

STATEHOUSE



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Statewide Election Recap

● State Wide Race Winners

- Railroad Commissioner: Jim Wright (R)
 - *Defeated Ryan Sitton in the Republican Primary

● Likely Speaker Candidate

- Republican Dade Phelan is poised to be the next Speaker of the Texas House
- A vote must occur when session convenes in January
- Rep. Phelan has indicated 106 members have pledged their support for his candidacy (57 Rs and 49 Ds)
- The Republican Party Chairman Allen West and a handful of Republican Texas House members have not accepted his victory and have made public comments that they are disappointed the selection was not made with a Republican Caucus vote per the Texas House Republican Caucus bylaws and the Republican Party Platform.
- Rep. Phelan announced a bipartisan working group to review and make recommendations on legislative operations during the COVID-19 pandemic.
 - Members of the Committee include:
 - Briscoe Cain (R-Deer Park)
 - Charlie Geren (R-Fort Worth)
 - Donna Howard (D-Austin)
 - Stephanie Klick (R-Fort Worth)
 - Joe Moody (D-El Paso)
 - Chris Paddie (R-Marshall)
 - John Smithee (R-Amarillo)
 - Chris Turner (D-Grand Prairie)
 - John Turner (D-Dallas)
 - Armando Walle (D-Houston)
 - So far, his senior staff hires include:
 - Tommy Williams to head up the Transition Team
 - Julia Rathgeber as his Chief of Staff

● Senate District 30 Special Election

- Runoff between Shelley Luther and Rep. Drew Springer to replace Sen. Pat Fallon
- Governor set the Runoff election for Dec. 19th

● Senate and House Party Breakdown

- The breakdown of the Texas Senate is:
 - 18 Republicans and 12 Democrats
- The breakdown of the Texas House is:
 - 83 Republicans and 67 Democrats

In the Senate, Rep. Gutierrez defeated Pete Flores, flipping SD 19 back to Democrat control.



Harris County Members for the 87th Legislative Session

Texas Senate

Member	Election Outcome
Creighton, Brandon (R)	Incumbent
Alvarado, Carol (D)	Incumbent
Bettencourt, Paul (R)	No Election This Cycle
Taylor, Larry (R)	Incumbent
Miles, Borris (D)	Incumbent
Whitmire, John (D)	No Election This Cycle
Huffman, Joan (R)	No Election This Cycle
Kolkhorst, Lois (R)	Incumbent

Texas House

Member	Election Outcome
Harless, Sam (R)	Incumbent
Huberty, Dan (R)	Incumbent
Cain, Briscoe (R)	Incumbent
Paul, Dennis (R)	Incumbent
Oliverson, Tom (R)	Incumbent
Allen, Alma (D)	Incumbent
Schofield, Mike (R)	Defeated Gina Calanni (D)
Murphy, Jim (R)	Incumbent
Johnson, Ann (D)	Defeated Sarah Davis (R)
Rosenthal, Jon (D)	Incumbent
Wu, Gene (D)	Incumbent
Hull, Lacey (R)	Replaced Dwayne Bohac (R)
Johnson, Jarvis (D)	Incumbent
Walle, Armando (D)	Incumbent
Thompson, Senfronia (D)	Incumbent
Dutton, Harold (D)	Incumbent
Hernandez, Anna (D)	Incumbent
Perez, Mary Ann (D)	Incumbent
Morales, Christina (D)	Incumbent
Thierry, Shawn Nicole (D)	Incumbent
Coleman, Garnet (D)	Incumbent
Shaw, Penny (D)	Replaced Jessica Farrar (D)
Vo, Hubert (D)	Incumbent
Swanson, Valoree (D)	Incumbent

Quick Breakdown

- 8 Returning Senate Members in Harris County
 - *5 Republicans
 - *3 Democrats
- After new redistricting maps are passed, all Texas Senators will have to run for reelection in the next election cycle and at the start of the 2023 Legislative Session, all Senators will participate in a lottery drawing to determine if they are on a 2 year reelection cycle or 4 year reelection cycle.

Quick Breakdown

- 4 New House Members in Harris County
 - *Schofield was previously a House member but lost reelection last cycle
- 20 Returning House Members in Harris County
 - *9 Republicans
 - *15 Democrats
- Break down of Ds and Rs is still the same in Harris County because two seats flipped, in fact they were the only two seats in the State to flip parties this cycle.

