

Item 24



Travis County Commissioners Court Agenda Request

Meeting Date: Tuesday, March 5, 2013
Prepared By/Phone Number: Deece Eckstein, 854-9754
Elected/Appointed Official/Dept. Head: Deece Eckstein, 854-9754
Commissioners Court Sponsor: Judge Biscoe

AGENDA LANGUAGE:

AT 11:00 A.M.:

CONSIDER AND TAKE APPROPRIATE ACTION ON LEGISLATIVE MATTERS, INCLUDING:

- A. UPDATE ON LEGISLATIVE ACTIVITIES;
- B. "TRANSPARENCY" LEGISLATION;
- C. LEGISLATION RELATING TO CAPS ON STATE APPROPRIATIONS AND THEIR IMPACT ON COUNTIES;
- D. LEGISLATION RELATING TO APPRAISAL CAPS AND REVENUE CAPS, INCLUDING [HJR 58](#), [HB 428](#), [HJR 84](#), [HB 1338](#), [SJR 15](#), [SB 154](#), [SJR 9](#), [SB 95](#), [SJR 14](#), [SB 155](#), [SB 102](#), AND [SB 144](#); AND,
- E. ADDITIONS TO THE PRIORITIES, POLICY POSITIONS AND THE POSITIONS ON OTHER PROPOSALS SECTIONS OF THE TRAVIS COUNTY LEGISLATIVE AGENDA.

SUMMARY AND IGR COORDINATOR RECOMMENDATION:

IGR recommends that the Court:

1. Adopt the draft resolution in opposition to appraisal cap and revenue cap legislation; and,
2. Modify the Travis County Legislative Agenda as proposed in the attached Motion in Writing.

BACKGROUND:

1. March 5 marks the beginning of the ninth week of the legislative session. As of last Thursday, 3,026 bills and joint resolutions have been filed. Your IGR Office is tracking 712 of them and key County policy staffers have already provided 713 analyses through the ATLAS system. A spreadsheet detailing these figures is enclosed.

2. The Court's efforts to raise the visibility of the LIRAP and LIP diversions seem to be bearing fruit. Senator Judith Zaffirini and Representative Donna Howard have both filed riders with their respective budget committees to restore LIRAP and LIP funding. A copy of the proposed rider is attached. IGR is working with other members of the delegation to stress the importance of restoring funding for these programs.
3. This Friday, March 8, is the filing deadline. Much of the legislation on the Court's Priorities list has already been filed, and IGR is working to finalize sponsors and get the bills filed on the rest.

ISSUES AND OPPORTUNITIES:

4. Legislative leaders and some statewide elected officials have called for greater openness and transparency in government, particularly local government. Several bills have been filed in this regard. IGR wishes to brief the Court on the legislation and its implications for Travis County Government.
5. The Texas Constitution and statutes already limit the growth of state appropriations. This session, several bills and joint resolutions have been filed to change the constitutional and statutory formulas for calculating the spending cap in ways that would further limit the growth of state appropriations. IGR wishes to brief the Court on the legislation and its implications for Travis County Government.
6. As in past session, several bills and joint resolutions have been filed to lower the existing appraisal cap and revenue cap on local government spending. IGR wishes to brief the Court on the legislation and its implications for Travis County Government, and asks the Court to adopt a resolution in opposition thereto.
7. IGR recommends that the Court adopt the changes to the Travis County Legislative Agenda contained in the attached Motion in Writing.

FISCAL IMPACT AND SOURCE OF FUNDING: Not applicable.

REQUIRED AUTHORIZATIONS: None.

NAMES, PHONE NUMBERS AND EMAIL ADDRESSES OF PERSONS WHO MIGHT BE AFFECTED BY OR BE INVOLVED WITH THIS REQUEST:

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ATTACHMENTS:

- A. Bill Status Report, February 28, 2013.
- B. Proposed rider on LIRAP funding, February 25, 2013.

- C. Briefing memo on legislation related to transparency in local government budgeting and issuance of debt, February 28, 2013.
- D. Briefing memo on legislation related to limits on state appropriations, February 28, 2013.
- E. Briefing memo on legislation related to appraisal caps and revenue caps, February 15, 2013.
- F. Proposed Resolution in opposition to appraisal cap and revenue cap legislation, for consideration by the Commissioners Court, February 28, 2013.
- G. Motion in Writing regarding amendments to the Travis County Legislative Agenda, February 28, 2013.

