



TEXAS ASSOCIATION OF BUSINESS

THE TEXAS STATE CHAMBER

87th Legislative Session Recap

The Texas Association of Business has put together an initial recap of the legislative session as a resource to our members. Please be on the lookout for a more comprehensive legislative overview in the following weeks. While nearly every TAB priority passed this session, critical pieces of legislation including the extension of Chapter 313 and preemption failed. TAB remains committed to these issues leading up to the special session and during the interim.

Legislation

SB 6

Sponsors: Hancock/Leach

Result: *Passed*

Details: The Pandemic Liability Act - Provides protections for employers that have operated in good faith during the Pandemic and in future pandemics. The bill amends sections of the Civil Practice and Remedies Code related to liability for certain claims arising during a pandemic or other disaster or emergency. This bill limits the liability of certain persons for injury, death, or property damage related to, caused by, or during a pandemic with certain exceptions. The bill limits the liability of an educational institution for certain actions during a pandemic emergency.

SB 14

Sponsors: Creighton/Phil King

Result: *Did not pass*

Details: The Business Freedom and Uniformity Act - Preempts local governments from mandating employment regulations that fall outside of the jurisdiction's regulatory scope like predictive scheduling, local wages, and hiring practices. Some local governments in Texas have begun passing ordinances regulating private employment practices, resulting in a patchwork of different regulations that creates hurdles for employers and workers. S.B. 14 seeks to prohibit the adoption of these local ordinances and streamline statewide employment regulations to allow job creators to spend less time fighting through a web of red tape and focus more time investing in their employees, their businesses, and their communities.

HB 19

Sponsors: Leach/Taylor

Result: *Passed*

Details: The Keep Texas Trucking Initiative protects businesses with commercial vehicles from abusive lawsuits. The commercial trucking industry is essential to the state's economy, representing one in every 15 Texans employed and transporting two million tons of goods daily. In recent years, rising numbers of lawsuits and skyrocketing insurance rates, threatening Texas employers, consumers, and supply chains. H.B. 19 will help ensure legitimate evidence directly relevant to causation and injuries arising from a commercial vehicle accident is presented to jurors without prejudice, and sets forth specific procedures by which the facts of a case are presented in court by both the plaintiff and defendant to determine negligence of a defendant and award fair compensation.

HB 5

Sponsors: Ashby/Nichols

Result: *Passed*

Details: Expands broadband access across state. Creates the State Broadband Development Office (SBDO) within the office of the Comptroller to develop a state broadband plan by September 1, 2022. The state will also establish a program to award grants, low interest loans, and other financial incentives to applicants for the purpose of expanding access to and adoption of broadband service in census blocks.

HB 1556

Sponsor: Murphy

Result: *Did not pass*

Details: Would have reformed and extended Chapter 313 economic development incentives.

HB 3741

Sponsor: Capriglione

Result: *Did not pass*

Details: Omnibus data privacy bill which raised concerns about potential negative consequences on businesses.

SB 1102

Sponsors: Creighton/Parker

Result: *Passed*

Details: Texas Reskilling & Upskilling through Education "TRUE" Initiative, strengthens the relationship between community colleges and businesses to ensure a strong workforce and more prosperous economy. S.B. 1102 creates a grant program to assist eligible institutions in expanding and maintaining activities that promote workforce learning in the targeted industries and occupations

HB 3767

Sponsors: Murphy/Bettencourt

Result: *Passed*

Details: Increases state agency coordination among Texas Education Agency, Higher Education Coordinating Board, and the Workforce Commission. Creates a comprehensive data system for students and institutions. Among its provisions, the bill would require TEA, THECB, and TWC to establish a web-based library of credentials and also develop a web site for the TriAgency Workforce Initiative that includes career and workforce information for the public.

HB 1195

Sponsors: Geren/Hancock

Result: *Passed*

Details: Makes PPP loans nontaxable for the Texas Franchise Tax. In response to the COVID-19 pandemic, Congress offered certain forgivable loans and grants and clarified that these loans and grants are not considered income for federal tax purposes. Accordingly, an update to Texas franchise tax law was needed to ensure businesses are not required to pay state franchise taxes on PPP loans and related grants.