87th Legislative Session Preview

Legislative Topics

★ The budget is the only piece of legislation required to be passed during a typical session. Since 2020 is a census year, a redistricting bill to alter Congressional seats, at a minimum if we gain or lose seats, must also be passed in 2021.

State Budget

The estimated budget shortfall ranges from \$10 billion to \$30 billion. If the Comptroller's Biennial Revenue Estimate is on the low end, then it could easily be addressed through the rainy-day fund and budget cuts here or there, but if it is closer to the high end, then writing the budget could truly be a session long project for lawmakers in the House and Senate.

COVID-19 Response

The legislature is expected to take up several bills next session intended to get through the remainder of the pandemic, as well as legislation to better prepare the state for future pandemics. Discussions will occur over the appropriate role and authority both local governments and the Governor should possess in pandemic situations. In fact, a bill was filed on November 9th, HB 173, by Rep. Springer, to establish an Emergency Powers Board during a declared state of disaster or public health disaster.

Redistricting

Every ten years the State is required to redraw the boundaries for Congressional and State Legislative seats. Because the census numbers are expected to arrive late this year, possibly not even until June, Lt. Governor Patrick and the redistricting Chair for the Texas House have indicated that a special session is likely to occur because of the anticipated late arrival of the census numbers. The current Chairs of Redistricting for the Texas Senate and the Texas House are Chair Paul Bettencourt (R) and Chair Phil King (R), respectively.

Sunset Bills

There are a number of agencies that are set to expire next session and are currently under review by the Sunset Advisory Commission. While the legislature has no constitutional obligation to pass a sunset bill during session, a number of agencies could potentially be abolished if they are not reauthorized or if they are not included in the "sunset safety net" bill to temporarily extend their sunset date.

SB 2: "Texas Property Tax Reform and Transparency Act of 2019" Cleanup

Whenever you have significant legislation passed the previous session like SB 2, there is always the need to come back and make tweaks. Lawmakers have already announced they intend to address the provision in the bill that dealt with disaster declarations and the ability for political subdivisions to go back to the old law in those circumstances.

87th Legislative Session Preview

Legislative Topics Continued....

Election Bills

Recently, members on both sides of the aisle have filed bills related to mail-in ballots, voter registration, voter identification, and election procedures, but given recent events and multiple court challenges, we anticipate an uptick in legislation filed this session. We have already seen upwards of 80 bills filed on this topic alone; including straight-ticket party voting.

Chapter 313

Without legislative action this session, Chapter 313 tax abatements will expire soon. Reauthorizing and retooling this economic development tool will be front and center next session.

Bracket Adjustment Bill

The Texas Constitution expressly prohibits local and special bills for most purposes. Thus, the legislature creates population brackets, as opposed to specifically naming a city, county or geographic region in statute, to give the appearance that they are not crafting a law that singularly applies to one specific area. The practice of using brackets ensures that political subdivisions and other geographic areas that later come within the bracket are given the same treatment as the subdivisions and areas that are within the bracket at the time of the law's enactment. Historically the legislature will take those numbers and file an omnibus bill to adjust the population brackets that are currently in place. The legislature will not adjust every bracket as this is too arduous and sometimes unnecessary, but it is common practice to revisit certain brackets every ten years. As we have mentioned before, the census numbers will be delayed this year pushing this bill until the 2020 census numbers are certified.

HCHSA Specific Topics

Gun Legislation

There have already been more than 30 bills filed on this topic including expanding or reducing the number and type of places a license holder may carry and requiring temporary storage lockers for handguns in certain public buildings. We anticipate there will be a steady number of bills filed this session stemming from the recent Presidential election as well as the requirement for certain retail stores, including stores that sell firearms, to close during our state-wide lock-down. As the House and Senate get organized, we will look for opportunities to clarify where, in what facilities or at what events, the various laws apply.

87th Legislative Session Preview

HCHSA Specific Topics Continued.....