AS OF	WEEK	1	2	3	4	5	6	7	8	9	10
THURSDAY		10-Jan	17-Jan	24-Jan	31-Jan	7-Feb	14-Feb	21-Feb	28-Feb	7-Mar	14-Mar
	HBs	446	550	686	845	1,035	1,282	1,582	2,001		
	HJR s	39	43	44	51	58	63	72	83		
	SB s	149	162	209	268	386	528	669	906		
	SJR s	11	13	16	20	22	29	30	36		
TOTAL	BILLS	645	768	955	1,184	1,501	1,902	2,353	3,026		
TRAVIS COUNTY											
	TRACKED	167	281	305	368	474	551	636	712		
	ANALYSES	109	137	281	346	430	485	627	723		
	SUPPORT	0	0	0	0	0	0	0	0		
	OPPOSE	0	0	0	0	1	1	1	2		

AS OF	WEEK	11	12	13	14	15	16	17	18	19	20
THURSDAY		21-Mar	28-Mar	4-Apr	11-Apr	18-Apr	25-Apr	2-May	9-May	16-May	23-May
	HB s										
	HJR s										
	SB s										
	SJR s										
TOTAL	BILLS										
TRAVIS COUNTY											
	TRACKED										
	ANALYSES										
	SUPPORT										
	OPPOSE										

1. Increase total LIRAP and LIP Funding from \$6,250,000 to \$39,250,000 per year. Would need to increase the Clean Air Account No 151 total by \$33,000,000 per year in method of financing

	FY 2014	FY 2015
Clean Air Account No. 151	86,988,193	81,280,669

26. Low-Income Vehicle Repair Assistance, Retrofit, and Accelerated Vehicle Retirement Program (LIRAP). Included in the amounts appropriated above out of the Clean Air Account No. 151 in Strategy A.1.1, Air Quality Assessment and Planning, is \$35,625,000 ~~\$5,625,000~~ in each fiscal year of the 2012-132014-15 biennium in estimated fee revenues from vehicle inspection and maintenance fees generated pursuant to Health and Safety Code, §§ 382.202 and 382.302, to fund the Low-income Vehicle Repair Assistance, Retrofit, and Accelerated Vehicle Retirement Program (LIRAP). Of the amounts, not more than \$40,375 in each fiscal year shall be used by the Texas Commission on Environmental Quality (TCEQ) for costs associated with administering the LIRAP as authorized in Health and Safety Code, § 382.202, and all remaining funds shall be used as LIRAP grants to local governments.

Also included in the amounts appropriated above in Strategy A.1.1, Air Quality Assessment and Planning, is \$3,625,000 in each fiscal year of the 2012-132014-15 biennium out of the Clean Air Account No. 151 to be used only for purposes authorized in Chapter 382 of the Health and Safety Code for county-implemented local initiatives projects to reduce air emissions, including but not limited to the following: the expansion of AirCheck Texas Repair and Replacement Assistance Program; development and implementation of remote emissions-sensing systems, the Texas Commission on Environmental Quality's (TCEQ) Smoking Vehicle program, and the enhancement of transportation system improvements; and coordination with local law enforcement to reduce counterfeit inspection stickers.

In addition to the amounts appropriated above, there is hereby appropriated to the TCEQ for the biennium beginning on September 1, 20142013 any additional revenues from vehicle inspection and maintenance fees generated from additional counties participating in the LIRAP beginning on or after September 1, 20112013. Such funds shall be used to provide grants to local governments and to cover administrative costs of the TCEQ in administering the LIRAP.

Analysis of “Transparency” Bills (HB 14/SB 14 and HB 13/SB 13)
83rd Texas Legislature, Regular Session

With considerable fanfare, legislative leaders joined Comptroller Susan Combs on February 7 to announce the filing of four bills they said were “aimed at improving government transparency and empowering taxpayers to make informed decisions about taxes and public debt.”

As expected, none of the bills address transparency in state government. [House Bill 14](#) (by Jim Pitts, R-Waxahachie) and [Senate Bill 14](#) (by Tommy Williams, R-The Woodlands) affect local government budgeting and issuance of debt. [House Bill 13](#) (by Bill Callegari, R-Katy) and [Senate Bill 13](#) (by Robert Duncan, R-Lubbock) affect public pension systems. The four bills are the most visible of a series of bills that have been filed regarding transparency in local government debt.

HB 14/SB 14 – Relevant Provisions¹

SECTION 4 (page 5, line 26 to page 6, line 11) requires the Comptroller to publish the sales and use and property tax rates of every political subdivision. The Comptroller will aggregate information already required to be posted by local assessor-collectors.²

SECTION 5 (page 6, line 12 to page 7, line 13) changes reporting requirements for the Attorney General regarding its review of the issuance of local debt.

SECTIONS 6 through 8 (page 7, line 14 to page 9, line 1) change the format of the annual report provided by the Bond Review Board to the Legislature.

