

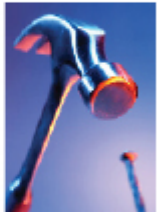


TEXAS
ASSOCIATION
OF
BUILDERS

Legislative Line



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

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INSIDE THIS ISSUE

82nd Legislative Update

GOVERNOR – Governor Perry declared an additional emergency item for the legislature to consider in the initial 30 days of the session: legislation requiring a sonogram before a woman elects to have an abortion.

SENATE – The Lt. Governor David Dewhurst announced the filing of SB 1, the Senate appropriations bill, and he announced Senate Finance Committee assignments. Dewhurst reappointed Senator Steve Ogden (R-Bryan) as Chairman of the Senate Finance Committee and Senator Juan “Chuy” Hinojosa (D-Mission) as Vice-Chairman. The Senate resolved into a Committee of the Whole Senate to take up **SB 14**, the “**Voter ID**” bill. It is the only bill designated a special order in the Senate rules allowing it to be taken up by a simple majority rather than the two-thirds required to bring up all other bills. SB 14 would require people to present a photo ID (a driver’s license, Texas Department of Public Safety-issued photo ID, a passport, federal citizenship papers with a photo attached, or a military ID) in order to vote. Senators held a 12-hour marathon session in the Committee of the Whole questioning the bill sponsor and taking invited and public testimony. The bill was reported back to the full Senate by a vote along party lines of 20 Republicans - 12 Democrats (Lt. Governor David Dewhurst cast a vote in favor of the bill).

Lt. Governor David Dewhurst announced **Senate Committee assignments** for the 82nd legislature. All of the committee chairs and most of the committee members are the same as the interim committees that Lt. Governor Dewhurst shuffled around last summer. Senate committees and their chairs include:

Administration – Kevin Eltife (R-Tyler)

Agriculture & Rural Affairs – Craig Estes (R-Wichita Falls)

Business & Commerce – John Carona (R-Dallas)

Criminal Justice – John Whitmire (D-Houston)

Economic Development – Mike Jackson (R-La Porte)

Education – Florence Shapiro (R-Plano)

Finance – Steve Ogden (R-Bryan)

Government Organization – Rodney Ellis (D-Houston)

Health & Human Services – Jane Nelson (R-Lewisville)

Higher Education – Judith Zaffirini (D-Laredo)

Intergovernmental Relations – Royce West (D-Dallas)

Subcommittee on Flooding & Evacuations – Mario Gallegos (D-Houston)

International Relations & Trade – Eddie Lucio (D-Brownsville)

Jurisprudence – Chris Harris (R-Arlington)

Natural Resources – Troy Fraser (R-Horseshoe Bay)

Nominations – Robert Deuell (R-Greenville)

Select Committee on Redistricting – Kel Seliger (R-Amarillo)

State Affairs – Robert Duncan (R-Lubbock)

Transportation & Homeland Security – Tommy Williams (R-The Woodlands)

Veterans Affairs & Military Installations – Leticia Van de Putte (D-San Antonio)

HOUSE – The House has adopted **HR 4**, the rules governing operations of the House. The key changes adopted by the House include:

Committees – Two new committees were created: the Economic and Small Business Development and Workforce Committee with seven members; and Government Efficiency and Reform Committee with seven members. Two committees were re-named: The Technology, Economic Development and Workforce Committee were renamed the Technology Committee and reduced from nine to five members; and the Public Safety Committee was renamed the Homeland Security and Public Safety Committee. The number of members of five substantive committees was reduced: the Business and Industry Committee, Corrections Committee, Criminal Jurisprudence Committee and Urban Affairs Committee were reduced from 11 to nine members. The State Affairs Committee was reduced from 15 to 13 members. The number of members of two procedural committees was increased: the Calendars Committee increased from 13 to 15 members; and the Redistricting Committee increased from 15 to 17 members.

It is speculated that House Speaker Joe Straus might appoint committees this week, but he has said that the large class of incoming freshmen and the high turnover among his chairmen have made the task of assigning members to committees very difficult. He was quoted in the Quorum Report as saying that it is his goal to make committee assignments this week and his “biggest priority is to have confidence that he has the right people in place for the rest of the session.”

