List of Partner Legislative Agendas included:

Dallas Area Rapid Transit
Plano Independent School District
Plano Chamber of Commerce
Regional Transportation Commission
Texas Municipal League

Partner Legislative Agendas not included:

Texas Municipal Retirement System (84th Leg included)
Texas Civil Service Cities Coalition
North Texas Municipal Water District
Texas Coalition of Cities for Utility Issues (not passed, yet)

# 85th Texas Legislature: Session Preview



CITIZENS ADVISORY COMMITTEE (CAC)

Fred Pratt III
State Relations Manager
September 15, 2016



# 84th Legislative Session Recap

- **S.B. 57 by State Senator Jane Nelson** – DART and NTTA Customer Electronic Data Privacy Bill (**Passed**)

- **H.B. 1905 by State Representative Drew Springer** – DART Exemption from the State Motor Fuels Tax for CNG used to Fuel the Agency's Vehicle Fleet (**Passed**)

- **H.B. 3777 by State Representative Nicole Collier** – Population Threshold Update Bill for Transportation Code Chapter 452 (DART & The T) to Reflect Population Growth in Principal Cities, Dallas and Fort Worth (**Passed**)

- **S.B. 1048 by State Senator Bob Hall** – Prohibiting the Use of FTA funds for Mass Transit Passenger Rail Projects in the State (**Did Not Pass**)

- **H.B. 2764 by State Representative Yvonne Davis –** Bill requiring DART Board to Establish a Labor Advisory Committee (**Did Not Pass**)

- **State Representative Bryan Hughes' Anti-Rail Floor Amendment to H.B. 1 (State Budget Bill) –** Would have prohibited any state funds from being spent on a light rail or commuter rail project for the 2016-17 biennial budget (**Did Not Pass**)

DART

# Preparing for the 85th Legislative Session

- Monitoring Interim Legislative Committee Studies and Hearings
- State Legislative Delegation – DART Briefings
- Assess results of Nov. 8th General Election
- Finalize Agency Priorities for 85th Session

# DART State Legislative Priorities

- Protect and defend DART's one-cent sales tax funding source
- Monitor closely proposed statutory changes to DART's enabling legislation, Chapter 452, Transportation Code, and Chapter 322, Tax Code - transit sales tax
- Monitor closely and oppose legislation than could detrimentally impact DART's mission, goals and business operations
- Monitor closely TxDOT Sunset Review legislation for any proposed transit, rail or rail safety statutory changes
- Monitor closely consolidation of state procurement law and legislation impacting electric vehicles

# Law Enforcement

- Governor Abbott's legislative priority to pass the Police Protection Act:
  - Extend hate crime protections to law enforcement officers
  - Increase criminal penalties for any crime in which the victim is a law enforcement officer (3rd degree to 2nd degree felony), whether or not the crime qualifies as a hate crime
  - Create a culture of respect for law enforcement by organizing a campaign to educate young Texans on the value law enforcement officers bring to their communities

# 85th Legislative Session – What to Expect

- A very conservative Legislature and a very conservative budget (less money, greater spending pressures)
- Public Education Funding Reform; Court ruled State's school finance system constitutional, but State doing only minimum
- Child Protective Services/Foster Care legislation
- Teacher Retirement System Actuarial Soundness
- Transportation – Maintain and Protect Funding Strides Gained Last Two Sessions (2013 & 2015)

DART

# KEY DATES

- **General Election** is Tuesday, November 8, 2016
- **Pre-filing of Bills** Begins on Monday, November 14, 2016
- **85th Legislature** Convenes Tuesday, January 10, 2017
- **January Activities**
  - Governor delivers "State of the State" Address
  - Comptroller issues revenue estimate for 2018-2019
  - Lt. Governor and Speaker organize committees
- **Bill Filing Deadline** is Friday, March 10, 2017
- **Sine Die** is Monday, May 29, 2017

DART

## Plano ISD Legislative Priorities for 85th Regular Session

### (1) Property Tax Relief

Historically, Plano ISD as a "Chapter 41" district has contributed more than $1.4 billion in recapture payments to the State of Texas since the 1993 inception of the funding structure. This redistribution of local property tax collections, attributed to taxpayer's rising property values, is being directly remitted to the state general fund.

We support a school finance system that provides automatic adjustments to the basic allotment and each of the weighted property wealth values relative to the rates of inflation and population growth in the current or any future public education funding system utilized by the State.

In addition, the current law permits school districts to lower the M&O tax rate in the future; however, school districts could be required to hold a second election to go back to the rate that was previously approved in the prior election. To assure that public independent school districts have greater ability and incentive to provide local property tax relief, we support eliminating the possibility that future increases to a Maintenance and Operations rate previously approved by taxpayers might cause the district to subject voters to the cost of another election to ratify that same rate again.

### (2) Assessment and Accountability

Support a system of assessment and accountability that values student growth and achievement over standardized, high-stakes testing. The system should focus on measuring and rewarding multiple metrics developed locally, including student growth, rather than punitive sanctions and labels, such as the A-F rating. The system should be developmentally appropriate and reduce testing redundancy.

