to protect our entire industry and ask that you make the commitment to travel to Austin on **Wednesday, February 23** for Rally Day 2011 to be a part of this special—and effective—legislative event.

If you have any questions, please contact Ashlei Leck at TAB at (512) 476-6346. Let's get ready to Rally!

[See the Rally Day Video Here](#)

Wednesday, February, 23, 2011

Tentative Rally Day Schedule

9 – 10:15 a.m.	Registration on Capitol Grounds (Rally Day Captains)
10:30 – 10:35 a.m.	Opening Remarks at the South Steps of the Capitol
10:35 – 10:45 a.m.	Guest Speaker
10:45 – 11 a.m.	Legislative Agenda & Closing Remarks
11 a.m. – 1 p.m.	Barbeque Lunch on the Grounds of the Capitol
1 – 5 p.m.	Legislator Visits
5:30 – 7:30 p.m.	TAB Legislative Reception at the Driskill Hotel

Please contact your local association to register for Rally Day

Stay for TAB's Winter Board Meetings!
Thursday and Friday, February 24 and 25
Driskill Hotel, Austin

Register for the board meetings at <http://www.texasbuilders.org/>



*February 23, 2011
Capitol Grounds*

Build Relationships

Lobby Important Issues

Show Support for the Association

Take a Stand

*Your Participation
Matters!*

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Thank you to our 2011 Rally Day Partners!



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