



## Texas Prosperity Project – Legislative Focus

The First Regular Session of the Eighty-first Texas Legislature began Tuesday, January 13<sup>th</sup>. The top economic issues TXP2 will focus on are the following:

**Budget and taxes** – Comptroller, Susan Combs, announced a \$9.1 billion budget reduction for the upcoming legislative session. Lawmakers will be forced to balance the state’s budget with 10.5% less revenue than what has been available in the past. Budget leaders expect little money will be available for new expenses as a result of the national financial collapse, Hurricane Ike and Hurricane Dolly. The revised business tax collected in 2008 fell short of its original projections. As a result, the tax will be carefully monitored and assessed for its effect on small business and various industries. Lawmakers will be cautious in making any changes as the revised tax was a major part of the 2006 deal to reduce school property tax.

**Environment** –This session, the Texas Legislature will revive the issue of whether to give tax breaks to companies building cleaner, coal-fired power plants that capture greenhouse gases. Possible incentives for solar power generation will gain some attention.

**Energy** – Continued discussions to promote and further develop Texas’ Natural Resources. Diversification of fuels will help to level out energy costs to consumers.

**Health and human services** – Closing institutions for people with mental retardation, reforming the foster care system and the expansion of Medicaid and the Children’s Health Insurance Program will be a big focus for the upcoming session. Bills have already been filed for a statewide workplace smoking ban; and to create a health insurance program for children in the child-support system.

**Higher education** –In 2003, Lawmakers gave the board of regents the power to set tuition. Yet, proposed limits on tuition increases at public universities have been filed and will likely be debated during this session. The University of Texas will try to scale back a law set in 1997 allowing students in the top 10 percent of their Texas high school graduating class to attend any public school in the state. Additional proposals to increase funding for community colleges; designate one or more universities for “flagship” or “top-tier” status; establish a commission to prepare a long-range plan for higher education; increase financial aid with more stringent standards; and provide health care for graduate students have also been filed.

**Immigration** – Cracking down on illegal immigration could prove to be a difficult feat for Republicans. Since Immigration is primarily a federal issue it will be difficult to move the needle here in the state. Proposals to reverse the law allowing undocumented residents to pay in-state college tuition and cracking down on businesses who hire unauthorized workers will likely be debated. It is anticipated that Governor Perry will seek increased funding for border patrol.

**Insurance** – The Texas Gulf coast took a beating in 2008 drastically reducing reserves for the Texas Windstorm Insurance Association and Texas property insurers. Some of the money can be recouped through state tax credits. However, it will be debated how the state covers these claims in the future and whether it will be harder for property owners to get insured. Another area of focus will be on Unemployment Insurance and the structure of guidelines for when recipients receive payment.

**Health Insurance** – Affordable health care for small businesses and mandates in transparencies will be two of the main topics related to health insurance during this session.

**Public education** - School accountability is on the top of many Legislators priority list. The accountability will reduce the emphasis on a single test and focus on a student's progress from year to year. Details for how the program will pay out have yet to be determined. Emphasis has also been placed on increasing career and technology programs for to prepare students for the workforce.

**Transportation** – Borrowing money from the state's general fund, raising the gas tax, and putting money in rail relocation are a few of the considerations for correcting transportation issues in Texas. Many local governments want more authority to raise local taxes and fees for transportation. With private toll road leases ending on September 1<sup>st</sup>, Lawmakers will decide whether to continue with these agreements.

**Employment Relations** – The Employee Free Choice Act also known as “Card Check” will be a big issue this year. Though this is predominantly a federal issue there will be discussion in the legislature. Another employment relations issue guaranteed to be at the forefront is firearms on employer property also known as “take your guns to work”.

**Legal Liability** – It is anticipated that efforts will be made to make changes to the current legal liability criteria in the state. A bill has already been filed relating to workers' compensation insurance coverage under certain agreements and to liability of third parties for an injury to an employee.

#### **Session Details:**

- The session runs for 140 days, starting January 13 and ending May 31, 2009.
- There are 31 members of the Senate and 150 members of the House of Representatives
- The Senate consists of 20 Republicans and 12 Democrats
- The House of Representatives consists of 76 Republicans and 74 Democrats
- The Senate and House Leadership were elected by members of their respective parties and are as follows:

#### **Legislative Leadership:**

Governor	Rick Perry
Lt. Governor	David Dewhurst
Speaker of the House	Joe Straus
President Pro Tem	Robert Duncan