

**STATEWIDE:**

**86<sup>th</sup> Session of the Texas Legislature** - The 86<sup>th</sup>

session of the Texas Legislature was kicked off at noon on Tuesday, January 8, 2019. As prescribed by the Constitution, the regular session of the legislature will last for 140 days. The last day of the session will be May 27, 2019.

Both the Senate and House were in session on Tuesday, Wednesday, and Thursday this week. On Thursday, they held a joint session to officially canvas the votes for Governor and Lt. Governor, a formality that paved the way for next week's inauguration. The Senate and House gave each other the required permission to adjourn for more than three days. They will take off Monday and will be back in session on Tuesday of next week.

**Leadership Press Conference** – On Wednesday, Governor Greg Abbott, Lt. Governor Dan Patrick, and Speaker Dennis Bonnen held a joint press conference in front of the Governor's mansion. During the press conference, they discussed their priorities for the 86<sup>th</sup> legislative session and reaffirmed their commitment to working together to advance solutions to the challenges facing the state. Governor Abbott said, "We are here today to send a very strong, profound and unequivocal message - that the governor, lieutenant governor and speaker are working in collaboration together on a very bold agenda that will be transformative for the state of Texas. The task ahead of us is clear - we must reform our school finance system, limit the growth of skyrocketing property taxes, and provide greater opportunities for every Texan. I look forward to working alongside Lieutenant Governor Patrick and Speaker Bonnen and all members of the legislature to create an even brighter future for our state." Lt. Governor Patrick added, "If the three of us are aligned that we're going to accomplish a mission and pass legislation, it happens. And if the three of us are aligned that something isn't going to pass, it doesn't happen. So this is not just a message to the public and to the media, but I think our members will take note that this is really unprecedented that we're addressing the issues at the beginning of the session, totally united with one another."

**Next Week:** On Tuesday, January 15, 2019, there will be a joint session of the House and Senate at 11:00 a.m. on the North Capitol grounds for the inauguration of Governor Greg Abbott and Lt. Governor Dan Patrick.

**GOVERNOR:**

**Welcoming Senate and House Members** – Governor Greg Abbott made welcoming speeches in both the Senate and House chambers on Tuesday. He thanked the members for being willing to serve in the legislature, and he recognized the sacrifice family members make in order for the legislators to serve. He said, "This is a monumental moment for you and the people of Texas."

Today is the auspicious beginning of the history we will make. Your constituents put you here for a reason. They want you to come here and make a difference. There are so many things we will do over the next 140 days that will make a difference in people's lives. . . May God be with you and guide you over the next 140 days as we chart an even better course for the State of Texas." He discussed his priorities including:

- School Safety,
- Hurricane Harvey Recovery
- Mental Health
- School Finance Reform
- Property Tax Reform

### **SENATE:**

Senator Jane Nelson (R-Flower Mound) gaveled in the Texas Senate. She announced that she was standing in at the request of Lt. Governor Dan Patrick who "was called by the White House for an important meeting today to discuss some issues that are critical to Texas. . . The Lt. Governor's schedule is not the White House schedule, and when the White House calls you to go to Washington – you go to Washington." Texas Supreme Court Chief Justice Nathan Hecht administered the oath of office to the 15 senators elected in November, 2018 to new four-year terms.

**Election of President Pro Tempore** - The Senate unanimously elected Senator Kirk Watson (D-Austin) as the President Pro Tempore for the Senate. Senator Waston was nominated by Senator John Whitmire (D-Houston). Senators Jane Nelson (R-Flower Mound), Brian Birdwell (R-Granbury), Royce West (D-Dallas) and Kel Seliger (R-Amarillo) made seconding speeches. Senator Watson will officially serve as Governor on occasions when both the Governor and Lt. Governor are out of the state.