BUDGET – SB 1 provides funding of \$73.8 billion in general revenue, a 10.1% reduction from the fiscal year 2010-11 base and \$79.7 billion in general revenue and general revenue-dedicated funds – a 9.9% reduction from the fiscal year 2010-11 base. SB 1 does not assume use of the Rainy Day Fund. (*Note: Specific differences between the Senate and House bills are included in the issue sections below.*)

The **Senate Finance Committee** held its first meeting and held hearings throughout the week. The committee began with invited testimony from **John Heleman, Chief Revenue Estimator from the Comptroller’s office**. He reported that the state is expected to finish the current biennium with a \$4.3 billion shortfall.

John O’Brien, Director of the Legislative Budget Board, gave an overview of SB 1, the Senate appropriations bill. He explained how the LBB went about designing a budget that is within available revenue:

1. They protected agency core programs and instead targeted reductions to discretionary programs and services (although some Finance Committee members expressed disagreement as to what agency programs are “discretionary”);
2. They suspended appropriations for the next two years in some cases;
3. In other cases they made significant reductions of 25% and 50% to programs and services;
4. They reverted back to prior funding levels from 2006, 2007 and 2008 in some cases;
5. They asked agencies where cuts could be made and took the agency recommendations;
6. They looked for sources of funding other than general revenue when they could find them;

7. They looked at places where clientele could pay for services and made the service contingent on the agency raising fees; and
8. They assumed passage of legislation to bring spending in line with available revenue.

Committee members were provided with a list of examples where **statutory changes are required**. He said the LBB would be seeking sponsors for the bills. Some of the required statutory changes include:

- Reduce state contribution to Teacher Retirement System enrollees to 6%;
- Reduce the state contribution rate for employee health insurance in TRS-Care;
- Repeal the prohibition on managed care in South Texas;
- Eliminate the insurance premium tax credit for exam fees and overhead assessments;
- Reduce school finance formula entitlements by 13%;
- Reduce Medicaid provider rates by 10%;
- Increase state employee/retiree share of group health insurance costs;
- Modify sales tax timely filer and prepayment discounts;
- Suspend the sales tax holiday;
- Implement a surcharge on inefficient vehicles;
- Increase state traffic fines; and
- Reduce escheat dormancy periods on unclaimed property from 5 to 3 years and for utility deposits from 3 to 1 year.

ECONOMIC DEVELOPMENT – Representative Richard Pena Raymond (D-Laredo) announced the filing of his **HB 774** providing **sales tax incentives to small businesses** that make large capital investments in Texas.

ENVIRONMENT – Senators Craig Estes (R-Wichita Falls) and Kirk Watson (D-Austin) announced the filing of **SB 449/SJR 16** which would expand the state's definition of agricultural land to cover **water stewardship**. Representative Allan Ritter (R-Nederland) plans to file the companion bill in the House. The bill would allow landowners to have their land valued for property tax purposes as agricultural if they manage their land in a way that promotes and sustains water quality and conservation. In order to qualify, landowners would need to take specific actions on their land such as controlling erosion, restoring native aquatic species, or implementing efficient irrigation practices, that preserve and improve water supplies. Additionally, they could donate water rights to the Texas Water Trust or commit to using their water for environmental purposes.

HIGHER EDUCATION – SB 1 includes more money for the Texas Southmost College and restores funding for: Physician Education Loan Repayment Program; Teach for Texas Loan Repayment Program; Border Faculty Loan Repayment Program; OAG Lawyers Loan Repayment Program; Doctoral Incentive Program; Engineering Recruitment Program; Higher Education PERF Incentive; Higher Education Performance Institute; Combat Tuition Reimbursement Program; Tuition Reimbursement for Children of Military Program; and Texas Career Opportunity Grants. It has more money in Close the Gaps and includes \$12 million in the first year for the Advanced Research Program. The Senate bill has more funding for every university system and every university. The House has more funding for all public community/junior colleges (except for the four that it provided no funding for). The Senate bill funds those four community colleges – Brazosport College, Frank Phillips College, Odessa College, and Ranger College.

