



Senator Birdwell's 'Capitol Update' **— SINE DIE EDITION —**

Greetings from your Texas Capitol! Or, in this case, from Senate District 22! Yes, the 86th legislative session has officially adjourned *sine die*, and I am back in the district at home with Mel. As always, my team and I are hard at work on our post-session newsletter that is mailed to all registered voters in the district. This multi-page document will cover all the major activities that took place during the session, what legislative issues we tackled, and much more. It's impossible to communicate in-person with each one of the 810,000+ constituents I serve, so our newsletter serves as an excellent tool to help us reach the overwhelming majority of you. Look for the newsletter in late summer!

Property Tax Reform (Senate Bill 2)

Over the past 18 months, I have been listening to my constituents and the elected officials with whom I share those same constituents. The citizens of Senate District 22, along with all Texans, have demanded property tax reform, and I believe Senate Bill 2 will have a significant effect on curtailing the rapid growth in property tax bills that is, in its current form, unsustainable to home and business owners alike. SB 2 contains landmark property tax rate-setting and appraisal reforms estimated to save Texas taxpayers more than \$2.6 billion over the next five years. An unreasonable property tax burden should never prevent Texans from realizing and retaining the American dream of owning a house and making it a home. SB 2 strengthens voter-approval and provides a balance between both fast-growing, more suburban counties like McLennan and the northern counties that abut the DFW metroplex, as well as the more rural counties within the district.

SB 2 requires cities, counties, and other taxing units to receive voter approval before levying a rate that would bring in 3.5% or more in revenue than the previous tax year. Community colleges, hospital districts and units with the lowest rates — of 2.5 cents per \$100 valuation, or less — must do so before reaching or surpassing 8% revenue growth. Public school rates will be covered in House Bill 3 paragraph below. In addition to these reforms, please see below for some highlights on the bill:

Tax Rate Reform

- Creates a disaster provision which allows taxing units in a disaster-declared area, other than a special taxing unit, to utilize an 8% voter-approval rate for two years if values return to pre-disaster levels or three years if the values do not return to pre-disaster levels.
- Permits attorney's fees incurred for indigent defense by a county to be exempted from the voter-approval rate, not to exceed 5%.
- Permits expenditures incurred by a county for the operation of a public hospital, if not served by a hospital district, to be exempted from the voter-approval rate, not to exceed 8%.
- Municipal Utility Districts (MUDs) that are "substantially developed" (95% build-out) would be subject to a 3.5% voter-approval rate; MUDs that are "developing" would be subject to an 8% voter-approval rate.

Appraisals

- Removes the requirement that tax agents who enter into a contingency fee agreement with property owners be licensed attorneys.
- Requires appraisal districts to appraise property according to manuals issued by the Comptroller.
- Requires appraisal review board members to complete 8 hours of initial training and 4 hours of continuing education related to the appraisal of a property.
- Requires the Comptroller's office to prescribe tax rate calculation forms for certification of the appraisal roll by appraisal districts.
- Requires the Comptroller's office to maintain a list of values and rates imposed by taxing units, including special districts, and to verify the accuracy of the data. Requires Chief Appraisers to maintain a database of appraisal-related information for each taxing unit within their jurisdiction.
- Allows property owners to submit a survey related to their experience after completing a tax protest or motion, and allows the Comptroller to issue a report summarizing these surveys.
- Requires Chief Appraisers to maintain a list of qualified individuals offering free property tax assistance for property owners.
- Requires Appraisal Review Boards (ARBs) in counties with a population of 1 million or more to establish special panels for appraisal of property valued above \$50 million (with an inflation multiplier calculated by the Comptroller using national Consumer Price Index (CPI) values, which is a nationwide average for inflation). Requires the special ARB panel members to have prior knowledge or education related to the appraisal of larger properties. *Property owners not meeting the minimum eligibility amount may request that their protest be heard by a special panel.*
- Prohibits individuals who are related to an ARB member by blood or marriage from serving as an ARB member. Prohibits elected officers or employees of a taxing unit from being on the ARB or concurrently employed by an appraisal district.