**Senate Rules** – On Wednesday, the Senate unanimously adopted **SR 5**, the Senate rules resolution.

### **Changes in Senate Committees included:**

- The Committee on Agriculture, Water, and Rural Affairs was changed to the Committee on Agriculture and was reduced from 7 to 5 members.
- The Committee on Criminal Justice was reduced from 9 to 7 members.
- A new Committee on Property Tax with 5 members was established.
- A new Committee on Water and Rural Affairs with 7 members was established.

**New Senate Members** – The Texas Senate has six new members:

- Senate District 6 – Carol Alvarado (D-Houston)
- Senate District 8 – Angela Paxton (R-Plano/McKinney)
- Senate District 10 – Beverly Powell (D-Burleson)
- Senate District 16 – Nathan Johnson (D-Dallas)
- Senate District 19 – Peter P. Flores (R-Pleasanton)

- Senate District 30 – Pat Fallon (R-Prosper)

**Partisan Numbers** - In 2017, the Senate had 20 Republicans and 11 Democrats. Republican Pete Flores won a September 18, 2018 Special Election Run-off to replace Democratic State Senator Carlos Uresti, swinging Senate District 19 from Democrat to Republican. That brought the count to 21 Republicans and 10 Democrats. The Democrats picked up two seats (Senate Districts 10 and 16) in the November, 2018 General Election. The partisan makeup of the Texas Senate is now 19 Republicans and 12 Democrats.

**Next Week:** The Senate will reconvene at 11:00 a.m. on Tuesday, January 15, 2019.

### **HOUSE:**

The House was convened by Secretary of State David Whitley. He presided over the House until the Speaker was elected. Robert Haney, Chief Clerk of the House, administered the oath of office to all 147 House members. (The House has three vacancies due to the resignations of Carol Alvarado, Joe Pickett, and Justin Rodriguez. Special election information is below.)

**Election of Speaker** - The first order of business after the swearing in was election of the Speaker of the House. Representative Dennis Bonnen (R-Angleton) was unanimously elected by a record vote of 147-0 (because of the three vacant seats). Representative Dustin Burrows (R-Lubbock) gave the nominating speech. Seconding speeches were made by Representatives Senfronia Thompson (D-Houston), Matt Krause (R-Fort Worth), Mary Gonzalez (D-El Paso), Lyle Larson (R-San Antonio), and Eddie Lucio, III (D-Brownsville). Speaker Bonnen was sworn in by U.S. District Judge John D. Rainey of the Southern District of Texas.

In accepting the gavel, Speaker Bonnen said, "I am humbled by the confidence placed in me by my fellow members of this House. I approach my role as Speaker with a great amount of respect for this tremendous institution and for every member who has been sent here to be the voice for their constituents. . . My dad always told us, 'say what you mean and do what you say.' So, I've never seen the point in sugar-coating things, especially when that might confuse the issue or slow down progress toward a meaningful result. Those of you who know me well know that I operate with an efficiency and honesty that can leave a mark. I am direct and I am a problem solver. Right now, Texas has a number of problems to resolve and it's our duty to produce meaningful solutions for all Texans. A Texas Legislative session is way too short to get caught up in things that don't lead to real results. In a state as big and diverse as Texas, there are plenty of ideas about what we should do on any one issue and these ideas often point in different directions. It is our job to reconcile the differences. This chamber is the perfect place for those ideas to be heard and we must do that with mutual respect and understanding for one another. In doing so, we will justify the trust

that our constituents have placed in us to represent them in this great chamber. The work in this chamber cannot be a zero-sum game. Instead, it is a proven system for finding solutions to the challenges that face our state and our constituents daily but only when we work together. When it became clear that I would have the privilege of standing here today, I made fostering the spirit of collaboration my number one job. My job is simple. I'll bring passionate people to the table then keep you in the room until we find a solution. That process is going to require a lot of tough conversations, with a little give and take. I can tell you from experience that tough conversations are even tougher when they're between strangers. Or even worse - adversaries. That's why I encourage each of us to be intentional about getting to know one another better – to bridge partisan, geographical and social divides in order to learn about the passions that inspired each of us to pursue public service in the first place.” In his speech, Speaker Bonnen outlined his priorities:

- **Public School Finance Reform** – “We have an opportunity to tackle our #1 priority to fix our state’s broken school finance system and strive to make Texas schools the best in the country. That also gives us the opportunity to show teachers and retired teachers from Amarillo to Anahuac that we appreciate their years of service and investment in the lives of our children.”
- **Texas Children** – “We have the opportunity to improve the lives of Texas children, from prioritizing early education and improving the CPS system to addressing school safety and the mental health issues that underlie the tragic episodes that have shattered Texas communities and families.”
- **Human Trafficking** – “We have an opportunity to intensify our fight against the despicable crime of human trafficking.”
- **Property Tax Reform** – “When it comes to property taxes, we have an opportunity to reform a broken system that is taxing Texans out of their homes.”
- **Health Care** – “Opportunities abound in health care, whether we’re finding a better way to support trauma care in rapid growth areas like the Rio Grande Valley or educating future medical professionals to fill shortages in our rural communities.”

The Speaker concluded by saying, “Growing up, whenever Greg, Mark, Eleni or I set out on a new endeavor, my father always told us, ‘leave it better than you found it.’ That was my dad’s advice to me on the day I was first sworn in to the Texas House and it would be his advice to me today. Let’s be sure that when we adjourn *Sine Die*, we leave this House and our state better than we found them.”

**Housekeeping Resolution** - On Wednesday, the House debated and adopted **HR 3**, the Housekeeping Resolution governing the administration and operation of the House. **Changes from the 85<sup>th</sup> session include:**

- Adjusting the provisions for display in the House chamber of the motto “In God We Trust” displaying the words permanently on the portico over the speaker’s podium instead of electronically on the House message board.

- Increasing the monthly operating account for House members during the regular or special session(s) from \$14,250 to \$15,250. During the interim, the monthly amount will remain the current \$13,500.
- Clarifying the House officers that are appointed and serve at the pleasure of the speaker and adding a provision allowing the speaker to also appoint a chief assistant to those officers.
- Establishing a policy on appropriate workplace conduct and the handling of complaints about violations of House rules and policies related to workplace conduct; and requiring House members, officers, and employees to complete an interactive training program on preventing and resolving violations of House workplace conduct policies.
- Revising the limit on committee gifts from \$75 to the amount of the legislative per diem as set by the Ethics Commission and limiting gifts given by two or more members to a committee chair or vice chair to no more than three times the per diem.

**1 amendment was adopted prior to its unanimous passage including:**

- Clarifying that that an individual appointed by the House General Investigating Committee to conduct an investigation of a House member alleged to have violated House rules shall only perform the investigative functions of determining facts and reporting those facts to the committee and shall not perform any other functions in connection with a complaint.

**House Rules** – Also on Wednesday, the House unanimously passed **HR 4**, the permanent House rules. **Changes to House Committees included:**

**The membership of 16 committees was increased and the membership of 4 committees was decreased:**

- The Agriculture and Livestock Committee was increased from 7 to 9 members.
- The Business and Industry Committee was increased from 7 to 9 members.
- The Calendars Committee was decreased from 15 to 11 members.
- The Corrections Committee was increased from 7 to 9 members.
- The Criminal Jurisprudence Committee was increased from 7 to 9 members.
- The Culture, Recreation, and Tourism Committee was increased from 7 to 9 members.
- The Defense and Veterans' Affairs Committee was increased from 7 to 9 members.
- The Elections Committee was increased from 7 to 9 members.
- The Energy Resources Committee was decreased from 13 to 11 members.
- The General Investigating Committee was decreased from 7 to 5 members.
- The Higher Education Committee was increased from 9 to 11 members.

- The International Relations and Economic Development Committee was increased from 7 to 9 members.
- The Juvenile Justice and Family Issues Committee was increased from 7 to 9 members.
- The Land and Resource Management Committee was increased from 7 to 9 members.
- The Licensing and Administrative Procedures Committee was increased from 9 to 11 members.
- The Local and Consent Calendars Committee was decreased from 13 to 11 members.
- The Pensions, Investments, and Financial Services Committee was increased from 7 to 11 members.
- The Public Education Committee was increased from 11 to 13 members.
- The Redistricting Committee was increased from 9 to 15 members.
- The Urban Affairs Committee was increased from 7 to 9 members.