### (3) Support Early Childhood/Pre-K Education

Support complete funding for full-day Early Childhood Programs serving students from at-risk populations. Early Childhood Programs are the most proactive programs in public education, because they enable students to enter Kindergarten with the literacy, math, and social/emotional competencies needed to be successful. Plano ISD has quality programs and trained staff to address the needs of at-risk children to capitalize on early brain development that establishes a child's social competence, cognitive skills, emotional well-being, language, literacy skills, physical abilities and is a marker for well-being in school and life resiliency.

### (4) Provide Flexibility with Regard to Interest & Sinking Fund Tax Rate

In years that debt payments on outstanding bonds would require a lesser tax rate than the previous year, we would like the ability to maintain the same tax rate as the previous year and use the surplus revenue to retire debt at a faster rate. A portion of existing law allows districts to levy taxes to make debt payments before they come

due. However, the laws governing tax rate notices and adoption do not. We ask that these laws be amended to provide that flexibility.

**(5) Funding-Related Priorities**

1. Support adequate funding for Texas public schools to ensure students have access to an education that prepares them for postsecondary success.
2. Oppose the use of public funds for vouchers, tax credits, education savings grants, portability measures, or any other mechanisms to privatize public education.
3. Provide the flexibility to opt out of TRS Active Care.

**(6) Termination of Chapter 21 Employees Upon Felony Conviction**

Empower districts to immediately terminate Chapter 21 employees upon felony conviction without delays due to statutory notification requirements.

**(7) Excuse Attendance for Students Who Are Exempt from Final Exams**

A school district may excuse a student from attending school during the administration of a final examination for a course in which the student is enrolled if the school district allows the student, because of a good attendance record and high student academic achievement, to be exempt from the administration of the final examination. We support that a student whose absence is excused based on the aforementioned criteria, shall be counted as if the student attended school for purposes of calculating the average daily attendance of students in the school district.

Plano Chamber of Commerce
Legislative Priorities
85th Session of the Texas Legislature

The Plano Chamber of Commerce is committed to maximizing business development and economic growth of the community through advocacy, education, innovation, and collaboration.

The Plano Chamber of Commerce Board of Directors has adopted the following Legislative Priorities to guide our efforts during the 85th Session of the Texas Legislature. These priorities, if adopted, would help our community grow in a responsible way and address key issues related to our unprecedented population and job growth.

## Economic Development

- Refresh the Texas Enterprise Fund with adequate funding to keep it competitive (recommend a minimum fund balance of $200m per biennium).
- Maintain the R&D tax credit to incentivize new investments in Texas by new and current businesses from multiple industries.
- Oppose any bill that would damage Texas' reputation as a "business-friendly" state, such as legislation that would promote discriminatory practices on the basis of gender, ethnicity, religion, sexual preference, or identity.

## Public Education and Workforce

- Maintain current levels of funding for full day Pre-K, at a minimum and develop a long-term plan to expand Pre-K programs statewide for all eligible children.
- Improve our public school finance system to create a more equitable and transparent structure for all school districts, considering remedies such as a cap on the recapture rate.
- Oppose any attempts to decrease the flexibilities created by the Districts of Innovation legislation passed during the 84th Legislative Session, which allows academically acceptable districts to apply for exemptions from certain state requirements as they test innovative initiatives aimed at increasing student achievement.
- Expand high-quality Career and Technical Education (CTE) courses aligned to meet workforce needs and provide students with opportunities to be successful.
- Increase opportunities to improve student achievement and teacher development through accountability and improvements to our standardized testing system.

## Higher Education

- Support legislation that will advance the goals set out by the Texas Higher Education Coordinating Board's 60x30TX plan, which would result in 60% of Texans between the age of 25 and 34 earning a postsecondary educational attainment by the year 2030.
- Continue funding and policies that aid in the development of a Tier One university in North Texas, including continuation and funding for the Texas Research Incentive Program (TRIP) that provides state matching money for private research money raised at the state's emerging research universities.
- Provide funding for 100% of students eligible for the TEXAS Grant Program, which provides funds to college-bound students with financial need.

DRAFT

- Create legislation that would allow Collin County Community College District to offer a baccalaureate degree in Nursing. Current projections show Texas will have a shortage of 71,000 nurses in 5 years and universities alone cannot meet this demand. Collin College can help by providing a quality instructional program at an affordable price. This is the top staffing concern for hospitals and medical centers in Plano.

**Healthcare**

- Continue and improve upon initiatives important to our hospital community, including the long-term extension of the Medicaid 1115 Transformation Waiver.
- Expand telemedicine in Texas to better serve patients, especially vulnerable patients impacted by the social determinants of health.

**Taxes and Spending**

- Maintain local control of property taxes with local tax structures and processes that are fair and equitable for businesses.
- Eliminate or reduce business inventory taxes.
- Improve the state tax system to create a process that is more transparent and equitable and requires all tax revenue collected to be invested in and spent on the original source of the revenue.
- Continue to evaluate the Margins Tax and its effectiveness in generating tax on a broad basis from the business sector.