SECTIONS 9 and 10 (page 9, lines 2-27) requires the Bond Finance Office to annually publish a local securities report and a local debt statistics report, the latter of which must be published online. Any issuer of local securities must provide requested information to the office.

SECTIONS 11 and 12 (page 10, line 1 to page 11, line 21) establishes new requirements for the ballot proposition for any issuance of bonds.

¹ In addition, SECTION 17 (page 17, line 27 through page 21, line 8) imposes new requirements upon special districts, including Central Health. Those requirements amount to asking the district to undergo a Sunset review process every three years.

² SECTION 19 of the bill requires all county assessor-collectors to maintain a website on which this information is posted. *See infra*.

SECTION 14 (page 12, line 22 to page 14, line 24) requires municipalities, counties, and other local government entities to publish extensive information on the entities' debt obligations in their annual financial reports.

SECTION 15 (page 14, line 25 to page 15, line 5) provides that a local government may not issue certificates of obligation to pay for something if, within the preceding three years, a bond election to pay for that thing has failed "except in a case of grave public necessity to meet an unusual and unforeseen condition."

SECTION 16 (page 15, line 6 to page 17, line 26) modifies the public notice requirements for local governments issuing certificates of obligation to require publication of extensive information about the issuer's debt condition.

SECTION 18 (page 21, line 9 to page 22, line 17) requires all assessor-collectors to maintain a website on which they provide information about the taxing rates of all the political subdivisions within their counties.

Other "transparency" bills filed this session

[HB 785](#) (by Davis, R-Houston) amends language in the Election Code which provides requirements from ballot propositions to issue bonds to also cover the issuance of "other debt." The bill does not define or otherwise limit what "other debt" is covered.

[HB 960](#) (by Sanford, R-McKinney) amends the Election Code to require a county's ballot proposition to issue bonds to include information about the county's debt and cash reserves.

[HB 1321](#) (by Murphy, R-Houston) contains the provisions of SECTIONS 11-12 and 16 of HB 14/SB 14, *cf. supra*.

[SB 636](#) (by Paxton, R-McKinney) contains the provisions of SECTIONS 5-7 and 9-10 of HB 14/SB 14, *cf. supra*.

[SB 637](#) (by Paxton, R-McKinney) expands the bond election requirements which currently apply to counties and municipalities to all "taxing units," and details certain requirements for the ballot language. It also requires that the proposition be made available online.

[SB 656](#) (by Paxton, R-McKinney) adds new requirements for adoption and publication of an annual budget by a county or municipality.

Overview of Appropriations Caps Bills
83rd Texas Legislature, Regular Session

Current constitutional and statutory limits on growth in state appropriations

The Texas Constitution and statutes already limit the growth of state appropriations.

[Article VIII, Sec. 22\(a\)](#), of the Texas Constitution provides:

In no biennium shall the rate of growth of appropriations from state tax revenues not dedicated by this constitution exceed the estimated rate of growth of the state's economy. The legislature shall provide by general law procedures to implement this subsection.

[Section 316.002](#) of the Government Code requires the Legislative Budget Board to determine the estimated rate of growth of the state's economy by “dividing the estimated Texas total personal income for the next biennium by the estimated Texas total personal income for the current biennium.” TEX. GOVT. CODE §316.002(b).

Note two key concepts which will appear frequently in the discussion below:

- a) the limit itself (“estimated rate of growth of the state's economy”); and
- b) it applies only to “state tax revenues not dedicated by this constitution,” i.e., either *general* revenue or *statutorily-dedicated* revenue.

Caps on state appropriations growth

This session, several bills and joint resolutions have been filed to change the constitutional and statutory formulas for calculating the spending cap. Most of them address the spending limit calculation, the state tax revenues to which the limit is applied, or both.

[HJR 23/HB 88](#) by Callegari would change both the formula and the revenues to which it applies. It caps appropriations from all non-federal government revenue at the sum of the estimated rates of increase or decrease of population and inflation or deflation in this state in the prices of goods.

[HJR 49/HB 228](#) by Perry would cap all state appropriations at the lesser of either a) growth in personal income or b) the sum of population growth/decrease and monetary inflation in the state.

[HJR 65/HB 715](#) by Creighton would cap non-constitutionally dedicated revenues at the sum of population growth/decrease and monetary inflation in the state, and specifically require that if those calculations produce a negative number, the state budget must shrink accordingly.

[HJR 69/HB 783](#) by Sanford would cap appropriations from all non-federal government revenue at the sum of the estimated rates of increase or decrease of population and inflation or deflation in this state in the prices of goods, and further require that if those calculations produce a negative number, the state budget must shrink accordingly.