HB 7

Sponsors: Button/Nelson

Result: *Passed*

Details: Protects employers from a massive and immediate unemployment tax increase by allowing Texas Workforce Commission to adjust the replenishment rate. Creates a predictable payment for employers over a long period of time and will restore the UI trust to the minimum level.

HB 4

Sponsors: Price/Buckingham

Result: *Passed*

Details: Expands access to telemedicine and telehealth. The bill would require the Texas Health and Human Services Commission (HHSC) to expand and reimburse for telemedicine or telehealth services delivered through rural health clinics, Medicaid, and CHIP. Covered services would include preventative health and wellness services; case management services, including targeted case management; behavioral health services; occupational, physical, and speech therapy services; nutritional counseling services; and assessment services, including nursing services.

HB 17

Sponsors: Deshotel/Birdwell

Result: *Passed*

Details: Prevents cities from banning natural gas. H.B. 17 would ensure homeowners, builders, and business owners have access to balanced energy solutions that are efficient, affordable, and clean. Although no cities or towns in Texas have banned any energy sources, it is a growing trend from states like California and Washington State. H.B. 17 prevents cities and counties in Texas from banning different types of utility services.

HB 1024

Sponsors: Geren/Hancock

Result: *Passed*

Details: Allows beer, wine and mixed drinks to be included in pickup and delivery food orders, securing a revenue stream made available to restaurants during the pandemic. The bill makes permanent Governor Abbott's emergency waiver allowing restaurants with a mixed beverage permit and a food and beverage certificate from TABC to sell beer, wine, and cocktails with food orders that are purchased for pickup or delivery, including through third-party delivery companies.

SB 903

Sponsors: Perry/Sanford

Result: *Passed*

Details: Gives taxpayers the option to bypass the State Office of Administrative Hearings (SOAH) and go straight to district court when appealing the denial of a refund claim. For many taxpayers, a mandatory administrative hearing prior to being able to file in a district court is unnecessary, expensive, and unreasonably delays the opportunity to resolve their tax case.

Budget

Summary:

The state budget is now headed to the governor's desk. Thanks to increased revenue projections, the new spending will not tap into the state's rainy-day fund, keeping the budget deficit neutral. Upon arrival, the Governor will have ability to line-item veto any items he objects to. The final budget does not appropriate the nearly \$16 billion in federal funds available under the stimulus packages, leaving that task for the special session to be scheduled later this fall. The budget also maintains Texas's strong commitment to public education, the foundation of our skilled workforce, with \$8.6 billion allocated to higher education alone, building on commitments made in HB3 last session. Additional support for education is expected in the special session, as the federal stimulus money is distributed.

Highlights of the SB 1 State Budget:

- Funding for the full Foundation School Program entitlement, reflecting changes made last session to the school finance formula, including:
 - \$3.1 billion to fund enrollment growth for public education; and
 - \$1.1 billion in additional state aid related to property tax compression in the 2022-23 biennium;
- \$8.5 billion for higher education institution formulas, an increase of \$486 million from the previous biennium;
- Combined projected funding of \$8.4 billion for mental health across 25 state agencies.
- \$352.6 million, an increase of \$10.2 million, for women's health programs, including the continuation of the Healthy Texas Women program's enhanced post-partum care services implemented by the Legislature last session;
- \$123.5 million for increased reimbursement rates for rural hospitals;
- \$128.5 million for Department of Public Safety Crime Lab services, prioritizing timely testing of sexual assault kits (*between SB 1 & HB 2*);
- \$34 million to provide a 3-percent pay increase to TDCJ correctional officers working in maximum security units;
- \$39 million to fortify security at the Texas Capitol, including additional troopers and enhanced safety measures (*between SB 1 and HB 2*);

- \$2.2 billion to address cybersecurity, replace legacy systems and upgrade information technology (**between SB 1 and HB 2**);
- Full restoration of state funding to Texas food banks and home-delivered meal programs;
- 100 percent appropriation of estimated available Sporting Goods Sales Tax, totaling over \$400 million, to support state parks and historical sites;
- Additional staff resources to strengthen the Public Utility Commission's oversight of ERCOT activities;
- \$200 million to continue protecting our Gulf Coast from natural disasters; and
- Over \$30 billion to address the state's transportation needs, including \$26.5 billion dedicated for highway planning, design, construction, and maintenance.