- Requires the appraisal district to notify a property owner if a homestead exemption to which they may be entitled is not being utilized.
- Requires the creation of a "real-time tax notice" on appraisal district websites for use by property owners. (Applies in 2020 tax year for counties with a population of more than 200,000 and in the 2021 tax year for counties with a population of less than 200,000.) The portal would allow a property owner to input their address to see a customized notice of appraised value including the amount of taxes that would be due under each taxing unit's no-new-revenue rate, voter-approval rate, and proposed tax rate. Contact information for each taxing unit would be included for property owners to express their support or opposition to the proposed tax rate.
- Reconfigures notices to clearly differentiate between the appraisal process and the tax-rate setting process.
- Prohibits ARBs from increasing a property owner's appraised value during tax protest proceedings.
- Prohibits taxing units from filing suit to collect delinquent taxes if the tax in dispute is the subject of an appeal.
- Eliminates Sunday ARB hearings; hearings will be held on either a Saturday or a weekday between 5-7 PM.
- Requires that property owners aged 65 and over, military service members, veterans, and their spouses receive priority scheduling for protest hearings before tax agents.
- During this process, many geopolitical subdivisions claimed that they would have to reduce salaries for law enforcement officers and firefighters because they wouldn't be able to raise enough revenue under a 3.5% rollback rate, even though such a rate means an increase in revenue from what is paying current salaries for these public servants. To protect our first responders, SB 2 prohibits taxing units from reducing first responder compensation for the fiscal year 2020 in relation to the passage of this bill.

Other Substantial Reforms

- Creates a Property Tax Administration Advisory Board to make recommendations to the Comptroller's office regarding improvements to the property tax system.
- Adjusts the property tax calendar year to a uniform November election date to seek voter approval of a proposed tax rate. This ensures property tax elections have the opportunity for the greatest number of voters to decide the issue on whether your taxes will go up or not, rather than these elections being called during habitually low turn-out time frames like May or summer elections.

School Finance Reform and Property Tax Relief (House Bill 3)

House Bill 3 provides essential reforms to our school finance system and most importantly offers much-needed property tax relief to the taxpayers of the State of Texas. House Bill 3 provides over \$5 billion in property tax relief. Along with the passage of Senate Bill 2, this provides over \$7 billion in property tax relief for Texas citizens. The passage of House Bill 3 moves us toward continued prosperity for our state by providing a lower tax burden, incentivizing business and citizens to invest more of their own money, and meets the educational needs of today's students for tomorrow's workforce. In addition to these reforms, please see below for some highlights on the bill:

Increases the State's Share of Education Funding to Lower Property Taxes

- Provides over \$5 billion in statewide property tax relief
- The state buys down 8 cents per \$100 value on your property in 2020 and 13 cents per \$100 value on your property in 2021. Since businesses don't get a homestead exemption and there is no appraisal cap on business property, this is where the bulk of business property tax relief occurs.
- HB 3 requires School Districts to receive voter approval before levying a rate that would bring in 2.5% or more revenue than the previous tax year starting in 2021.
- Ensures taxpayer dollars are used responsibly by requiring districts to conduct efficiency audits before going to voters with a tax increase.
- HB 3 moves the state closer to paying half of the maintenance and operation (M&O) expenses at schools, but you, the local taxpayer, are still responsible for interest and sinking (I&S) costs that you approve in bond elections.