**Transportation**

- Continue the current policy of no diversions, which compels transportation tax revenue to be invested in and spent solely on transportation projects and priorities.
- Maintain regional decision making authority by local elected officials and the regional Metropolitan Planning Organization to prioritize and identify funding for transportation projects in North Texas.
- Provide funding to maintain and expand Texas' transportation infrastructure, ensuring that all tools are available to address growing congestion, including toll roads, public/private partnerships and managed lanes, along with full appropriation of Prop 1 and Prop 7, the voter-approved, transportation-dedicated revenue streams.
- Create policies that further the development of a Texas high-speed rail project and oppose legislation that would inhibit successful delivery of a North Texas-Houston service funded by the private sector.
- Address long-term needs associated with the replacement/expansion of US 75.

**Water and Environment**

- Oppose any legislation determined to prevent or slow the implementation of water management strategies included in the Texas State Water Plan.
- Conduct appropriate oversight on State Water Implementation Fund for Texas (SWIFT) applications to ensure appropriately prioritized funding.
- Expedite general state permitting and inter-basin transfer processes.
- Create effective water management strategies that include incentives for increased conservation efforts, recycling, and reuse projects.

DRAFT

**DRAFT**
**Initial Concept for RTC Legislative Program**
**85th Texas Legislature**

Continue Progress made toward improving transportation and air quality during recent legislative sessions.

- Support full appropriation of Proposition 1 and Proposition 7 revenues to fund transportation.
- Oppose any attempt to backslide from the ending of diversions. Consider a constitutional amendment to protect revenues for transportation uses.
- Retain the ability to utilize, through an MPO process, tolling, managed lanes, debt financing and public-private partnerships in large metropolitan regions.
- Continue to fully appropriate revenues to the Low Income Repair and Replacement Assistance Program (LIRAP) and Local Initiative Projects (LIP).
- Retain eminent domain authority to allow planning and development of new and/or expanded transportation corridors including high speed rail, commuter rail, freight rail, ~~and~~ roadways and trails.
- Support efforts to utilize performance-based planning to select high-quality transportation projects and continue to recognize that different areas of the state have different needs and solutions to improving transportation and maintaining critical assets.

Invest in further progress toward meeting transportation and air quality needs.

- Authorize the use of a Comprehensive Development Agreement for the 635 East project and possibly others.
- Identify additional revenue for transportation. Options include:
  - Allow counties in the Dallas-Fort Worth region the ability to adopt the $10 optional registration fee allowed in various other counties across the state.
  - Implement a temporary local transportation revenue source to be voter approved.
  - Index the motor fuels tax to fuel efficiency.
  - Examine regional or corridor transportation reinvestment zones.
- ~~Create an institutional structure to be able to implement the rail recommendations in Mobility 2040.~~
- Appropriate LIRAP's residual balance of previously collected funds; modernize and increase flexibility in LIRAP/LIP to better balance demand.
- Protect TERP revenue; ensure funds are utilized for projects that effectively meet the intent of the program, including roadway/goods movement transportation projects.

Provide support for other transportation topics to be addressed in legislation.

- Improve air quality
- Increase safety
- Plan and implement all modes of transportation
- Relieve congestion
- Maintain local and regional decision-making
- Utilize innovative technology
- Support land use and transportation connections
- Maintain active operations and management of the system
- Enable transportation data sharing and accessibility with appropriate privacy protection
- Plan for shared mobility solutions

# The TML Legislative Program for 2015 – 2016

## Introduction

City officials across the state are well aware of the fact that many significant decisions affecting Texas cities are made by the Texas Legislature, not by municipal officials.

During the 2013 legislative session, more than 6,000 bills or significant resolutions were introduced; almost 1,500 of them would have affected Texas cities in some substantial way. In the end, over 1,700 bills or resolutions passed and were signed into law; approximately 220 of them impacted cities in a direct or indirect way.

There is no reason to believe that the workload of the 2015 session will be any lighter; it may be greater. And for better or worse, city officials will have to live with all the laws that may be approved by the legislature. Thus, the League must make every effort to assure that detrimental bills are defeated and beneficial bills are passed.

The TML approach to the 2015 session is guided by principles that spring from a deeply rooted TML legislative philosophy:

- The League will vigorously oppose any legislation that would erode the authority of Texas cities to govern their own local affairs.

- Cities represent the level of government closest to the people. They bear primary responsibility for provision of capital infrastructure and for ensuring our citizens' health and safety. Thus, cities must be assured of a predictable and sufficient level of revenue and must resist efforts to diminish their revenue.

- The League will oppose the imposition of any state mandates that do not provide for a commensurate level of compensation.

In setting the TML program for 2015-2016, the Board recognized that there is a practical limit to what the League can accomplish during the legislative session. Because the League (like all associations) has finite resources and because vast amounts of those resources are necessarily expended in defeating bad legislation, the Board recognized that the League must very carefully select the bills for which it will attempt to find sponsors and seek passage.

The Board considered approximately 200 initiatives that had been recommended by TML policy committees or by the membership-at-large. Each initiative was subjected to several tests:

- Does the initiative have wide applicability to a broad range of cities of various sizes (both large and small) and in various parts of the state?

- Does the initiative address a central municipal value, or is it only indirectly related to municipal government?

- Is this initiative, when compared to others, important enough to be part of TML's list of priorities?

- Will the initiative be vigorously opposed by strong interest groups and, if so, will member cities commit to contributing the time and effort necessary to overcome that opposition?

