

San Antonio / South Texas CCIM Chapter Legislative Liaison Report
July 2019

Legislative Liaison

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Overview and Liaison's Purpose

May 2019 marks the end of the 86th Session of the Texas Legislature. The Legislative body adjourned *sine die* on May 27, 2019, with all matters before them completed for the session.

The Texas Legislature meets in regular session every two years for 140 days. Sessions begin the second Tuesday of January of each odd numbered year. The Governor can call for special sessions to address unfinished regular session business or urgent matters. The last special session was called in 2017.

The goal of the Legislative Liaison is to keep the San Antonio Chapter informed of State legislative initiatives relating to our Real Estate industry. To do this, we have prepared below a list of the significant real estate related bills that either passed or were introduced and discussed during the 86th session in the Texas Legislature.

Legislature's Dates of Interest.

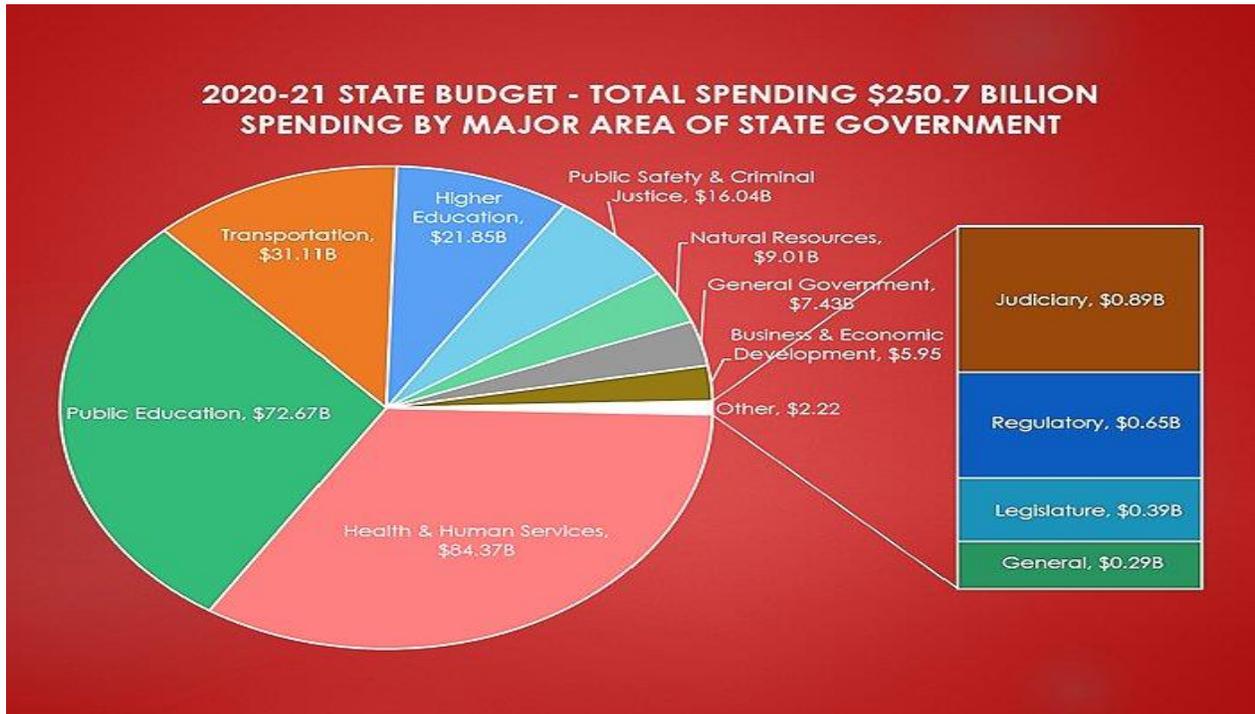
- Tuesday, January 8, 2019 (1st day) 86th Legislature convenes at noon
- Monday, January 14, 2019 Budget estimates delivered to the governor
- Tuesday, January 15, 2019 Inauguration of the governor and lieutenant governor
- Friday, March 8, 2019 (60th day) Deadline for the unrestricted filing of bills
- Monday, May 27, 2019, (140th day) Last day of 86th Regular Session (*sine die*).
- Sunday, June 16, 2019 (20th day following final adjournment of 86th Legislature, Regular Session) Last day the governor can sign or veto bills
- Monday, August 26, 2019 (91st day following final adjournment of 86th Legislature, Regular Session) Date that bills without specific effective dates, other than bills with immediate effect, become law

As itemized on the table below, The Texas House and Senate introduced a total of 7,541 Bills for discussion and passage. Only 1,229 have been signed by the Governor into law.