Modernizes Outdated School Finance Formulas to Reduce Recapture

- Chapter 41 School Districts (also known as a school where "recapture" occurs) are those with property wealth per student, as measured by Weighted Average Daily Attendance (WADA), above a certain threshold defined in law. Districts with property wealth above certain levels are required to "share the wealth" through the "Robin Hood" school finance plan by paying "recapture." Recapture is the primary means by which Chapter 41 school districts send local property tax revenue to the State for redistribution among other districts.
- If recapture is not reigned in, the current appraisal growth pattern will mean 80% of the school tax burden will be local property taxes in the next 10 years.
- For those reasons, HB 3 reduces recapture payments by \$3.6 billion, a 47% reduction this biennium, meaning almost half of the dollars taken from recapture districts will stay where it was locally collected
- Increases equity within the school finance system.
- Gives ISDs the ability to keep more of the money they acquire in taxes from their local property owners.

Energizes Teacher Pay and Invests in Programs to Promote Teacher Quality

- Includes a \$4000 average pay raise for veteran teachers, librarians, school counselors and nurses. This money goes directly to those who are included in this raise and is not included in the funding formula. This ensures this money is not spent elsewhere by school districts and is sent directly to the veteran teachers, librarians, school counselors, and nurses.
- Creates a merit/incentive pay program for high-quality educators to receive additional pay.

- Increases the minimum teacher salary schedule.
- Invests in professional development and mentoring programs for new teachers.

Puts More Money into Classrooms to Accelerate Student Achievement

- Significantly increases the Basic Allotment per student from \$5,180 per student to \$6,160.
- Adopts high-quality K-3 reading standards, so students read at grade level by 3rd grade.
- Creates the first dyslexia identification program in Texas history.
- Accelerates student achievement via College, Career & Military Readiness (CCMR) outcomes bonuses, dual-language programs, and extended year summer programs for students.
- Creates a "Do Not Hire" registry to protect children in the classroom from teachers or administrators dismissed for inappropriate conduct from being hired in another district.
- Directs more funds to schools with higher concentrations of under-served students, including dropouts, students in special education, and residential treatment facilities.

Teacher Retirement System Reforms (SB 12)

SB 12 is a responsible approach that secures Texas Teachers' retirement benefits by providing a long-term and reliable funding model to TRS. This approach allows TRS to become actuarially sound immediately, rather than the currently projected funding period of 87 years. Texas statute defines actuarial soundness of having unfunded liabilities not more than 31 years. This bill takes TRS unfunded liability to be paid off within 29 years, therefore making the fund actuarial sound immediately. This bill also provides for a 13th check for retired teachers in 2020, providing relief for everyday expenses. This piece of legislation secures TRS and Texas' retired teachers' future benefits. The state is making the investment now so the fund will remain actuarially sound for the future. Some key highlights on the bill are below:

- Gradually increases the pension contributions over a six-year period for the State, school districts, and active employees.
 - District contributions are not increased until FY 2021
 - Active Employee contributions are not increased until FY 2022
 - The State has the largest contribution increase over the six-year period and immediately starts putting in additional funding
- With this plan, the fund becomes actuarially sound immediately and reduces the funding period from 87 years to 29 years.
- The unfunded liability is expected to be paid off within 29 years (assuming contribution rates don't change & investment returns hit the assumed rate of return mark each year).
- This plan contributes an additional \$1.113B towards the pension fund and supplemental payments to retirees.
- It provides for a "13th check" to all eligible retirees as of 12/31/18, capped at \$2,000
 - This is a one-time supplemental payment paid 100% by the State
 - The check would equal a retiree's monthly annuity but capped at \$2,000
 - TRS is expected to make this payment this fall
- Requires all districts to contribute the employer contribution rate (currently 1.5%) -- currently, districts that participate in Social Security are exempt (see attachment 2 for a list of districts impacted)
 - This will bring in an additional \$20M per year to the fund to help ensure long-term solvency
 - The State and higher education institutions already make employer contributions to Social Security and the pension plan
- Data proves that long-term incremental contribution increases are the most cost-efficient approach to address substantial pension liability.