- Is this initiative one that city officials, more than any other group, should and do care about?

The Board placed each legislative issue into one of five categories of effort. Those five categories are:

- **Seek Introduction and Passage** – the League will attempt to find a sponsor, will provide testimony, and will otherwise actively pursue passage. Bills in this category are known as "TML bills."

- **Support** – the League will attempt to obtain passage of the initiative if it is introduced by some other entity.

- **Oppose** – the League will actively and vigorously attempt to defeat the initiative because it is detrimental to member cities.

- **No Position** – the League will take no action.

## Our Highest Priority: Oppose Bad Bills

The Board determined that TML's highest priority goal for 2015-2016 will be the defeat of legislation deemed detrimental to cities. As a practical matter, adoption of this position means that the beneficial bills will be sacrificed, as necessary, in order to kill detrimental bills.

## TML Priority Package

The Board determined that the TML Priority Package will include the following items in priority order:

1. Defeat any legislation that would erode municipal authority in any way, impose an unfunded mandate, or otherwise be detrimental to cities, especially legislation that would:

a. impose a revenue cap of any type, including a reduced rollback rate, mandatory tax rate ratification elections, lowered rollback petition requirements, limitations on overall city expenditures, exclusion of the new property adjustment in effective rate and rollback rate calculations, or legislation that lowers the rollback rate and gives a city council the option to re-raise the rollback rate.

b. negatively expand appraisal caps.

c. erode the concept that appraisals must reflect the true market value of property.

d. remove or negate the strictly voluntary nature of highway turnbacks, including relevant state budget strategies.

e. erode the authority of a city to be adequately compensated for the use of its rights-of-way.

f. impose additional state fees or costs on municipal court convictions or require municipal courts to collect fine revenue for the state.

g. impose state "tap fees" or any other type of state charge on municipal water systems.

h. impose mandatory water conservation measures on cities.

i. erode municipal authority to participate in utility rate cases.

j. limit or prohibit the authority of city officials to use municipal funds to communicate with legislators.

k. limit or prohibit the authority of the Texas Municipal League to use any revenue, however derived, to communicate with legislators.

l. establish a standard or process for determining economic loss and related compensation resulting from a regulatory action.

2. Passage of any legislation that would:

a. allow a city the option of selecting either an official newspaper, or an official website, for the publication of legally-required official notices, including procurement and other notices.

b. modify the deadline for publication of the *Notice of Proposed Property Tax Rate* from September 1 of each year to "before the later of September 1 or the 30th day after the date the certified appraisal roll is received by the taxing unit."

**Support**

The Board voted to support legislation that would:

1. allow for greater flexibility by cities to fund local transportation projects; amend or otherwise modify state law to help cities fund transportation projects; or provide municipalities with additional funding options and resources to address transportation needs that the state and federal governments are unable or unwilling to address.

2. discontinue the diversion of transportation revenues to non-transportation purposes and appropriate all revenues from highway user fees and taxes to fund transportation.

3. provide additional funding to the Texas Department of Transportation for transportation projects that would benefit cities, so long as existing funding formulas are followed.

4. amend Chapter 327 of the Texas Tax Code to authorize the collection of municipal sales and use taxes for street maintenance for an indefinite term instead of the four years provided by current law.

5. with regard to federal transportation funding: (1) provide local governments with long term funding; (2) send funding directly to the projects where people live and work; (3) give local leaders a stronger role in the decision making process; (4) include alternative financing; and (5) streamline the planning and approval process.

6. provide local, state, and federal transportation funding for rail as one component of transportation infrastructure.

7. provide financial and regulatory tools empowering Texas cities with military bases to help strengthen the missions and services of the installations and prevent the potential for being listed by BRAC.

8. amend or revise the Biggert-Waters Flood Insurance Reform Act to reduce the severe short term economic/financial impact on people and communities.

9. eliminate any mandate on the Texas Commission on Fire Protection to generate revenues above what is required to self-fund the agency.

10. allow new car sales to no longer be exempt from local sales tax.

11. allow a more equitable way of distributing court fines that would result a higher percentage of fines being kept local, where the laws are enforced, the court is held, and the fines collected.

12. allow law enforcement agencies to use unmanned aircraft systems to fulfill their public safety responsibilities and protect the citizens of the State of Texas.

13. allow law enforcement to conduct sobriety checkpoints.

14. provide consistency and uniformity in the compliance deadlines and fees for compliance dismissals of class C misdemeanors.

15. eliminate the ten-cent court cost by repealing Section 102.061(8) of the Government Code and Article 102.022(b) of the Code of Criminal Procedure.

16. amend Article 27.14(b) of the Code of Criminal Procedure to eliminate the need to send a certified letter if a plea is received through the mail with no payment, and use regular or electronic mail instead.

17. require the state to provide easy electronic access to the state's insurance database for municipal courts.

18. amend Article 45.048 of the Code of Criminal Procedure to allow courts to satisfy fines and costs upon request for time spent in juvenile detention.

19. repeal Article 45.0511(c)(3) of the Code of Criminal Procedure requiring an affidavit be filed when requesting to take a driving safety course to have a ticket dismissed and to amend Article 45.0511(b)(3)(B) of the Code of Criminal Procedure to allow defendants to request the driving safety course by regular mail or electronic means instead of by certified mail.

