

STATE LEGISLATIVE UPDATE

INTERGOVERNMENTAL RELATIONS OFFICE

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STATE LEGISLATIVE CALENDAR

- 0 days until Runoff Election (May 22, 2018)
- 169 days until General Election (November 6, 2018)
- 175 days until Bill Filing (November 12, 2018)
- 232 days until First Day of Session (January 8, 2019)

Reports with any legislative recommendations will be filed beginning Fall, 2018:

- 342 – Total Interim Charges:
 - 237 – House 105 – Senate
 - 63 - City Related

CITY-RELATED INTERIM CHARGES

1. Regulatory “barriers”
2. Property tax system - rate setting, transparency, business personal property, data, voter engagement, and a “sales tax swap” concept
3. Land Use (zoning, eminent domain)
4. Hotel Occupancy Tax (HOT) transparency
5. Open meetings/Public Information Act reforms
6. Distribution of state economic development incentives
7. Ethics

SENATE BUSINESS & COMMERCE

May 1, 2018 – Austin Energy testified along with our Municipally Owned Utilities

Interim Charge on Free Market Electricity: “Examine the competitive nature of the Texas retail electric system and what government competitive intrusions in the free energy markets may have in distorting those markets. Review the impact of competitive versus noncompetitive retail electricity markets across the state in terms of price and reliability. Consider the projected impact of establishing competitive electric retail markets statewide.”

SENATE BUSINESS & COMMERCE

City of Austin's State Legislative Agenda:

Oppose legislation that attempts to diminish the City's ability to govern the taxpayer's investment in municipally-owned utilities or negatively impacts the current status of Austin Energy, including the rate case approved by City Council on August 29, 2016.

SENATE BUSINESS & COMMERCE

- May 15, 2018 -- Committee received an update from Houston, Dallas, San Antonio and Austin on the deployment of network nodes (small cell) in public rights-of-way.

GOVERNOR'S PROPERTY TAX PROPOSAL

Governor Abbott's campaign announced a plan to impose a 2.5% revenue growth cap on property tax revenue per year on all cities, counties, special purpose districts, and school districts.

Require voter approval (a supermajority 2/3 of both the council and the public in a referendum) to raise the cap to more than growth in population and inflation.

Additional funds may be only for certain purposes, for example compensation for law enforcement or infrastructure.

Require a council vote to increase property appraisals

GOVERNOR'S PROPERTY TAX PROPOSAL

- Two bright spots for local governments in the plan:
 - “The state has, for too long, relied on the rapid growth of school district property tax collections to fund increases in public education spending.”
 - A recommendation to prohibit the legislature from passing unfunded mandates to cities and counties.

CITY ISSUES NEXT SESSION

1. Property Tax Caps
2. Zoning / Land Use
3. Regulatory “barriers” - Local Control v. Liberty (i.e., municipal preemption)
4. Hotel Occupation Tax
5. Open Records / Open Meetings
6. Ethics
7. Anti-First Amendment (limiting cities voice in legislature)
8. Short Term Rentals
9. Utilities
10. Re-Addressing unconstitutional laws

FEDERAL LEGISLATIVE UPDATE

2017 OVERVIEW: HIGHLIGHTS

Preserving the tax exemption for municipal bonds (including private activity bonds), the Low-Income Housing Tax Credit, the New Markets Tax Credit
Other City priorities;
Selection of Austin for a new Department of Defense Innovation Unit-
Experimental (DIUx) office;
Increased funding for almost all core local government programs, including
Community Development Block Grant and HOME Investments Partnership
program funding; and
Turning back efforts to preempt local authority to manage public rights-of-
way and collect rent for their use.

2017 OVERVIEW: SETBACKS

Loss of advanced refunding for municipal bonds in the tax bill
Capping of the State and Local Tax deduction at \$10,000 in the tax bill,
Continued congressional inaction on sales tax fairness (offset by what could be a favorable Supreme Court decision), and
Continued attacks on local authority at the Federal Communications Commission and in Congress.

2017 OVERVIEW: BUDGET

In February, President Trump and congressional leaders negotiated a 2-year budget agreement that increases discretionary spending by \$295.6 billion above the sequester levels for Fiscal Years 2018 and 2019, with \$20 billion of that increase dedicated to infrastructure programs.

The agreement also includes a suspension of the debt limit through March 1, 2019, a two-year reauthorization of Community Health Centers and 4 additional years authorized (in addition to the 6 years previously authorized) for the Children's Health Insurance Program (through Fiscal Year 2027).

CITY OF AUSTIN PRIORITY ISSUES

Increased FY 2019 funding for:

Community Development Block Grant (\$3.5 billion) and HOME Investment Partnerships Program (\$1.5 billion)

Full funding for the 2020 Census

\$887 million for Urban Area Security Initiative (UASI)

New Customs and Border Patrol officers assigned to Austin-Bergstrom International Airport

Transit Capital Investment Grants

Restatement of the tax exemption for advanced refunding of municipal bond issues
City Futures Command Headquarters

LOOKING AHEAD: INFRASTRUCTURE

The Administration's 10-year, \$200 billion proposal has stalled.