Protecting First Amendment Rights

- **SB 18 - Protecting Campus Free Speech (Huffman/Geren).** While the U.S. Constitution and Texas Constitution express that we have the right to speak freely, colleges are working to limit that expression on their campuses. S.B. 18 affirms that it is the policy of the State to protect expressive constitutional rights of individuals by recognizing freedom of speech and assembly as central to the mission of publicly owned institutions of higher education. S.B. 18 also requires that publicly owned institutions and our public owned community college districts ensure those common outdoor areas are deemed to be traditional public forums and permit any individual to engage in expressive activities in those areas freely. Additionally, S.B. 18 requires public institutions to adopt a policy detailing students' rights and responsibilities regarding expressive activities.
- **SB 1978 - Protect Religious Liberty (Hughes/Krause).** SB 1978 protects individual citizens and businesses from being discriminated against by a government or public entity for holding religious beliefs. This bill became essential after Chick-fil-A was barred from opening a location at the San Antonio Airport for corporately donating to charities like The Salvation Army. The Founding Fathers had amazing foresight in protecting the rights of all citizens to practice our sincerely held religious beliefs. The intent of the bill is to make sure that a government or public entity cannot discriminate against a business or individual based on religious beliefs or donations to charitable organizations.

Quick Updates on Key Bills

- **HB 347 - Annexation Reform (Phil King/Birdwell).** I am pleased to announce that HB 347 has been signed by the Governor and has taken immediate effect. This major piece of legislation eliminates forced annexation statewide, giving all property owners the same right to consent to annexation. From today moving forward, a municipality will have to convince property owners living outside the city's limits that it is in owners' best interest to become incorporated within the city, rather than being done so forcefully.

- **SB 30 - Taxpayers Right to Know (Birdwell/Phelan).** This week Senate Bill 30, the Taxpayer Right to Know Bill, officially passed through both chambers and is now on the way to the Governor's desk awaiting his signature! Senate Bill 30 requires local taxing entities to write bond proposals in a manner that allows voters to approve each issue individually as separate ballot items. Current law requires bond proposals to describe the "general purpose" and allows for multiple large, distinct projects to be consolidated into one proposition. This important legislation will stop cities, counties, and school districts from requiring taxpayers to vote on substantial bond packages, some surpassing a billion dollars. Voters are often expected to either approve or deny the bond in its entirety, as opposed to accepting or denying individual propositions. This legislation ensures that taxpayers have more choice by requiring bond propositions to be broken up by a single specific purpose as opposed to an all or nothing approach. This bill will allow voters to choose to get a new elementary school if they believe it is necessary, while not having to also vote for a brand new stadium that they think is unnecessary.
- **SB 405 - False Accusations Reform (Birdwell/Moody).** Senate Bill 405 is a simple bill that amends Section 37.08 of the Penal Code to include all corrections officers and jailers to the list of persons to whom an individual may not knowingly make a false claim without facing a penalty. Under current law, an individual can be charged with a Class B Misdemeanor if he or she knowingly makes a false report, with the intent to deceive, to a peace officer, federal special agent, or an employee of a law enforcement agency that is authorized by the agency to conduct the investigation. However, it was recently discovered no such penalty exists if an individual knowingly makes a false claim to a Texas Department of Criminal Justice corrections officer or some county jailers. This revelation came to fruition last summer in Ellis County. A woman was pulled over by a Texas Highway Patrol officer for driving while intoxicated and made false accusations to an Ellis County jailer that she had been assaulted. Unfortunately, due to the fact that the woman made her false accusations to the corrections officer, she faced no penalty for her egregious false witness to which she later admitted to upon review of both the officer's dash and body camera footage. SB 405 corrects this loophole in the law and can prevent the negative attention the officer falsely received, by including all corrections officers and jailers to the list of persons an individual may not knowingly make a false claim to without facing a penalty. The bill does not categorize jailers/corrections officers as peace officers but simply includes them in the false statement statute. This bill overwhelmingly passed both chambers with bipartisan support and is awaiting the governor's signature.
- **SB 548 - Ethics Commission Reform (Birdwell/Phil King)** This session, I refiled this important legislation to implement several necessary reforms at the Texas Ethics Commission (TEC). This bill provides the TEC with clear direction on how to carry out certain duties and to help ensure elected officials, political action committees, and individual citizens engaging in the political process are in compliance with the law, as well as provide a due process standard to protect those against whom a complaint is filed. It was one of the first bills I passed out of the Senate this session, and Representative Phil King helped usher it through the House. The bill has been signed by the Governor and is now law, creating important reforms to ensure the accused in this administrative arena have similar due process standards seen in criminal proceedings to ensure citizens engaged in political activity are not abused with frivolous accusations, nor have the agency weaponized against them.
- **HB 1313 - Appraisal Reform (King/Birdwell)** HB 1313 provides reforms for appraisal districts that will help citizens have a more active roll in helping keep their appraisals fair. HB 1313 prohibits appraisal districts from raising property owners' appraisals in the next review unless they have a higher standard of proof for such a valuation following a successful appraisal protest. In addition, I amended HB 1313 to prohibit appraisal districts from charging property owners a fee to file a protest. Lastly, HB 1313 protects the property tax ceilings of surviving spouses of disabled individuals. I am so proud to have sponsored this legislation and to have had Rep. Phil King work with me to get these important changes to the Governor's desk.