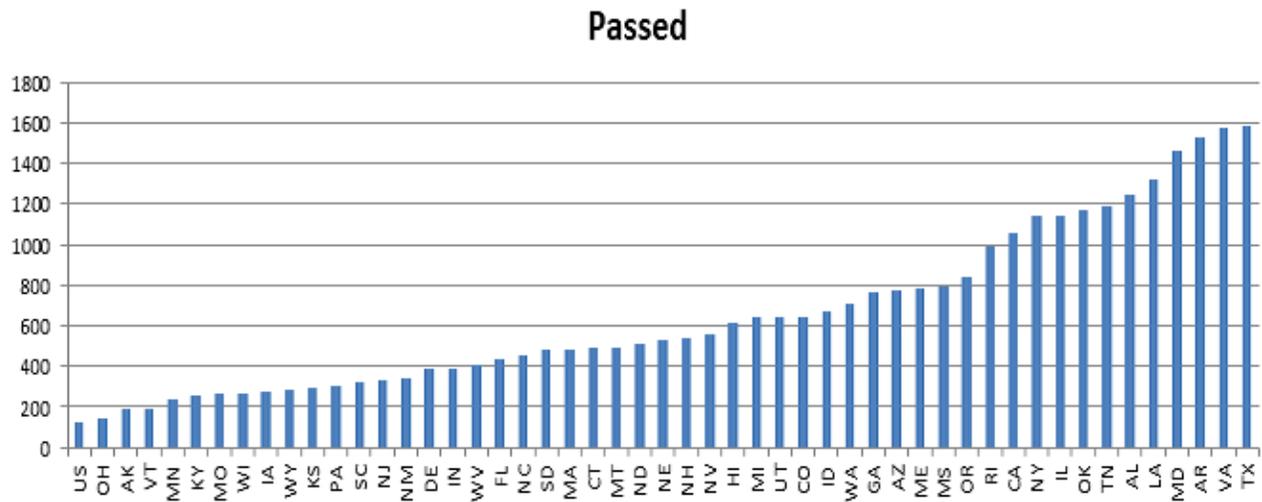
FINAL BILL STATISTICS - 86TH R.S.

	House Bills & Joint Resolutions	Senate Bills & Joint Resolutions	Total
Filed	4,912	2,629	7,541
Reported out of committee	2,292	913	3,205
Passed by chamber of origin	1,451	802	2,253
Referred to committee in opposite chamber	1,376	799	2,175
Reported out of committee in opposite chamber	1,029	687	1,716
Passed opposite chamber	989	477	1,466
Sent to the Governor ¹	969	460	1,429
Filed with the Secretary of State ²	7	3	10
Signed by the Governor ¹	819	410	1,229
Signed by the Governor/line-item veto ¹	0	0	0
<u>Vetoed</u> by the Governor ¹	41	15	56
Filed without the Governor's signature ¹	109	35	144

The Texas Constitution provides that the only mandated Legislative business is to pass a two year budget. Below is a graph showing how tax payer dollars will be allocated in 2020 and 2021.



How does the Texas Legislature compare to other states? The graph below depicts the total number of bill passed by each state. At first glance it appears Texas Legislators are the most prolific passing almost 1,600 bills in 2015. However, since the Texas Legislature is only in session every other year, this represents two years' work. The number per year is half this amount, closer to 600 bills passed for 2019.



There has never been a shortage of people eager to draw up blueprints for running other people's lives. Thomas Sowell, 2018.

Here is a list of Bills and Legislative Initiatives most concerning to the commercial real estate community.

Bill: HB 3

Caption: Relating to public school finance and public education

Action: Effective 1-1-2020

Summary:

The bill makes major revisions to the school finance formulas; adds and repeals several chapters of the Education Code; and revises, abolishes, and creates multiple allotments or programs.

The bill would reduce recapture paid by local school districts by an estimated \$3.5 billion in the upcoming biennium. The bill would have the effect of compressing local

maintenance and operations property tax rates, and would reduce local property tax collections by a total of \$2.7 billion in the 2020-21 biennium. This decrease in local maintenance and operations property tax collections would be partially offset by an increase in state aid related to the compression of local maintenance and operations tax rates. In subsequent years, ongoing tax compression would continue to decrease tax revenue collections.

Under the provisions of the bill, additional state aid would be provided to school districts and charter schools relative to current law for fiscal years 2020 and 2021. Districts whose entitlement would be less under the provisions of the bill as compared to current law would be eligible for a formula transition grant through fiscal year 2024. To the extent that districts incurred additional costs detailed below, increases in entitlement could be used to offset any potential costs.

Bill HB 1743

Caption: Relating to reducing additional tax imposed on certain land after change of use

Action: Effective September 1, 2019

Summary:

Concerns have been raised that the additional tax and interest imposed on open-space land or timber land when a change in use occurs is outdated and excessive. H.B. 1743 seeks to reduce this tax burden by lowering the rate of the additional tax imposed on such property.

H.B. 1743 amends the Tax Code to decrease from five to three the number of years preceding a change of use of land appraised for property tax purposes as open-space land or timber land on which the amount of additional tax imposed on the land for the change of use is based and to decrease from seven percent to five percent the annual interest rate added to that additional tax.

Bill SB 21

Caption: Relating to the distribution, possession, purchase, consumption, and receipt of cigarettes, e-cigarettes, and tobacco products.