**Other committee changes:**

- The Business and Industry Committee gained jurisdiction over matters pertaining to unemployment compensation, including coverage, benefits, taxes and eligibility, and labor unions and their organization, control, management, and administration.
- Jurisdiction over the Texas Ethics Commission and the duties and conduct of candidates for public office and of persons with an interest in influencing public policy was transferred from the Elections Committee to the State Affairs Committee.
- The State Affairs Committee also gained jurisdiction over advances in science and technology, including telecommunications, electronic technology, or automated data processing by state agencies, including institutions of higher education, and over cybersecurity.
- The name of the International Trade and Intergovernmental Affairs Committee was changed to the International Relations and Economic Development Committee and its jurisdiction was expanded to include manufacturing, commerce, trade, cooperation between the state or a local governmental entity and the scientific and technological community, workforce training, economic and industrial development, development and support of small business, job creation and job training programs, and the relationship between employers and employees.
- The Economic and Small Business Development Committee was eliminated and most of its duties were transferred to the International Relations and Economic Development Committee.
- Jurisdiction of the Land and Resource Management Committee was expanded to include the creation, modification, and regulation of municipal utility districts.
- The Pensions Committee was renamed the Pensions, Investments, and Financial Services Committee, and it gained jurisdiction over all of the items and agencies under the jurisdiction of the Investments and Financial Services Committee, which was eliminated.

- The General Investigating and Ethics Committee was renamed the General Investigating Committee and its jurisdiction was expanded to include the receipt, processing, investigation, and resolution of complaints related to appropriate workplace conduct under Rule 15, the housekeeping resolution, and House Administration Committee policies.
- The jurisdiction of the House Administration Committee was expanded to include the adoption of policies and procedures for appropriate workplace conduct under Rule 15 and the housekeeping resolution, including policies related to the training of members, officers, and employees. The committee's jurisdiction also includes the Rules of Procedures of the House, Joint Rules, proposed amendments, and other items related to the operation of the House as assigned by the speaker.
- The Rules and Resolutions Committee was renamed the Resolutions Calendars Committee and given jurisdiction over the placement of congratulatory or memorial resolutions on appropriate calendars and the determination of priorities for floor consideration of resolutions.
- The requirement that the chairs of the committees on Higher Education, Natural Resources, Public Education, Transportation, and Ways and Means appoint specified subcommittees was removed.
- The Special Purpose Districts Committee was eliminated.

**Proposed floor amendments that FAILED would have:**

- Instituted term limits for the speaker and committee chairs.
- Allowed House members to allow constituents to register support or opposition to a bill from the member's district office.

**New House Members** – This session, the Texas House has 27 new members:

- House District 4 – Keith Bell (R-Forney)
- House District 8 – Cody Harris (R-Palestine)
- House District 13 – Ben Leman (R-Brenham)
- House District 23 – Mayes Middleton (R-Wallisville)
- House District 37 – Alex Dominguez (D-Brownsville)
- House District 45 – Erin Zwiener (D-Driftwood)
- House District 46 – Sheryl Cole (D-Austin)
- House District 47 – Vikki Goodwin (D-Austin)
- House District 52 – James Talarico (D-Round Rock)
- House District 54 – Brad Buckley (R-Killeen)
- House District 62 – Reggie Smith (R-Sherman)
- House District 65 – Michelle Beckley (D-Carrollton)
- House District 89 – Candy Noble (R-Allen)
- House District 102 – Ana-Maria Ramos (D-Richardson)
- House District 104 – Jessica Gonzalez (D-Dallas)
- House District 105 – Terry Meza (D-Irving)
- House District 106 – Jared Patterson (R-Frisco)
- House District 109 – Carl Sherman, Sr. (D-Dallas)
- House District 113 – Rhetta Andrews Bowers (D-Rowlett)