20. amend Article 45.012 Code of Criminal Procedure to allow for online "authentication" instead of signatures for certain documents.

21. amend Article 45.051(f) of the Code of Criminal Procedure to allow holders of commercial driver's licenses accused of offenses committed in personal vehicles or in a non-commercial vehicle to be eligible for deferred dispositions.

22. amend the Water Safety Act (Chapter 31 of the Texas Parks and Wildlife Code) to allow municipal courts to retain a portion of a fine under that chapter.

23. amend Section 81.072 of the Government Code to exempt a violation of a disciplinary rule regarding a prosecutor to disclose information or evidence for a fine-only offense that is not contested in a municipal court by a defendant.

24. provide for uniformity in the compliance of juvenile confidentiality as required by law for children charged with class C misdemeanors except traffic offenses.

25. prevent further exploitative payday and auto title lending practices.

26. resolve inconsistences within Texas Government Code Section 551.127 so that governmental bodies that choose to use videoconference calls for meetings are provided clarity of the law governing videoconference calls.

27. transfer the Code Enforcement Officer licensing program from the Texas Department of State Health Services to the better-equipped Texas Department of Licensing and Regulation.

28. implement Recommendation 3.2 in the Sunset Advisory Commission Staff Report to transfer the sanitarian licensing program from the Texas Department of State Health Services to the Texas Department of Licensing and Regulation.

29. modify the Gas Reliability Infrastructure Program to allow for municipal contest and review in a similar manner to rate cases in order to assure a just and reasonable basis for the GRIP charges and to ensure GRIP is used for its intended purpose.

30. simplify the effective tax rate calculation for notice purposes only, provided the legislation would have no effect on the underlying effective tax rate and rollback tax rate calculations themselves, nor upon the hold harmless exemptions to those rates.

31. help offset the losses incurred by cities disparately impacted as a result of H.B. 3613 (relating to the property tax exemption for disabled veterans) adopted in 2009 and S.B. 516 (relating to the property tax exemption for the surviving spouse of a disabled veteran) adopted in 2011.

32. make beneficial amendments to the equity appraisal statute.

33. require mandatory disclosure of real estate sales prices.

34. allow a council-option city homestead exemption of up to 30 percent, or the equivalent dollar amount.

35. create a new council-option city sales tax for property tax relief that may exceed the two-percent local cap.

36. automatically convert existing sales taxes for property tax relief to any newly-created sales tax for property tax relief that would not count against the two-percent local cap.

37. expand the sales tax base, but only if the city tax base fully benefits from the expansion.

38. convert the sales tax reallocation process from a ministerial process into a more formalized administrative process that would, at a minimum, require prior notice to all affected parties.

39. toll the four-year "look-back provision" relating to collection of unpaid city sales tax, but only in the case of nonpayment by a business and not misallocation among cities.

40. authorize cities – in relation to annexation, planned annexation, voluntary annexation, or negotiated annexation – to replace some or all ESD sales taxes in an area with city sales taxes, provided an ESD's existing sales tax debt is proportionately and reasonably provided for in some manner.

41. permit a municipal development district's sales tax, notwithstanding a competing ESD sales tax, to apply in the extraterritorial jurisdiction, as current law allows, provided an ESD's existing sales tax debt is proportionately and reasonably provided for in some manner.

42. allow cities to remove themselves from an ESD if the city is capable of providing services to the area.

43. require city council approval for an ESD to expand into a city's corporate limits or extraterritorial jurisdiction.

44. expand the use of public, educational, and government (PEG) fees to include operational and related costs associated with PEG channels.

45. repeal the current impact fee exemption for school districts.

46. eliminate the population brackets or otherwise amend the hotel occupancy tax statute in a manner that provides all Texas cities, to the maximum extent feasible and reasonable, the authority to spend hotel occupancy tax revenue on existing sports facilities and fields in a manner that promotes tourism and benefits the interest of the local hotel and motel industry.

47. grant additional authority to a general law city to establish a property's contiguity with city boundaries through annexation of adjacent road rights-of-way from the city's boundaries to land petitioned for annexation at its closest point to that boundary, so long as the property lies within the city's extraterritorial jurisdiction.

48. subject to municipal zoning authority land in which the state's general land office retains an ownership interest wholly or partly and that is used by a person for commercial purposes.

49. provide additional tools for cities or the state to address the problem of scrap tire dumping.

50. improve local sales tax collections by limiting fraud as it relates to international purchasers.

51. make beneficial procedure-related amendments to the dangerous dog statute.

52. clarify the authority of general law cities to enact sex offender residency restrictions

53. make it an offense for a person to post on a publicly-accessible website the residence address or telephone number of an individual the actor knows is a public servant or member of a public servant's family or household.

54. expressly authorize non-attorney consultants to participate in a meeting by conference call.

55. reduce the administrative convenience fee charged by the attorney general for each electronic submission for an open records letter ruling.

56. enact beneficial amendments to the Texas Open Meetings Act that relate to the use of social media and the discussion of public business.

57. reverse the effect of H.B. 1164 (2013) by requiring county election precincts to match single member districts in cities over 10,000 population.