Senate Committee on Natural Resources and Economic Development

During the 86th Legislative Session, I had the pleasure of serving as Chairman of the Senate Committee on Natural Resources and Economic Development. This is the Committee of jurisdiction for issues pertaining to the oil and gas industry; air quality; environmental permitting relating to landfill, concrete and aggregate, and petrochemical operations; economic development incentives and programs; and any legislation that might impact or change Texas Labor Code. The Committee met once per week during the earlier months of session, and toward the end met as many as three times a week to evaluate and vote on legislation. This session the Committee heard 103 pieces of legislation and had the opportunity to consider a number of high-priority bills, a number of which I authored or sponsored.

- **House Bill 3557 - Critical Infrastructure Protection (Paddie/Birdwell).** I sponsored House Bill 3557, by Representative Chis Paddie, to protect critical infrastructure facilities in the state. These facilities are defined in the Texas Government Code and include facilities related to oil and natural gas production, pipeline transportation, petroleum, and chemical refining, electric generation, and water systems. There have been documented instances of coordinated criminal activity by individuals and organizations that seek to damage these facilities or impede their operations. These facilities are vital, not only to commerce but to our daily lives; and intentionally damaging or interrupting the operation of these facilities can have far-reaching impacts that may seriously jeopardize the health and safety of large populations. House Bill 3557 was passed by the legislature to both serve as a deterrent, and properly penalize this criminal activity. The bill creates an offense if a person, without the consent of the owner, enters or remains on or in a critical infrastructure facility and intentionally or knowingly

damages or destroys a critical infrastructure facility; or interrupts or impairs the operation of the facility. It also creates offenses for intending to damage or destroy the facility, or intending to impair or interrupt the operation of the facility. The bill creates additional liability by codifying that an organization, acting through someone serving in a managerial capacity, that knowingly compensates a person for committing an offense described above is liable to the owner of a critical infrastructure facility for damages to the facility. House Bill 3557 protects our First Amendment right to free speech and peaceful assembly while protecting these facilities from those who wish to damage a facility or harm its operation.