Action: Effective 9-1-2019

Summary:

Each day, more than 300 kids under the age of 18 become regular, daily smokers and almost one-third will eventually die from smoking. National data shows that about 95 percent of adult smokers begin smoking before they turn 21, and a substantial number of smokers start even younger.

The current minimum legal age (MLA) to purchase tobacco is 18. S.B. 21 seeks to raise the MLA of purchase for cigarettes, e-cigarettes, and tobacco products from 18 years of age to 21. Raising the MLA to 21 for this offense would help keep cigarettes, e-cigarettes, and tobacco products out of Texas public schools by creating more "social distance" between younger high school students and of-age purchasers. By raising the age, S.B. 21 seeks to reduce early addiction to tobacco and nicotine products.

Bill: SB 653

Caption: Relating to the use of photographic traffic signal enforcement systems

Effective: 9-1-2019

Summary:

Enforcement of red light cameras seeks to deprive a person of his or her property (civil penalty) for what has been determined by the legislature for some time to be criminal conduct. Running a red light is a traffic violation. Under Section 542.301 of the Transportation Code, traffic violations are criminal offenses, which entitle the accused to certain rights.

The bill would prohibit a local authority from implementing or operating a photographic traffic signal enforcement system and would require the Attorney General to enforce the prohibition. The bill would prohibit a local authority from issuing a civil or criminal charge or citation for an offense or violation based on a recorded image produced by a photographic traffic signal enforcement system. The bill would authorize a local authority to continue to operate a system until an expiration date as specified in a contract unless that contract contains a provision for termination based on adverse state action. The bill would prohibit refusal to register a vehicle solely because the vehicle owner is delinquent in paying the civil penalty imposed due to a signal enforcement system.

The bill would likely have a significant fiscal impact to municipalities with installed and operating red light cameras. Under current law, local jurisdictions with these cameras receive 50 percent of net revenue after allowable expenses are removed from gross receipts.

Bill: HB 1387

Caption: Relating to increasing the number of school marshals that could serve in a school

Effective: 9-1-2019

Summary:

Due to growing concerns about school safety, there have been calls to increase the maximum number of school marshals that may be appointed per school campus. This Bill seeks to implement such a change by raising the authorized ratio of marshals to students for a public school district, open-enrollment charter school, or private school from one marshal per 200 students to one marshal per 100 students.

Under the bill, school districts or open-enrollment charter schools could retain additional licensed individuals to act as a school marshal. Costs of fees for training and salary are not anticipated to be significant, and it is assumed that a school would only choose to hire a school marshal if sufficient funds were available.

Bill: HB 3703

Caption: Relating to the prescription of low-THC cannabis for medical use by certain qualified physicians to patients with certain medical conditions

Action: Effective 6-14-2019

Summary:

The bill would expand the Compassionate Use Program by adding Amyotrophic Lateral Sclerosis (ALS), autism, terminal cancer, and incurable neurodegenerative diseases to the list of medical conditions for which a physician may prescribe low-THC cannabis to a patient. The bill would prohibit the Department of Public Safety (DPS) from publishing the name of a physician registered in the department's Compassionate Use Registry unless permission is expressly granted by the physician.

Health and Safety Code 487 establishes the Texas Compassionate Use Act, which is administered by the Department of Public Safety and allows certain licensed organizations to dispense low-THC cannabis

CSHB 3703 would expand patient eligibility for low-THC cannabis prescriptions and establish a research program. It also would amend the definition of low-THC cannabis to remove the requirement it contain a minimum percentage by weight of cannabidiol.

The bill would allow licensed physicians to prescribe low THC cannabis to patients with epilepsy, multiple sclerosis, or spasticity if the physician was licensed, dedicated a significant portion of clinical practice to the evaluation and treatment of a patient's medical condition, and met certain other requirements.

Bill: HB 347

Caption: Relating to consent annexation requirements.

Action: Effective 9-1-2019

Summary:

It has been noted that while recent changes to municipal annexation procedures have been made to address certain property protections, such as the need for greater transparency and property owner participation in the municipal annexation process, such protections could still be expanded. This bill seeks to provide for such expansion by setting out provisions relating to eliminating distinctions in the application of consent annexation requirements.

HB 347 repeals certain provisions relating to tier 1 municipality annexation procedures for areas annexed under a municipal annexation plan, including provisions relating to a required municipal annexation plan, a required inventory of services and facilities, annexation hearing requirements, required negotiations, contracts for the provision of services in lieu of annexation, and arbitration regarding negotiations for services.

Bill: SB 317

Caption: Relating to the taking of feral hogs without a hunting license

Action: Effective 9-1-19

Summary:

Under current law, feral hogs must cause depredation on landowner's property in order to be taken without acquiring an annual hunting license. S.B. 317 strikes "causing depredation" from statute to allow all feral hogs in Texas to be taken without the need to

acquire an annual hunting license. S.B. 317 does not affect hunters' education requirements or aerial hunting permits

Bill: HB 49
Caption: Relating to daylight saving time
Effective: Left in Committee
Summary:

The bill would exempt the state of Texas from daylight saving time. No significant fiscal implication to units of local government were anticipated.

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