Instead, infrastructure efforts are focused on scheduled reauthorizations of existing programs (Federal Aviation Administration, Water Resources Development Act) and allocating the \$20 billion in additional infrastructure funding provided by the budget agreement.

The Fixing America's Surface Transportation (FAST) Act expires in Fiscal Year 2020 and Congress is struggling to decide how to bolster the Highway Trust Fund that pays for highway and transit programs. Options include raising the gas tax, switching to a vehicle miles travelled fee, or a carbon tax.

NEXT STEPS

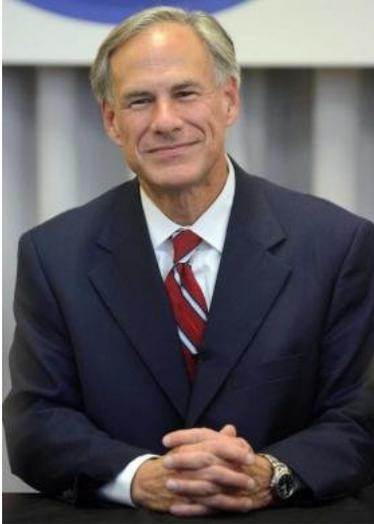
August 7th – Council Work Session on State Legislative Agenda
(update on interim hearings and preparing for adoption of the
legislative agenda)

September 20th – State Legislative Agenda Adoption

November 15th – Federal Legislative Agenda Adoption

APPENDIX: STATE AND FEDERAL RACES UPDATE

STATE LEADERSHIP



Gov. Greg Abbott
(R – Houston)

General Election
Opponent:
Lupe Valdez (D –
Dallas) or Andrew
White (D – Houston)



Lt. Gov. Dan Patrick
(R - Houston)

General Election
Opponent:
Mike Collier
(D – Houston)



Speaker Joe Straus
(R – San Antonio) (Retiring)

General Election Race:
Celina Montoya (D) vs. Matt Beebe (R)
or Steve Allison (R)
Filed to run for speaker:

- Rep. Phil King
(R – Weatherford)
- Rep. Tan Parker
(R – Flower Mound)
- Rep. John Zerwas
(R – Fulshear)
- Rep. Eric Johnson
(D – Dallas)



Comptroller Glenn Hegar
(R – Katy)

General Election
Opponent:
Joi Chevalier
(D – Austin)

AUSTIN HOUSE DELEGATION



Celia Israel

Elections
Transportation

Won
uncontested
primary race. No
Republican
candidates.



Dawnna Dukes

Appropriations
International Trade &
Intergovernmental Affairs

Lost primary race. Runoff
for democratic candidate:
Jose "Chito" Vela (D) or
Sheryl Cole (D) vs.
Gabriel Nila (R)



Donna Howard

Appropriations
Calendars
Higher Education
House Administration

Won uncontested
primary race. No
Republican
candidates.



Eddie Rodriguez

Environmental
Regulation
Redistricting
State Affairs

Won uncontested
primary race. No
Republican
candidates.

AUSTIN HOUSE DELEGATION



Gina Hinojosa

Economic & Small
Business Development
Homeland Security &
Public Safety
Administration

Won uncontested
primary race. Will
challenge Kyle
Austin (R) in
November.



Jason Isaac

Energy Resources
Urban Affairs

Ran for congress.
Run off for
Democratic
challenger:
Rebecca Bell-
Metereau (D) or
Erin Zwiener (D)
vs. Ken Strange (R)



Larry Gonzales

Appropriations
Government
Transparency & Operation
Local & Consent
Calendars

Did not run for
reelection. James
Talarico (D) will
challenge Cynthia
Flores (R) in November.



Paul Workman

Business & Industry
Natural Resources

Won primary
with 60% of the
vote. Runoff for
Democratic
challenger: Vikki
Goodwin (D) or
Elaina Fowler .



Tony Dale

Environmental
Regulation
Juvenile Justice & Family
Issues

Won uncontested
primary race. Will
challenge John Bucy
III (D) in November.

AUSTIN SENATE DELEGATION



Dawn Buckingham
Health & Human Services
Higher Education
Nominations
Veteran Affairs & Border Security
Term ends 2021



Donna Campbell
Veteran Affairs & Border Security (Chair)
Business & Commerce
Education
Intergovernmental Relations
Won primary with 74% of the vote. Will challenge Steven Kling (D) in November.



Judith Zaffirini
Natural Resources & Economic Development
Administration
Business & Commerce
Term ends 2021



Kirk Watson
Nominations
Finance
Health & Human Services
Higher Education
Won uncontested primary race. Will challenge George Hindman (R) in November.