- **Senate Bill 530 - Drinking Water Violations (Birdwell/Wray).** I authored Senate Bill 530 because of issues with a water system in Ellis County. Many constituents were not receiving reliable drinking water and brought it to Representative John Wray's and my attention during the interim. Based on these issues, we filed SB 530, which increases the civil and administrative penalties for violating the rules that implement the federal Safe Drinking Water Act. Currently, these penalties are limited to a minimum of \$50 and a maximum of \$1,000 for each violation. In past instances, some public water suppliers have not made the necessary improvements to infrastructure, monitoring and operations after being monetarily penalized and ordered to do so by the Texas Commission on Environmental Quality (TCEQ) on multiple occasions. Senate Bill 530 increases the penalty amount to \$5,000 per violation. These increased penalties will serve as a tool to stop public water suppliers from treating small monetary penalties as a cost of doing business and to incentivize actual construction or performance of needed improvements to these water systems.
- **House Bill 1435 - Municipal Solid Waste Facility Inspection (Thompson/Birdwell).** I also sponsored House Bill 1435, by Representative Ed Thompson, which requires Texas Commission on Environmental Quality (TCEQ) to inspect a Municipal Solid Waste facility or site to confirm the information contained in a permit application. This requirement applies to permit issuance, amendment, extension, and renewal. In other words, each time the TCEQ acts on a permit, it must first inspect the facility or site used to store, process, or dispose of municipal solid waste. I believe requiring boots on the ground to verify what is submitted in a permit application for these facilities makes sense.
- **House Bill 3143 - Tax Exemption Transparency (Murphy/West).** House Bill 3143 came through the Senate Committee on Natural Resources and Economic Development and received much attention. This bill was the result of much collaboration between the author, Representative Jim Murphy, the sponsor, Senator Royce West, and myself. The bill renewed the Property Redevelopment and Tax Abatement Act, also known as Chapter 312 agreements, and also included a number of transparency measures, some of which were taken from a bill that I filed this session. It requires the governing body of a taxing unit to hold a public hearing before adopting, amending, repealing, or reauthorizing a tax abatement agreement under Chapter 312 of the Tax Code. It also requires public notice of the information about any proposed tax abatement agreement and specifies that this notice must now be provided at least 30 days before the scheduled public hearing. Previously no substantive information about the agreement was required in the notice which could be provided as little as 72 hours prior to the meeting to approve a tax abatement agreement. House Bill 3143 serves one main purpose; it retains a local governments ability to provide an abatement while ensuring the citizen's ability to provide timely input before such a decision. It affords the citizens of the state to know what their local government is considering before a decision is made.
- **Senate Bill 533 - Inactive Oil and Gas Wells (Birdwell/Paddie).** I authored Senate Bill 533, which revives a program which provides severance tax relief for oil and gas wells that have been returned to active status, after two years or more of inactivity. The goal of this legislation is to incentivize operators to bring inactive wells back into production. Bringing inactive wells back into production provides benefits to the state and local governments through increased sales taxes, property taxes, employment, and eventual severance taxes from production. The bill also reduces the time period for the severance tax exemption from 10 years in the previous program, to 5 years; and has no cost to the state. Providing an incentive to bring inactive wells back online may also reduce the taxpayer burden on the Rail Road Commission's (RRC) abandoned well program, and we should take every opportunity to lessen the burden on the state taxpayers to plug dangerous abandoned wells.
- **SB 1319 - County Hotel Occupancy Tax Reporting Requirements (Birdwell/Murphy).** Under current law, municipalities that levy a hotel occupancy tax -- or a tax on the room rate that you might pay while staying at a hotel -- are required to annually report certain information about the collection and use of that tax to the Office of the Comptroller of Public Accounts of the State of Texas. No such requirement exists for counties levying the same tax. This represents a serious lack of transparency for Texans who might be traveling around the state and find themselves paying both municipal hotel occupancy taxes and county hotel occupancy taxes whenever they stay in a hotel -- with little or no insight into which cities and counties levy the tax, at what rate, and how much they collect annually. I authored SB 1319 in an effort to continue to increase transparency around this little known local tax, by requiring that counties that levy the hotel occupancy tax submit information annually to the Comptroller detailing whether or not they levy the hotel occupancy tax; the rate at which they levy that tax (2 percent, 3 percent, 4 percent, etc.); and the dollar amount of revenue collected during the preceding fiscal year from the hotel occupancy tax imposed by that county. The bill was voted out of the Senate unanimously and 146 to 0 in the House. I believe that by requiring counties to mirror the reporting requirements imposed on municipalities that impose the hotel occupancy tax, greater transparency in the tax's collection and use will be established for state and local taxpayers.