- House District 114 – John Turner (D-Dallas)
- House District 115 – Julie Johnson (D-Carrollton)
- House District 118 – Leo Pacheco (D-San Antonio)
- House District 121 – Stephen Allison (R-San Antonio)
- House District 126 – Sam Harless (R-Spring)
- House District 132 – Gina Calanni (D-Katy)
- House District 135 – Jon Rosenthal (D-Houston)
- House District 136 – John Bucy (D-Austin)

**2 Former House Members Returned to the Texas House:**

- House District 15 – Steve Toth (R-The Woodlands)
- House District 116 – Trey Martinez Fischer (D-San Antonio)

**Partisan Numbers** - In 2017, the Texas House had 95 Republicans and 55 Democrats. The Democrats picked up 12 seats (House Districts 45, 47, 52, 65, 102, 105, 113, 114, 115, 132, 135, and 136) in the November, 2018 General Election. Currently, the House has 83 Republicans and 64 Democrats. Three Democratic House members resigned after the November 6, 2018 General Election.

**Upcoming Special Elections** – The House has three vacancies due to the resignations of Carol Alvarado (D-Houston) in House District 145, Joe Pickett (D-El Paso) in House District 79, and Justin Rodriguez (D-San Antonio) in House District 125.

**House District 79** – Governor Greg Abbott has called a Special Election for January 29, 2019 to replace Representative Joe Pickett (D-El Paso) who resigned from the House on December 19, 2018 citing health reasons. Three candidates – two Democrats and one Republican – are on the ballot.

- Art Fierro (D-El Paso), a marketing and public relations professional and chairman of the El Paso Community College Board
- Michael “Mike” Noe (D-El Paso), an OB/GYN physician and former El Paso City Council member
- Hans Sassenfeld (R-El Paso) Republican Party activist

**House District 125** – Governor Greg Abbott has called a Special Election for February 12, 2019 to replace Representative Justin Rodriguez (D-San Antonio), who resigned from the House on January 4, 2018 when he was appointed Bexar County Commissioner. The deadline for candidates to file for the Special Election is Monday, January 14, 2019.

**House District 145** - Governor Greg Abbott has called a Special Election for January 29, 2019 to replace Representative Carol Alvarado (D-Houston) who resigned from the House on December 21, 2018 when she was sworn into the Texas Senate. Eight candidates – six Democrats, one Republican, and one Libertarian – are on the ballot.

- Elias De La Garza (D-Houston), an insurance executive, who ran for State Representative in House District 145 in 2008
- Oscar Del Toro (D-Pasadena), a Democratic precinct chair who ran for Pasadena City Council District G in 2017

- Christina Morales (D-Houston), president of Felix H. Morales Funeral Home
- Alfredo Moreno (D-Houston)
- Melissa Noriega (D-Houston), Vice President of Policy and Partnerships at BakerRipley, former Houston City Council member, and former State Representative (2005)
- Martha Elena Fierro (R-Houston), a nurse who ran for Texas Senate in the December 2018 Special Election
- Clayton Hunt (L-Houston), Libertarian candidate in House District 145 in 2018.

**Dennis Bonnen Staff Announcements** –House Speaker Dennis Bonnen (R-Angleton), has made several staff announcements including:

- **Chief-of-Staff** – Gavin Massingill
- **Speaker’s Office Director** – Shera Eichler
- **Policy Director and General Counsel** – Gardner Pate
- **Communications Director** – Gene Acuna
- **Director of Finance** – Andrew Blifford
- **Special Advisor** – Former State Representative Robby Cook
- **Parliamentarians** – Sharon Carter and Hugh Brady

**Speaker’s Policy Advisors:**

- **Lana Abduldaem** – Policy Office Coordinator
- **Kyler Arnold** – Health and Human Services
- **Oscar Garza** – Transportation and General Government
- **Amanda Lopez** – Tax and Financial Institutions and Assistant General Counsel
- **Will McAdams** – Business and Regulated Industries
- **Shakira Pumphrey** – Criminal Justice, Law Enforcement, and Veterans’ Affairs
- **Andrea Sheridan** – Education
- **Jesse Sifuentez** – Insurance and Civil Law