Charles Schwertner
Health & Human Services
Business & Commerce
Finance
State Affairs
Won primary with 75% of the vote. Will challenge Meg Walsh (D) in November.

RUNOFF ELECTIONS

Runoff elections May 22:

- Democratic candidate for Governor
- State house and senate: 7 R's and 8 D's including race to replace Rep. Dukes
- Congressional: 6 R's and 11 D's (most of which affect Austin)

STATEWIDE RACES

- Land Commissioner: **George P. Bush (R)** vs. **Miguel Suazo (D)**
- Ag. Commissioner: **Sid Miller (R)** vs. **Kim Olson (D)**
- Attorney General: **Ken Paxton (R)** vs. **Justin Nelson (D)**
- Railroad Commissioner: **Christi Craddick (R)** vs. **Roman McAllen (D)**

MEMBERS OF THE STATE LEGISLATURE NOT RETURNING

18 Representatives:

1. Diana Arevalo
2. Roberto Alonzo
3. Cindy Burkett (Chair – House Redistricting)
4. Byron Cook (Chair – House State Affairs)
5. **Dawnna Dukes**
6. Wayne Faircloth
7. Helen Giddings
8. **Larry Gonzales**
9. Lance Gooden
10. **Jason Isaac**
11. Mark Keough
12. Jodie Laubenberg (Chair – House Elections)
13. Larry Phillips (Chair – House Insurance)

14. Kevin Roberts

15. Leighton Schubert

16. Joe Straus

17. Tomas Uresti

18. Jason Villalba

3 Senators:

1. Craig Estes (Chair – Senate Natural Resources & Economic Development)
2. Sylvia Garcia
3. Van Taylor

- New incoming Speaker of the House will appoint all chairman for the 2019 Session

116TH CONGRESS – TEXAS RETIREMENTS

Ted Poe R-2nd

Sam Johnson R-3rd (#2 Ways & Means Committee/Chairman Social Security Subcommittee)

Jeb Hensarling R-5th (Chairman Financial Services Committee)

Joe Barton R-6th (#2 Energy & Commerce Committee)

Beto O'Rourke D-16th

Blake Farenthold R-27th

Gene Green D-29th (#4 Energy & Commerce Committee/Ranking D Health Subcommittee)

Lamar Smith R-21st (Chairman Science, Space & Technology Committee/#2 Homeland Security Committee/#3 Judiciary Committee)

116TH CONGRESS – AUSTIN FEDERAL DELEGATION RACES

U.S. Senate: **Sen. Cruz (R)** vs. **Rep. Beto O'Rourke (D)**

CD 10: **Rep. Michael McCaul (R)** vs. **Mike Siegal (D)** or **Tawana Walter-Cadien (D)**

CD 17: **Rep. Bill Flores (R)** vs. **Rick Kennedy (D)**

CD 21: **Chip Roy (R)** or **Matt McCall (R)** vs. **Mary Street Wilson (D)** or **Joseph Kops (D)**

CD 25: **Rep. Roger Williams (R)** vs. **Chris Perri (D)** or **Julie Oliver (D)**

CD 31: **Rep. John Carter (R)** vs. **Mary Jennings Hegar (D)** or **Christine Eady Mann (D)**

CD 35: **Rep. Lloyd Doggett (D)** vs. **David Smalling (R)**

116TH CONGRESS - SENATE

Looking ahead to the 2018 mid-term elections,
3 Senate seats will be contested:

- 8 Senate seats held by Republicans
- 25 Senate seats held by Democrats

The Republican, Senator Dean Heller of Nevada
(77.9% Clinton), will be running for reelection in a
Senate seat won by Hillary Clinton.

10 Democrats will be running for reelection in
Senate seats won by President-Elect Donald Trump:

- Tammy Baldwin (Wisconsin – Trump 47.9%)
- Sherrod Brown (Ohio – Trump 52.1%)
- Senator Bob Casey (Pennsylvania – Trump 48.1%)
- Joe Donnelly (Indiana – Trump 57.2%)
- Heidi Heitkamp (North Dakota – Trump 64.1%)
- Joe Manchin (West Virginia – Trump 68.7%)
- Claire McCaskill (Missouri – Trump 57.1%)
- Bill Nelson (Florida – Trump 49.1%)
- Debbie Stabenow (Michigan – Trump 47.6%)
- Jon Tester (Montana – Trump 56.5%)

116TH CONGRESS - HOUSE

House – 115th Congress (4/23/18)

236 Republicans

193 Democrats

6 Vacancies

Cook Political 2018 “Toss Up” Seats (4/27/18)

- 2 Democratic
- 22 Republican, including TX-7 (Culberson)

House – 2018 Election Open Seats (4/23/18)

18 Democrats

38 Republicans