- **SB 1663 - The Monuments Protection Act (Creighton/White).** SB 1663, authored by my colleague Senator Brandon Creighton of Montgomery County, intended to limit or prevent the alteration, removal, or relocation of state monuments, such as memorials, designations, statutes, portraits, plaques, seals, symbols, cenotaphs, building names, bridge names, park names, area names, or street names from state property or city/county property. In its ultimate form, as it was voted out of the Natural Resources and Economic Development Committee, the bill would have prevented the removal or alteration of state-owned monument in existence for 25 years or more except by a 2/3rds majority resolution by both chambers of the Texas Legislature or a locally owned monument in existence for 25 years or more or through a voter referendum. Those monuments in existence for 25 years or less could have been removed or altered only by the entity that constructed or created the monument. The bill would have also imposed civil penalties if these provisions were violated. The Monuments Protection Act was successfully voted out of the Senate and the House Committee on Culture, Recreation, and Tourism -- but sadly never made it to the House floor. I am proud, however, of the work of the Natural Resources and Economic Development Committee and the entire Senate for our work and success in advancing this important piece of legislation.
- **HB 3745 - Texas Emissions Reduction Plan (C. Bell/Birdwell).** The Texas Emissions Reduction Plan, or TERP for short, is a grant program that the state provides as a means to reduce mobile emissions in areas of the state that have elevated levels of air pollution. These areas are deemed non-attainment or near non-attainment because they are not in compliance with the federal National Ambient Air Quality Standards (NAAQS). TERP is the only tool available to the state to reduce mobile emissions, which if reduced, will help get the state in compliance with the NAAQS. Not adequately addressing the NAAQS can also result in what's called a Federal Implementation Plan (FIP), which entails a loss of state control over emissions reduction planning and thus a total loss of state decision making over emissions reduction planning. Thus, TERP is necessary to retain the state's freedom of maneuver and self-determination as the NAAQS standard is being constantly lowered year after year. This session, the fees and surcharges that fund the TERP grant program were set to expire and if they were not renewed, could have resulted in what I have described above. In order to prevent that from happening, I sponsored House Bill 3745, which extended the fees and surcharges until the state is in compliance with the NAAQS, or what is also referred to as "in attainment." However, I also thought it prudent to tackle some reforms concerning how the program is funded and administered as current law does not ensure that all fees that are collected for the grant program are spent on the program. The reforms that House Bill 3745 makes are fairly simple but will have long-lasting positive benefits. The bill created a new Trust Fund administered by the Texas Commission on Environmental Quality (TCEQ) and directed all the future TERP fees and surcharges for the program to that Trust Fund. This will allow TCEQ unfettered access to a dedicated source of funds for the program to lay the groundwork for a structure that will ensure that any fees that are collected to fund the program are spent on the program. The combination of the reforms to the program and extension of the fees and surcharges will ensure Texas retains its' freedom of maneuver and self-determination over mobile source emissions reductions planning.
- **SB 698 - Expedited Permitting (Birdwell/Lozano).** I authored Senate Bill 698 to give the Texas Commission on Environmental Quality (TCEQ) the ability to dedicate additional employees to expedite the processing of air permit applications to ensure the State of Texas remains an economic leader and continues to be a favorable place to conduct business. There has been a significant increase in the number of air permit applications submitted to TCEQ, which has resulted in increased processing times--with some applications taking up to two years to process. The speed at which a company can receive a permit affects decisions on whether to expand or bring a business into the State. By allowing TCEQ to use additional employees dedicated to the expedited processing of air permit applications, the TCEQ will be better suited to meet industry demand and reduce processing times to ensure Texas continues to be the economic engine of the United States.