58. provide additional state funding to fully fund the State Water Plan.

59. expand the authority of cities to operate all variants of desalination, including legislation that would allocate state funding to desalination.

60. impose permit reliability to secure customary 20-30 year water project financing.

61. clarify that the governmental-proprietary function distinction from tort law does not apply to contracts disputes.

62. restore full funding to the Texas Recreation and Parks Accounts (TRPA) No. 467 & Large County and Municipality Recreation and Parks Account No. 5007. (Both accounts are also known as the "Local Park Grant Program.")

63. pass through federal dollars used for parks, recreation, open space, trails, and tourism from any of the following: (1) the United States Department of the Interior Land and Water Conservation Fund and the fund's reauthorization; (2) the Sport Fish Restoration Boat Access Program; and (3) the United States Department of Transportation Recreation Trails Program.

64. directly benefit parks, recreation, open space, and trails on utility corridors and waive all liability for those purposes to the utilities.

65. ensure parks and recreation agencies are included as eligible partners and beneficiaries in any strategy or guideline aimed at benefiting healthy lifestyles, increasing physical activity, conservation, or preservation.

66. either appropriate funds or directly benefit parks, recreation, open space, trails, and tourism.

67. remove the cap on sporting goods sales tax revenues for state and local parks.

68. create a constitutional dedication of sporting goods sales tax revenues for use in state and local parks that would directly benefit parks, recreation, open space, trails and tourism.

69. enact beneficial amendments to S.B. 905 (related to commemorative bottle sales at distilleries) from 2013.

70. allow a city to decide the appropriate amount of relocation assistance to a person who is displaced by code enforcement.

71. extend the deadline for cities to change the date of their general elections to another uniform election date.

72. provide for voluntary "complete streets" participation.

73. permit city health benefit pools to be recognized as qualified health plans under federal law, and to permit city health benefit pools to offer administrative support for city health benefits offered through exchanges.

**Oppose**

The Board voted to oppose legislation that would:

1. erode municipal authority in any way, impose an unfunded mandate, or otherwise be detrimental to cities.

2. impose a revenue cap of any type, including a reduced rollback rate, mandatory tax rate ratification elections, lowered rollback petition requirements, limitations on overall city expenditures, exclusion of the new property adjustment in effective rate and rollback rate calculations, or legislation that lowers the rollback rate and gives a city council the option to re-raise the rollback rate.

3. negatively expand appraisal caps.

4. erode the concept that appraisals must reflect the true market value of property.

5. remove or negate the strictly voluntary nature of highway turnbacks, including relevant state budget strategies.

6. erode the authority of a city to be adequately compensated for the use of its rights-of-way.

7. impose additional state fees or costs on municipal court convictions or require municipal courts to collect fine revenue for the state.

8. impose state "tap fees" or any other type of state charge on municipal water systems.

9. impose mandatory water conservation measures on cities.

10. erode municipal authority to participate in utility rate cases.

11. limit or prohibit the authority of city officials to use municipal funds to communicate with legislators.

12. limit or prohibit the authority of the Texas Municipal League to use any revenue, however derived, to communicate with legislators.

13. establish a standard or process for determining economic loss and related compensation resulting from a regulatory action.

14. enact new property tax exemptions that substantially erode the tax base.

15. impose a property tax freeze that can be implemented by any mechanism other than council action.

16. extend the "Prop 2" pollution control property tax exemption to processes, facilities, or end products.

17. impose new mandatory homestead exemptions or exemption increases.

18. enact any sales tax exemption that would substantially erode the sales tax base.

19. lengthen or broaden the scope of the current sales tax holiday.

20. enact a requirement that the adoption of a new sales tax for property tax relief shall result in a lower property tax rollback rate for the adopting city.

21. expand the sales tax base without fully benefitting the city tax base.

22. alter the city share or the calculation or sourcing of city sales taxes.

23. limit the authority of Type A or Type B sales tax corporations statewide, but take no position on legislation that is regional in scope and that is supported by some cities in that region.

24. expand election requirements for issuance of any city debt, impose a petition/election procedure where none currently exists, or that would otherwise erode the ability of a city to issue debt in any way.

25. limit or eliminate the current flexibility of the Major Events Trust Fund as a tool for cities to attract or host major events and conventions.

26. enact state or federal legislation or rules that would negatively affect the provisions of Chapter 66 of the Utilities Code, which relates to state-issued cable franchises.

27. erode municipal authority over the management and control of rights-of-way.

28. erode municipal authority to require utility companies to pay the costs of relocating their facilities in a timely manner as required by current law.

29. repeal or limit red light camera authority generally. (Further, the committee recommends that TML defer to the Texas Red Light Coalition on more detailed matters relating to revisions to red light camera policy.)

30. erode existing municipal authority relating to sex offender residency restrictions, or create a state standard that preempts current or future municipal sex offender residency restrictions.

31. provide for any expansion of mandated emergency management training that would impose an additional cost to cities or that is not funded by commensurate state resources.

32. subject city police to criminal charges for enforcing federal firearms laws, and/or subject any city that allows such enforcement to a lawsuit by the state's attorney general.