**Next Week:** The House will reconvene at 9:30 a.m. on Tuesday, January 15, 2019.

## **BUDGET:**

**Biennial Revenue Estimate** – On Monday, Comptroller Glenn Hegar released his revenue estimate for the remainder of fiscal 2019 and the upcoming 2020-21 biennium. Highlights of his estimates include:

- **Available Revenue** - For 2020-21, the state can expect to have \$119.1 billion in funds available for general-purpose spending, an 8.1 percent increase from the corresponding amount of funds available for the 2018-19 biennium.
- **Total Revenue** - The \$119.1 billion available for general-purpose spending represents 2020-21 total revenue collections of \$121.5 billion in

General Revenue-related (GR-R) funds, plus \$4.2 billion in balances from 2018-19, less \$6.3 billion reserved from oil and natural gas taxes for 2020-21 transfers to the Economic Stabilization Fund (ESF) and the State Highway Fund (SHF) and \$211 million set aside to cover a shortfall in the state's original prepaid tuition plan, the Texas Tomorrow Fund.

- **Tax Revenue** - Tax revenues account for approximately 88 percent of the estimated \$121.5 billion in total GR-R revenue in 2020-21. Sixty-two percent of GR-R tax revenue will come from net collections of sales taxes, after \$5.0 billion is allocated to the SHF.
- **Other Revenue Sources** - Other significant sources of General Revenue include motor vehicle sales and rental taxes; oil and natural gas production taxes; franchise taxes; insurance taxes; collections from licenses, fees, fines and penalties; interest and investment income; and lottery proceeds.
- **Federal Income** - In addition to the GR-R funds, the state is expected to collect \$88.7 billion in federal income as well as other revenues dedicated for specific purposes and therefore unavailable for general-purpose spending.
- **Other Revenue Sources** - Revenue collections from all sources and for all purposes should total \$265.6 billion.
- **Economic Stabilization Fund** - Absent any appropriations by the Legislature, the ESF balance is expected to be \$15.4 billion at the end of the 2020-21 biennium, below the ESF constitutional limit of an estimated \$18.6 billion.

Comptroller Hegar explained factors that he used to determine the estimate saying, "Following weak real gross state product growth of just 0.7 percent in fiscal 2017, the Texas economy rebounded and is estimated to have grown by 3.0 percent in 2018. We project growth to accelerate to 4.0 percent in fiscal 2019. Record oil production in the Permian Basin combined with solid growth in other economic sectors resulting from a robust national economic expansion has led to strong job creation and record low unemployment in Texas. As a result, tax collections in fiscal 2018 and early fiscal 2019 have exceeded previous expectations."

**Governor Greg Abbott** said, "Today's revenue estimate reflects the continued strength of the Texas economy. Even with this strong economic growth, Texans expect their government to live within its means, while funding its priorities. This session I look forward to working with the legislature to fulfill these expectations by addressing many key issues, including school finance reform and limiting the growth of property taxes."

**Lt. Governor Dan Patrick** said, "We are pleased that Comptroller Hegar's \$119.1 billion biennial revenue estimate confirms the Texas economy remains strong despite cyclical fluctuations in our oil and gas industry. This matches the Senate projections. We face a broad range of fiscal challenges in the 86th Legislative Session and we are committed to property tax reform, increasing teacher pay and school finance reform. We are confident we can accomplish these goals."

**Senate Finance Committee Chair Jane Nelson** said, "The Comptroller's revenue estimate confirms that the Texas economy is performing at a very high level. The principles of low taxes, smart regulation and limited government are working in Texas, while states that overextended their budgets struggle. Not only is our economy producing jobs and opportunities, it is generating the revenue we need to meet our growing needs and make historic investments in education, which is key to the future of Texas."