Highlights of CSHB 2 (the supplemental bill):

- \$209.7 million to address shortfalls at the Texas Department of Criminal Justice;
- \$321.3 million to finish construction of Austin and San Antonio State Hospitals and plan a new state hospital in the Dallas area;
- \$23.7 million to address the most critical infrastructure needs at our State Supported Living Centers and State Hospitals;
- \$271 million for the Texas Guaranteed Tuition Plan;
- \$63.6 million to respond to natural disasters across several universities;
- \$25 million for courthouse preservation;
- \$22 million for bullet resistant windshields to protect our state troopers;
- \$36 million to finish interior facilities in Phase I of the Capitol Complex construction project;
- \$36 million for Capitol repairs and renovations, including the Texas Capitol, Capitol Extension, Capitol Visitors Center, and Texas State History Museum;
- \$50 million to preserve, maintain, and restore the Alamo and its surrounding complex;
- \$893 million for IT needs across state agencies, including cybersecurity, legacy system modernization, and other projects; and
- \$583 million for statewide capital needs at various agencies.

Miscellaneous

Response to Winter Storm

Several bills aimed at improving the electric grid and governance of ERCOT and PUC passed in response to the devastating winter storm that hit Texas in early February. A detailed look at the particulars of the legislation will be included in our comprehensive legislative session overview.

Mandated Benefits

TAB, along with NFIB, opposed over a dozen bills that would have created a mandated benefit. Adding mandates to health plans increases the costs for businesses and employers. Texas already has 43 mandates in place – the third highest in the country.

TAB led the Effort to End the \$300 Additional Weekly Federal Unemployment Payment

TAB sent a letter, with 50+ cosigners, encouraging Governor Abbott to consider ending Texas' participation in \$300 additional weekly federal supplement payment. This is the number one issue of concern among local chambers, as employers increasingly cite the additional federal stimulus finding as the biggest barrier to filling job openings. TAB conducted a survey, in which 177 employers participated in, to determine if employers were struggling to find workers. 80% of Respondents Call for End to \$300/Week Federal Supplement. You can find the full survey results on our website.

Border Reopening

TAB sent several letters to the U.S. Department of Homeland Security and the White House urging to lift the cross-border travel restriction that was imposed in March 2020 due to the COVID-19 pandemic. Because of this restriction, thousands of American-owned small and mid-sized enterprises on the Texas/Mexico border continue to face extreme economic challenges. The Texas cities on the southern border rely heavily on consumers from their Mexican sister cities, the inability of international customers to access business on the Texas side of the border is devastating. Senator Cornyn, Senator Sinema, and others sent a letter to Department of Homeland Security (DHS) Secretary Alejandro Mayorkas urging him to commit to a timeframe to lift COVID-related travel restrictions on non-essential traffic through land ports of entry. Lifting this restriction is necessary, critical, and long overdue. TAB will continue to play a role in this effort for the Texas business communities and the state as a whole.

Texas Opportunity Coalition

TAB also joined the Texas Opportunity Coalition, dedicated to passing the DREAM Act and making Texas the number one state for job creation and economic growth. We encourage you, and all TAB members, to join this coalition of Texas business organizations in pushing for a federal congressional solution to provide permanent legal status to Dreamers. Be on the look out for more information on this coalition and TAB's efforts.

Federal Tax Increase Opposition

TAB will be engaged as President Biden's tax plan is being debated. Raising corporate taxes to 28% not only hits large corporations but could affect many small businesses still recovering from the Covid shutdowns. The proposed tax changes being contemplated may have long-lasting consequences that outweigh short-term perceived economic growth gains. The tax proposals put forth by the Administration are punitive, undermine US competitiveness, and could reduce overall revenue collected.

Waiving Intellectual Property Protections

The Texas Association of Business, Texas Healthcare and Bioscience Institute, and the Texas Association of Manufacturers today issued a statement in response to the Biden Administration's announcement in support of the World Trade Organization's push to waive intellectual property protections for COVID-19 vaccines. The waiver, which has not yet been negotiated, could suspend existing patent and intellectual property protections, effectively forcing U.S. companies to hand over trade secrets and proprietary information and potentially resulting in safety and supply chain concerns.

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