Major Events Reimbursement Program and the Events Trust Fund

In the past, bills have been filed to abolish either the Major Events Reimbursement Program (MERP), the Events Trust Fund (ETF), or both. At this time no bills have been filed to abolish these funds. However, we do anticipate bills to be filed this session to address attendance capacities and restrictions for event venues during the current pandemic and any future pandemics.

During the interim we worked with the Governor's office to alter the application deadline for both ETF and MERP from 120 and 45 days, respectively, to 31 days for each program. They chose 31 days to give the Economic Development and Tourism Division 30 days to review the application and the remaining day to give their determination on the incremental tax increase. These suspensions will last as long as the Governor's disaster declaration for COVID-19 is in place, allowing entities like HCHSA more flexibility and leeway in booking events during these uncertain times.

Peer to Peer Car Sharing

Currently, HCHSA's portion of the Motor Vehicle Rental Tax is being circumvented by a new type of rental car platform known as a Peer to Peer (P2P) rental car company. These websites allow an individual to rent their personally owned car out to another individual who visits a P2P's website. Some individuals are renting out 20,30, even 100-plus vehicles on the P2P's rental car companies' website and the host website is not remitting their portion of the state, local and sports venue rental car tax. Under current law, existing rental car companies are required to pay their share of the state, local and sports motor vehicle rental car taxes. DFW airport has recently sent a cease and desist letter to one of the P2P companies unless the company agreed to sign a Rental Car Concession and Lease Agreement or a Non-Tenant Rental Car Permit.

As of today, one bill has been filed that creates a requirement for P2P companies and car owners to have proper car insurance for their vehicles. More legislation is expected to be filed as P2P companies would prefer be taxed as a standard retail business while car rental companies maintain that both business models should be taxed at the same rates.

We will continue to keep HCHSA apprised as to the tax implications these new business will have on your organization and continue to look out for economic opportunities in legislation that is filed.

87th Legislative Session Preview

What will session look like?

Most of the discussion we are hearing in Austin surrounds what protocols and rules will be in place for the 2021 session. Below are potential scenarios we have seen in the press or have heard in conversations with elected officials and colleagues. We want to stress that until rules are adopted, these are rumors, and it is difficult to predict where COVID infection rates will be when session begins in January of next year.

- There is nothing in rule or statute that says the Legislature must meet for 140 days. That is the maximum length that members may meet without a special session being called. One rumor we have heard, is that there could be a number of "mini" sessions. This may occur out of necessity because of any COVID outbreaks or the legislature may choose this option to limit the amount of exposure members and staff have with the outside public in a given period of time.
- In a recent meeting with House Chiefs of staff, House Administration Chairman Geren discussed potential protocols for next session which included:
 - Limited Capitol access for guest and no count days, outside events or visitors recognized from the dias.
 - No receptions in the Legislative Conference Center or Member's Lounge.
 - House and Senate galleries will have limited seating.
 - House members will not be required to wear masks, but staff and press on the House Floor will be required to wear masks.
 - Committee hearings will be retrofitted with plexiglass dividers between seats.
 - The auditorium will be reserved for committee hearings, 2 days for the House and 2 days for the Senate.
 - Each office may set up their own protocols and it has not yet been determined if masks will be required in the Capitol.
 - There will likely be temperature checks before entering the Capitol.
 - There will possibly be frequent COVID-19 testing for staff.
 - Staffing of offices will remain a decision of each office and the Lt. Governor is encouraging Senators to utilize working from home policies to limit the number of staff in an office at one time.
 - Still discussing if Members will be allowed to vote from their offices and not require them to physically be at their desk in the House Chamber.
- Chairman Geren noted in a recent article that a lot of protocols have not been set in place yet and will not be until the new Speaker has been named and direction from that Speaker is given.
- On the Senate Side, rumors have indicated that Lt. Governor Patrick may place limits on the legislation allowed for consideration and that he may possibly have to ban the public, press and lobbyists from entering the chamber.

Important Legislative Dates

- November 9th, prefiling of bills began.
- December 12th, last day to make contributions prior to legislative session.
- January 12th, 87th legislature convenes.
- **March 12th, bill filing deadline.**
- May 31st, Sine Die.
- June 20th, last day for Governor to sign, veto or file without signature all legislation.
- June 21st, first day following session to accept contributions.
- August 30th, effective date of legislation w/o specific enactment date (91st day following adjournment).