

# STATE LEGISLATIVE UPDATE

INTERGOVERNMENTAL RELATIONS OFFICE

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INTERGOVERNMENTAL  
RELATIONS OFFICE

# 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 other 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 on all cities, counties, special purpose districts, and school districts.
- Require voter approval (a supermajority 2/3 of **both** the council and the public via 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



INTERGOVERNMENTAL  
RELATIONS OFFICE

# 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, and 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 Partnerships 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 the increase dedicated to infrastructure programs.

- 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 Children's Health Insurance Program (through Fiscal Year 2027).



# CITY OF AUSTIN PRIORITY ISSUES

- Increased Fiscal Year 2019 funding for:
  - Community Development Block Grant (\$3.5 billion) and HOME Investments 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
- Reinstatement of the tax exemption for advanced refunding of municipal bonds
- Army 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 spending 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 7<sup>th</sup> – Council Work Session on State Legislative Agenda (update on interim hearings and preparing for adoption of the legislative agenda)
- September 20<sup>th</sup> – State Legislative Agenda Adoption
- November 15<sup>th</sup> – Federal Legislative Agenda Adoption

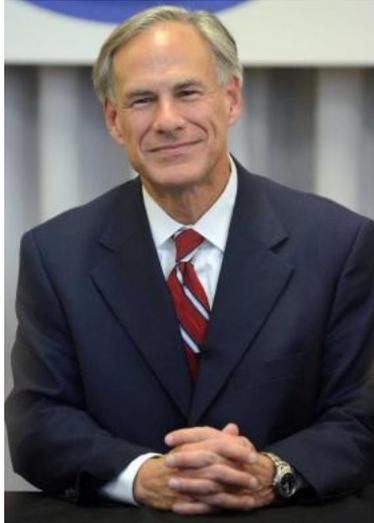


# APPENDIX: STATE AND FEDERAL RACES UPDATE



INTERGOVERNMENTAL  
RELATIONS OFFICE

# 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**

# 116<sup>TH</sup> CONGRESS – TEXAS RETIREMENTS

- Ted Poe R-2<sup>nd</sup>
- Sam Johnson R-3<sup>rd</sup> (#2 Ways & Means Committee/Chairman Social Security Subcommittee)
- Jeb Hensarling R-5<sup>th</sup> (Chairman Financial Services Committee)
- Joe Barton R-6<sup>th</sup> (#2 Energy & Commerce Committee)
- Beto O'Rourke D-16<sup>th</sup>
- Blake Farenthold R-27<sup>th</sup>
- Gene Green D-29<sup>th</sup> (#4 Energy & Commerce Committee/Ranking D Health Subcommittee)
- Lamar Smith R-21<sup>st</sup> (Chairman Science, Space & Technology Committee/#2 Homeland Security Committee/#3 Judiciary Committee)



# 116<sup>TH</sup> 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 Kopser (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)



# 116<sup>TH</sup> CONGRESS - SENATE

Looking ahead to the 2018 mid-term elections, 33 Senate seats will be contested:

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

One Republican, Senator Dean Heller of Nevada (47.9% Clinton), will be running for reelection in a state won by Hillary Clinton.

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

- Tammy Baldwin (Wisconsin – Trump 47.9%)
- Sherrod Brown (Ohio – Trump 52.1%)
- Senator Bob Casey (Pennsylvania – Trump 48.8%)
- 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%)



# 116<sup>TH</sup> CONGRESS - HOUSE

## House – 115<sup>th</sup> Congress (4/23/18)

- 236 Republicans
- 193 Democrats
- 6 Vacancies

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

- 18 Democrats
- 38 Republicans

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

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