[HJR 70/HB 237](#) by Phil King would cap non-constitutionally dedicated revenues at the lesser of either a) growth in the state's economy or b) the sum of population growth and monetary inflation in the state.

[SJR 10/SB 101](#) by Dan Patrick would cap appropriations from all non-federal government revenue at the sum of the estimated rates of increase or decrease of population and inflation or deflation in this state in the prices of goods, and further require that, if any money remains in general revenue at the end of a biennium, the Comptroller must divert one-third of that amount to refund franchise taxes paid by businesses and two-thirds to a property tax relief fund to reduce school property taxes.

Also, Representative Donna Howard has filed legislation to clarify whether the Rainy Day Fund (created in the Constitution) is "constitutionally dedicated." [HJR 85](#) and [HB 652](#) by Howard would provide that, for purposes of calculating the appropriations cap, money appropriated from the Rainy Day Fund is "constitutionally dedicated" and therefore not included in the current cap formula.

Addressing diversions of dedicated state revenue

Although dedicated revenue cannot be used for any other purpose, the legislature has allowed large unexpended balances to accrue in dedicated accounts in order to certify that the budget is balanced. As a result, dedicated revenues for state programs and local governments (e.g., LIRAP, 9-1-1 fees) are unavailable for those purposes. The bills below seek to promote transparency in budgeting and assure taxpayers that monies they are paying are being used for their intended purposes.

[HB 756](#) by Sarah Davis would require the State Comptroller to identify statutorily – dedicated revenues from state taxes and fees that were not spent for those purposes and develop a mechanism for refunding these funds to the appropriate entities.

[HB 1343](#) by Howard would charge the Legislative Budget Board to review “continually” all laws dedicating revenue to reduce state reliance on using dedicated revenue for certifying the budget.

[HJR 34](#) by Raymond would prohibit the legislature from spending (either constitutionally- or statutorily-) dedicated funds for any purpose other than their dedication – including, presumably, to certify the budget – unless the legislature repeals the dedication by a two-thirds vote of its members.

[SJR 23](#) by Estes would prohibit the Comptroller from using any dedicated revenue for certification of the budget except as that money is appropriated for the dedicated purposes, unless the Legislature by general law repeals the dedication.

[SJR 24](#) by Watson requires special revenue dedicated funds to be housed outside of the general fund, and to prevent any state revenue that is dedicated to a specific purpose from being diverted to any other place unless the statute that dedicates them is repealed. Requires the legislature to rededicate all special revenue currently held in dedicated accounts in the general fund to specific external funds, or be repealed, by January 1, 2020.

[SJR 26](#) by Estes is similar to SJR 23, and prohibiting the Comptroller from withholding any dedicated revenue for certification of the budget except as that money is appropriated for the dedicated purposes, unless the Legislature by general law repeals the dedication. However, SJR 26 also creates a transition that allows the Comptroller to ratchet down the withholding: 37.5% in FY 2015, 25% in FY 2016, and 12.5% in FY 2017.

Analysis of Appraisal and Revenue Cap Bills
83rd Texas Legislature, Regular Session

Appraisal Caps

An appraisal cap is a limitation on the amount that residential (or, in some proposals, commercial and industrial) property appraisals can rise each year. The Texas Constitution (Art. VIII, Sec. 1) currently permits the Legislature to set an appraisal cap for residential homesteads of 10% each year, which it does in Section 23.23 of the TAX CODE.

Constitutional Amendment and enabling Legislation to reduce the appraisal cap below the current 10%.

Limit the maximum appraised value of a residence homestead for ad valorem tax purposes to **105% or more** of the appraised value:

- [HJR 58](#)
[HB 428](#)

Author: Rep. Brandon Creighton

- [SJR 15](#)
[SB 154](#)

Author: Senator Dan Patrick

Limit the maximum appraised value of a residence homestead for ad valorem tax purposes to **105% or less** of the appraised value of the property for the preceding tax year. Under Senator Nichols' proposal, the commissioners court of a county may call an election to ask voters to raise the appraisal cap in a given year above the level set by the Legislature, but in no case above 110%.

- [SJR 9](#)
- [SB 95](#)

Author: Senator Robert Nichols

Constitutional Amendment and enabling Legislation to establish a 10% limitation on increases to the appraisal of commercial or industrial property.

Establish a **10% limitation** on increases in the appraised value for ad valorem tax purposes of **commercial or industrial real property**:

- [SJR 14](#)
- [SB 155](#)

Author: Senator Dan Patrick

Constitutional Amendment and enabling Legislation to establish a 5% limitation on increases to the appraisal of all real property.