33. implement Recommendation 3.1 in the Texas Sunset Advisory Commission Staff Report to deregulate the Code Enforcement Officer licensing program in Texas.

34. further erode local control as it pertains to retirement issues.

35. expand or enact detrimental amendments to the civil service law.

36. make meet and confer mandatory or expand the current meet and confer law.

37. make collective bargaining mandatory or impose expanded collective bargaining rights.

38. substantively change or expand the scope of the current disease presumption law.

39. eliminate any of the current uniform election dates.

40. impose on cities any additional mandates relating to irrigation/sprinklers.

41. limit a city's authority to enter into a solid waste franchise.

42. exempt any public or private entity from paying municipal drainage fees.

43. impose federal or state mandates that diminish local control over municipal collocation regulations.

44. create appropriations earmarks for specific park projects or locales.

45. be detrimental to parks, recreation, open space, trails, and tourism.

46. erode municipal governmental immunity.

47. require the reporting of lobbying activities beyond the requirements in current law.

48. preempt or prohibit the regulation of payday and auto title lenders by a city.

49. preempt existing or future bans on the use of plastic bags in a city.

50. specify what and how cities may regulate with regard to cell phones.

51. repeal existing municipal ordinances relating to cell phone bans or create a state standard that preempts more restrictive current or future municipal cell phone bans.

52. impose a statewide smoking ban that would preempt existing or future municipal smoking bans.

53. erode municipal authority over billboards or that would place any unfunded mandate on cities relating to billboards.

54. impose mandatory "complete streets" requirements on cities.

55. further erode a city's ability to condemn property for a public use.

56. erode municipal annexation authority.

57. erode municipal zoning authority.

58. restrict a city's ability to adopt or amend zoning regulations, or vest or otherwise create a property right in a zoning classification.

59. further erode a city's ability to regulate religious or charitable organizations.

60. enact adverse amendments to the permit vesting statute (Chapter 245 of the Local Government Code).

61. allow special districts to form in a city or its extraterritorial jurisdiction without the city's permission, or that would impose additional requirements on cities relating to special districts.

62. reduce municipal authority to require exactions related to and required by new development, or that would erode the authority of cities to adopt and enforce minimum development standards.

63. erode a city's ability to make amendments to model building codes.

64. further restrict a city's ability to impose building fees.

65. erode municipal authority in the ETJ.

66. further restrict a city's ability to impose municipal impact fees or that would exempt any entity from paying municipal impact fees.

67. erode municipal authority in relation to tree preservation requirements.

**Take No Position**

The Board voted that TML take no position on legislation that would:

1. amend Chapter 682 of the Transportation Code to allow all parking cases to be administratively adjudicated as civil cases, rather than just municipal ordinance parking cases for eligible cities.

2. add a line item to the state appropriations bill in an amount equal to that of counties, which is understood to be $200,000, to fund the Texas Municipal Court Education Center.

3. remove the affirmative defense for the offense of failure to show proof of financial responsibility and establish a $20 dismissal fee if proof is provided to the court in 20 working days.

4. make the impoundment of vehicles optional upon a defendant's conviction of a second "no vehicle liability" charge and that impoundment may be ordered by justice courts of the sheriff and by municipal courts of the chief law enforcement officer of the city.

5. authorize a council-option reduction in the current ten-percent cap on annual appraisal growth.

6. expand or contract eligibility for the CHDO property tax exemption (other than legislation relating to municipal approval of CHDO exemptions).

7. broaden the authority of Type A or Type B sales tax corporations.

8. create additional, flexible cost-of-living adjustment (COLA) options that are not retroactive to a retiree's date of retirement, such options to possibly include one-time increases tied to increases in the consumer price index (CPI) or flat percentage increases.

9. allow the collection of a DNA sample from all suspects who are arrested for a class B misdemeanor or higher.

**Other**

The Board voted that TML take the following additional actions:

1. support the preservation of municipal authority to reduce the effects of oil and gas development on city residents, but take no position on municipal authority to outright ban oil and gas development.

2. that, should legislation be filed that relates to immigration and that would affect cities, League staff should seek the guidance of the TML Executive Committee regarding the League's position on such legislation.

3. that the League offer support in securing an unmanned aircraft designation by the FAA to promote economic growth for the State of Texas and the well-being of its citizens.

4. that the League support the continued efforts of the National League of Cities in opposing any efforts by Congress or the administration to reduce or eliminate the tax exemption of municipal bond interest.

5. that the League urge the Texas Legislature to direct the Department of Information Resources to complete the evaluation and review of sub-allocation of the texas.gov domain using the construct: *cityname*.texas.gov.

6. that the League continue working with the Texas Commission on Environmental Quality and affected cities to form a working group related to municipal stormwater issues.

7. that the League take the issue of the raising the exemption amounts in the Texas Engineering Practices Act to the government advisory committee of the Texas Board of Professional Engineers for further study.

