



CITY OF HOUSTON

Office of the Mayor

Interoffice

Correspondence

To: Houston City Council

From: Bill Kelly
Director of Government Relations

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Subject: State Legislative Update

On January 12th, the Texas Legislature convened to begin the 140 day 87th Session.

On a day traditionally reserved for the House and Senate Chambers joyfully packed with family, friends, supporters, and staff, the Texas lawmakers experienced a more somber, shorter and less crowded swearing-in ceremony due to the restrictions imposed by the current COVID pandemic.

Senate

The Senate was gavelled to order by Lt. Gov. Dan Patrick where four new Senators were welcomed into the 31-member body by their colleagues. Senator Brian Birdwell (R) of Granbury was elected by his peers as President Pro Tempore of the Senate and will assume the Constitutional duties of Governor when both the Governor and Lt. Governor are out of state.

- Important Senate rule changes include decreasing the 3/5th requirement to bring a bill to debate on the floor of the Senate. The new rule passed along party lines (18-13) lowers the threshold from 19 to 18 maintaining the ability of the Republican majority to bring a bill for a vote without any Democratic Senators approval.

New requirements were also approved mandating a COVID test for Senate staff at the beginning of each week and before entering any committee hearing or the Senate Chamber. Senators will be required to be tested for COVID before entering the Chamber or a committee hearing room.

Friday afternoon, Lt. Gov. Dan Patrick made new committee assignments which are linked here: <https://www.ltgov.texas.gov/wp-content/uploads/2021/01/2021-Senate-Committees.pdf>

Of note, a new Senate Committee on "Local Government" that is chaired by Senator Paul Bettencourt.

House

Rep. Dade Phelan (R) of Beaumont was elected Speaker of the House by a vote of 143-2.

- The House did not impose any requirements for COVID testing but will mandate facial coverings in the Chamber and hearing rooms.

The House did not change any provisions for the general public to offer virtual testimony at committee hearings, instead opting to allow each Chair of a committee to designate witnesses of their choice to testify virtually.

- However, the rule changed to allow for electronically submitted written testimony from any member of the public.

To accommodate spacing requirements for the pandemic, secure voting terminals will be installed inside the House Chamber and perimeter for the Representatives.

The House and Senate will not meet again until January 26, 2021, and no committee hearings have been posted.

Budget Update

Lawmakers will have a very different and challenging dynamic in crafting the biennial budget, the only legislation required by the Constitution to pass in a legislative session.

The projected shortfall is shrinking. For the CURRENT budget cycle, the deficit is now estimated to be \$1 billion ... this number is significantly less than the \$4.5 billion deficit that was projected in July 2020.

- Moreover, this projection does NOT include savings due to the budget cuts implemented in June 2020. Nor does the estimated deficit “incorporate the effects of substituting federal funds provided as pandemic-related assistance for some GR-R pandemic-related expenditures.” In some estimates, the combined effect of these two unincorporated factors may eliminate the deficit entirely.

The Rainy-Day Fund remains robust. The Comptroller projects that at the end of the next budget cycle that Texas will have more than \$11.5 billion in its Rainy-Day Fund ... that assumes appropriators do not tap the fund to help with the current budget cycle. Appropriators utilized the Rainy-Day Fund in the aftermath of Hurricane Harvey, and we expect a similar discussion to take place this session.

However, State Appropriators will have LESS to spend. When the Comptroller certified the current budget, he estimated the legislature had \$121.76 billion available for general-purpose spending. By contrast, the Comptroller is estimating that the legislature will have \$112.5 billion available for general-purpose spending for the next budget. Appropriators will have to be creative.

Lawmakers and leaders have continually expressed their support of maintaining the investments made in public school finance and property tax reductions last session.

- Helpful in this accomplishing this goal is the additional \$5.5 Billion in federal funds sent to the state for the purpose of public education during the pandemic.