Establish a **5% limitation** on increases in the appraised value for ad valorem tax purposes of **all real property**:

- [HJR 84](#)
- [HB 1338](#)

Author: Representative Cecil Bell

Revenue Caps

Under current law (TAX CODE §26.04), a proposed increase in the effective tax rate of more than 8% requires a governing body to hold a hearing and give notice of the proposal. After the tax rate has been increased, the public may call for a rollback election to decrease the tax rate by producing a petition with either a) 7% of registered voters if the tax increase amounts to at least \$5 million or b) 10% of registered voters if the tax increase amounts to less than \$5 million. After this petition is accepted by the governing body, they shall hold a rollback election to ratify the rollback rate.

Reduces the current rollback rate from 8% to 5% and requires that, if a proposed effective tax rate increase exceeds the rollback rate, an election *must* be held to ratify the proposed effective tax rate. If ratification fails, the governmental entity may not increase the tax rate by more than 5%.

- [SB 102](#)

Author: Senator Dan Patrick

Reduces the current rollback rate from 8% to 5% and retains current language permitting citizens to call for a rollback election. However, it also permits a higher rate if either a) any part of the taxing unit is located in an area declared a disaster area by the governor or the president, or b) the governing body of the taxing entity makes a finding that the higher tax rate is necessary to protect the health, safety, or property of persons residing in the taxing unit.

- [SB 144](#)

Author: Senator Tommy Williams

Resolution



WHEREAS, the 83rd Texas Legislature is considering measures to lower the appraisal cap on residential homesteads below the current ten percent (10%) per year, to expand the appraisal cap to other real property, or to lower the rollback rate below the current eight percent (8%), and thereby to reduce property tax revenues in counties across Texas; and,

WHEREAS, the Legislature has given counties the property tax as the main source of revenue for programs and services required by the Legislature, but funded and delivered locally by Texas counties, and,

WHEREAS, reducing the existing appraisal cap of 10% does not reduce property taxes, but simply shifts the burden from taxpayers whose properties are increasing in value to those whose properties are not; and,

WHEREAS, legislation that places arbitrary limitations on Texas counties' primary source of funding for mandated services such as transportation, public safety and the administration of justice will not measurably reduce the demand for, or cost of providing, those services; and,

WHEREAS, discussions about changing current property tax formulas for counties must include discussions on cost drivers and services, including the cuts that would be necessary should caps be adopted, in order to provide citizens with accurate and full disclosure about county revenue and expenditures; and,

WHEREAS, Travis County stands ready to assist the 83rd Texas Legislature in developing solutions that provide meaningful tax relief while leaving Texas counties with sufficient funding to carry out the directives of the State of Texas; now, therefore,

BE IT RESOLVED, that the TRAVIS COUNTY COMMISSIONERS COURT hereby expresses its opposition to legislation that lowers the current appraisal cap or imposes revenue caps without full public disclosure of the impact that legislation would have on county budgets and homeowners, and wishes to communicate its position to members of the Travis County delegation and to the entire Legislature.

SAMUEL T. BISCOE
COUNTY JUDGE

RON DAVIS
COMMISSIONER, PCT. 1

SARAH ECKHARDT
COMMISSIONER, PCT. 2

GERALD DAUGHERTY
COMMISSIONER, PCT. 3

MARGARET J. GÓMEZ
COMMISSIONER, PCT. 4

Travis County Commissioners Court
Voting Session, March 5, 2013
Motion in Writing

Move that the Travis County Commissioners Court adopt the following amendments to its **Legislative Agenda for the 83rd Texas Legislature**:

1. Add the following to the **Health & Human Services** subsection of the Policy Positions section:

Support legislation and budgeting decisions to include Texas in the Medicaid expansion program.

2. Add the following to the **Taxation, Revenues, Budget and Administration** subsection of the **Policy Positions** section:

Support legislation to allow Travis County to impose a filing fee of up to \$15 for all civil cases, with proceeds dedicated to helping pay for the construction, renovation, or improvement of the facilities that house the Travis County civil courts.

3. Add the following to the **Positions on Other Proposals** section:

Support legislation to give the Travis County Sheriff permissive authority to enforce certain federal laws and regulations regarding commercial motor vehicles.

4. Add the following to the **Priorities** section:

Support legislation to allow Travis County to impose a filing fee of up to \$15 for all civil cases, with proceeds dedicated to helping pay for the construction, renovation, or improvement of the facilities that house the Travis County civil courts. (TRBA-13)

Support legislation to give the Travis County Sheriff permissive authority to enforce certain federal laws and regulations regarding commercial motor vehicles. (POP-1)