HEALTH – SB 1 has more funding for the Cancer Prevention and Research Institute of Texas; for Department of Family and Protective Services; for Department of

Assistive and Rehabilitation Services; reinstates funding deleted in the House bill for abstinence education; and money deleted in the House bill for alternatives to abortion. SB 1 has more money for Baylor College of Medicine, and it includes funding for the Family Practice Residency Program; the Preceptorship Program, the Primary Care Residency Program; the Graduate Medical Education Program; the Physician Education Loan Repayment Program; the Professional Nursing Financial Aid Program; the Vocational Nursing Financial Aid Program; the Dental Loan Repayment Program, the Professional Nursing Shortage Reduction Program; the Alzheimer's Disease Centers; and Hospital-based Nursing Education. The House bill has more funding for the MD Anderson Cancer Center and the Texas Health Science Center in Tyler.

PROPERTY – The **Texas Windstorm Insurance Association** announced its legislative recommendations. The recommendations include:

1. **Minimum Retained Premium** – Reduce the minimum retained premium from 180 days to 90 days to give consumers more flexibility.
2. **Payment Options to TWIA** – Allow for the option of direct payment (without going through an agent) of premium to TWIA including the ability of TWIA to accept payment of installments.
3. **Application Requirement Upon Renewal** – Eliminate the requirement for a renewal application, but retain requirement for an initial application for a new policy.
4. **Flood Coverage Requirement** – Require all structures in flood zones V, VE, V1, V30, and A to obtain flood insurance before a TWIA policy can be issued or renewed.
5. **Mandatory Building Codes** – Require all construction in the catastrophe area to be built to the International Building Code and International Residential Code as adopted by the Texas Department of Insurance.
6. **Pre-Event Public Securities** – Allow TWIA to use pre-event public securities as a funding option in lieu of some of the post-event public securities.
7. **SOAH Procedures** – Consider elimination of SOAH to appeal an adverse decision and/or add other recognized methods of alternative dispute resolution such as mediation and arbitration prior to the filing of suit to resolve a claim dispute.
8. **Limitation for Filing a Claim** – require claims to be presented to TWIA within two years from the date of loss.

The **Senate State Affairs Committee** took up **SB 18** by Craig Estes (R-Wichita Falls) which is the **eminent domain reform** bill designated an emergency by Governor Rick Perry. It would:

- Prohibit eminent domain if the land subject to a taking is not for public use;
- Require governmental entities to hold a public hearing and vote prior to initiating a condemnation proceeding;
- Require entities authorized to exercise eminent domain to file with the comptroller a letter identifying the provision in law that grants the authority;
- Require entities wanting to acquire property through eminent domain to make a bona fide offer that is equal to or greater than the amount of a written appraisal; and if a court finds that the condemnor did not make a bona fide offer, it could order the condemnor to pay court costs and attorney's fees; and
- Allow the person or the person's heirs or successors to repurchase the property at the original purchase price if the property is not used by the acquiring entity within ten years.

SB 18 was reported out favorably.

PUBLIC EDUCATION – SB 1 has \$400 million more for grants for effective public

education and more funding for: Texas Education Agency operations and 53.1 more full-time-equivalent employees at TEA, and State Board of Educator Certification. SB 1 has less money than the House bill in the teacher retirement system and the optional retirement program. John O'Brien of the **Legislative Budget Board** discussed the budget proposal in SB 1 related to the Foundation School Program to the Senate Finance Committee. He explained that the Foundation School Program budget presented in SB 1 did not replace federal stimulus funds (\$3.3 billion); did not account for enrollment growth (\$2.2 billion); did not replace revenue school districts have lost through the decline of school property taxes (\$2 billion); and while in the past school districts have been over paid because their appropriations are based on estimates, but the 2010 estimates were too low (\$1.8 billion); for a total of \$9.3 billion less than the Foundation School Program requires under current funding formulas.

SECURITY – SB 1 has more funding in the governor's office for disaster funding and homeland security.

82nd Legislature Dates of Interest

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

Rally Day is just over two weeks away and 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](#)

**Tentative Rally Day Schedule
Wednesday, February, 23, 2011**

9 – 10:30 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 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!



Texas Capital Bank

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