## *Resolution*

***Whereas,*** *the Texas Municipal Retirement System (TMRS) has provided Texas cities, municipal employees, and retirees a soundly funded, hybrid ("cash-balance") retirement program for over 65 years that provides superior retirement security when compared to defined contribution plan alternatives; and*

***Whereas,*** *the design of TMRS provides local control of retirement benefits so that cities may choose the level of benefits appropriate for their employees and their communities; and*

***Whereas,*** *the design of the TMRS program requires each city to pay the annual required contribution to ensure that benefits remain soundly funded; and*

***Whereas,*** *the TMRS Board of Trustees is committed to operating under the highest ethical standards and incorporating best practices for its actuarial and investment policies; and*

***Whereas,*** *in recent years, TMRS has worked with constituent groups, including elected officials, employee associations, and representatives of city management, to craft important changes to the System that ensure its continued soundness; and*

***Whereas,*** *the Board of Trustees studied the need for potential plan design changes during the most recent legislative interim period and after due consideration chose not to propose any changes to the current plan design at this time; and*

***Whereas,*** *the Legislature of the State of Texas has historically been supportive of TMRS, the local control it provides to cities, and the high standards of its operations; and*

***Whereas,*** *legislation may be proposed in the next session of the Texas Legislature to affect TMRS without regard to its actuarial condition, plan design, or potential impact on the sponsoring cities; therefore*

***Be It Resolved by the Board of Trustees of TMRS,*** *that the Board strongly supports the continuation of the current hybrid ("cash-balance") plan design, high operational standards, local control for cities, and commitment to actuarially sound funding policies that have characterized TMRS since its inception, and furthermore*

***Be it Resolved by the Board of Trustees of TMRS,*** *that the Board encourages the Texas Legislature to continue their support of TMRS and not support any legislative proposals that would negatively impact TMRS.*

*Adopted by the TMRS Board on October 23, 2014*

Texas Municipal Retirement System

# Facts for the 84th Texas Legislature

The TMRS Board of Trustees is not recommending any legislative changes in 2015.

## TMRS Overview

TMRS administers a retirement program for 860 Texas cities, covering over 108,000 contributing members, and providing benefits to more than 47,000 annuitants. As one of the oldest public sector cash balance plans in the United States, TMRS offers a choice of benefits so that each participating city can design a plan to suit its needs and budget.

### System Highlights

- TMRS is a statewide retirement system that cities elect to join.
- TMRS is a "hybrid" cash-balance defined benefit retirement plan rather than a traditional, formula-based defined benefit plan.
- TMRS does not receive any state funds and does not administer a health care plan.
- Benefits are based on a member's account balance at retirement. The retirement benefit is funded through mandatory employee deposits, city contributions, and investment income.

### Local Control

- Benefits chosen can be prospectively modified by each city to control costs.
- Each city's benefit program stands on its own by having its own actuarial assets, liabilities, and funded ratio.

### Conservative Plan Features

- TMRS' Investment Return Assumption is 7%, one of the lowest among large public plans.
- Each city's unfunded liability is amortized over a closed period of no more than 30 years.
- Double-dipping is not permitted.
- Contribution "holidays" are not allowed; every city must pay the contribution to fund the benefits it chooses.

### Funded Status

- TMRS' funded status was 84.1% as of 12/31/2013.

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| 74.4% | 75.8% | 82.9% | 85.1% | 87.2% | 84.1% |

### Benefit Payments

- The average "original" annual annuity received by TMRS retirees as of 12/31/13 was $16,024.
- TMRS paid a total of $1.03 billion in benefits in 2014*, up from $946.5 million in 2013 and $865 million in 2012.

* Preliminary. Final 2014 figures to be released in May 2015.

*Continued on reverse*

## Investment Returns and Fees

- TMRS administers $23.71 billion in assets, as of 12/31/2014**

**Annual Investment Return Averages**

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014** |
|---|---|---|---|---|---|---|
| –1.3% | 10.2% | 9.0% | 2.4% | 10.1% | 9.86% | 5.81% |

**Annual Return Averages as of 12/31/2014****

| | 3-year average | 5-year average | 10-year average | 20-year Average | 30-year Average |
|---|---|---|---|---|---|
| Gross | 7.40% | 8.29% | 7.14% | 7.83% | 9.41% |
| Net of Fees | 7.26% | 8.18% | 7.09% | 7.80% | 9.39% |

- Investment management fees are among the lowest in the industry, just .072% in 2014.**
- TMRS' total administrative costs in 2014** were 0.146% of net assets.

** Preliminary. 2014 final figures to released in May 2015.

## TMRS Coverage

TMRS does not cover employees in Houston, Dallas, Austin, Fort Worth, Galveston, or El Paso, which have their own local plans. For San Antonio, TMRS covers only non-uniformed employees. In 39 TMRS cities, fire fighters are members of a separate local plan.

## Governance

TMRS is governed by a six-member Board of Trustees, appointed for six-year staggered terms by the Governor, with the approval of the Senate. The Board has chartered a 19-member Advisory Committee, composed of representatives of constituent employee and employer groups, as well as elected officials, retirees, and employees.

## For further assistance

**David Gavia**
Executive Director
*dgavia@tmrs.com*
512.225.3701

**Dan Wattles**
Governmental Relations Director
*dwattles@tmrs.com*
512.225.3713

**TMRS Contact Information**
Toll-free • 800.924.8677
Local (in Austin) • 512.476.7577
Website • *www.tmrs.com*
E-mail • *phonecenter@tmrs.com*
Fax • 512.476.5576