Sunset Advisory Commission

One of my other main legislative responsibilities this session has been as Chairman of the Sunset Advisory Commission, which is the regular assessment of the continuing need for a state agency or program to exist. While standard legislative oversight is concerned with agency compliance with legislative policies, Sunset starts with a more basic question: Do the agency's functions continue to be needed? The Sunset Advisory Commission reviewed 32 state agencies during the interim. I worked in conjunction with my House counterpart, Vice Chair Chris Paddie (R-Marshall), as well as my Senate and House colleagues to pass 26 out of the 27 sunset bills that were filed this session. I wanted to highlight two of the larger agencies that were reviewed this session:

- **SB 616 - Texas Department of Public Safety (DPS) by Birdwell and Paddie.** Currently, the DPS administers the driver's license functions for the state of Texas, and wait times across the state are unsatisfactory. The recommendations in this legislation developed during the sunset process, provide DPS the ability to work more efficiently and effectively in performing the duties given to them by the legislature. Among these reforms, specifically to drivers license application and renewal, the bill will require DPS to contract with an independent, third party to conduct a study that examines and makes recommendations on the management, operating structure, opportunities, and challenges of improving the transferring the driver's license program to another state agency. The Department of Motor Vehicles (DMV) was also reviewed this session, and it is not ready to be charged with these duties. Doing this study will make sure we aren't simply transferring a challenging program from one agency with too many tasks already, to another that isn't ready without making any substantive changes to help

fix the current issues. Simply moving the driver's license program this session and claiming a victory would have been disingenuous to citizens and would not have solved the current problems. Conducting an in-depth study by an unbiased third party will allow the legislature to methodically examine best practices for how the driver's license division can function at its highest operational tempo and be better for all Texas citizens. This bill passed both chambers and is on its way to Governor Abbott's desk. The reforms passed in this legislation will help ensure DPS operates efficiently and effectively for the citizens of the state of Texas.

- **HB 1545 - Texas Alcohol and Beverage Commission (TABC) by Birdwell and Paddie.** Over the years, the Legislature has taken a piecemeal approach to respond to the evolving alcoholic beverage industry, carving out exceptions for various activities and creating ever more complicated nuances in the law instead of taking a more holistic approach to regulating the industry. The reforms brought forth in the TABC Sunset bill reverses this trend. This major piece of legislation will bring much-needed modernization to the Alcoholic and Beverage Code, strengthen the Commission's ability to regulate the industry and oversee the agency, streamline the licensing structure and process to improve efficiency and eliminate outdated or duplicative regulations. Furthermore, these reforms were complemented by two major policy changes. The first being "Beer to Go," which allows craft breweries the ability to sell their products from their taprooms, encouraging the entrepreneurial spirit on a local level. The second major addition in the TABC Sunset bill brings free market principles to the issuance and regulation of liquor store permits. Prior to the passage of the TABC Sunset bill, only individuals with certain familiar structures were able to exceed a five-store limit. Now, the only limitation restraining the growth of an individual's business is their own self-determination. These free market reforms took eight years of work, and I am particularly proud of this bill getting to the governor.

Before we close out this *sine die* edition of the Capitol Update, I want to thank the members of my staff—"Team Birdwell"—who help me in serving the constituents of this district. I answer to the citizens of 10 counties and more than 100 communities, and doing so would be far more difficult without the dedicated team we have in place. I'm proud of the work they do for you each day.



Pictured here for the annual session team photo. Proud of the work we've done the past 140 days. Pictured here from left to right (back row) myself, Tori Villarreal, Wynn Baker, Tucker Royall, Jarred Shaffer, Gatlin Moncla, Katrina Smith, Hannah Mathes, Clark Reed, Chris Noonan and Paige McGhee. (Front row) Suzy DeArmond, Shelly Verlander, Anna Barnett, Tabatha Vasquez and Brianna Weber.

As always, I hope our Capitol Update is informative and that you'll share it with your friends, family and colleagues in Senate District 22, who may subscribe to the Capitol Update [by clicking here](#). You can follow us on Twitter and Facebook, or keep in touch with legislative happenings via www.capitol.state.tx.us.

Thanks for your interest, and God bless,

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