Legislative Briefing Report for the 79th Session

CITY OF COLLEGE STATION

CITY OF BRYAN

BRYAN INDEPENDENT SCHOOL DISTRICT

CHAMBER OF COMMERCE
BRYAN / COLLEGE STATION, TX

Summary: Top Seven Issues*

1. Tax Appraisal Caps:
We would oppose any change to the current appraisal cap of 10% to any reduced amount that might be proposed.

2. School Finance Reform:
A. We recognize the need for the state to address school finance reform but would oppose any reform that would negatively impact the ability of cities to provide basic essential services or reduce municipal revenue.
B. We request that the Texas Legislature assist the A&M faculty reinvestment initiative second phase.

3. Transportation:
We encourage all efforts to fund roadway improvements as extensively as possible, State, regional, and local roadways; to meet the transportation needs of a growing Texas.

4. Telecommunications:
There has and will continue to be a lot of discussion involving the telecommunication industry and the way they will be conducting business in the future. We oppose any legislation that would negatively affect the ability of cities to collect compensation from telecommunication providers for use of the public rights-of-ways.

5. Collective Bargaining:
We support the current law, which requires a popular vote in order for police and fire employees to collectively bargain with a city.

6. Annexation:
We support allowing the current annexation law, which went into effect January 2003, to be given the opportunity to function as adopted by the Legislature. Additionally, we ask for legislation to amend Federal Law to allow a city to acquire a rural water supply corporation or Special Utility District's (SUD) service territory.

7. Water:
We support the State's foresighted efforts to protect through SB 1 our valuable ground water. The State has enabled the creation of groundwater conservation districts. Therefore, we support legislation that offers guidance or a clearer definition of the right of capture.

**Top seven issues identified by City of College Station, City of Bryan, Brazos County, Texas A&M University, Bryan ISD and College Station ISD*

Briefing Report on Issues at the Upcoming 79th Legislative Session

The following is a list of legislative issues of strong concern to local governments in Brazos County. These issues involve a two-fold focus: first, legislation that may be introduced that addresses or impacts issues we support; secondly, legislation that, if introduced, we would oppose due to its adverse impact on our community.

1. Tax Appraisal Caps:

We would oppose any change to the current appraisal cap of 10% to any reduced amount that might be proposed. Any reductions to the current appraisal caps would undermine the ability to have property appraised at or near market value as current State law requires. In Brazos County, property is appraised on a three year or less frequent cycle which results in an average annual cap of 3 1/3% percent.

2. School Finance Reform:

A. We recognize the need for the state to address school finance reform. However, we oppose all school finance or tax reforms that would negatively impact the ability of cities to provide basic essential services, conduct economic development activities, and ensure public safety by limiting their ability, beyond the provisions of current law, to collect property tax or sales tax revenues.

B. We request that the Texas Legislature assist the A & M faculty reinvestment initiative second phase. This is an effort to increase 100 faculty members per year for the next four years, a total of 450. With phase one funding last session, A & M reduced the student-to-faculty ratio from 22 to 1 to 20.2 to 1 and will further reduce class size if able to attract new faculty.

3. Transportation:

We encourage all efforts to fund State, regional and local roadway improvements as extensively as possible in order to meet the transportation needs of a growing Texas. However, we wish to encourage the State to keep in mind those areas, such as the Brazos Valley Region, that are underserved by continuous four-lane divided highways and yet are experiencing strong growth. We support the creation of a Regional Mobility Authority (RMA), bond funds for highway construction and the construction of toll roads whenever appropriate. We also call on our State legislative delegation to actively be involved in encouraging our Texas Congressional delegation's support of TEA-21 reauthorization in Congress and to insure that the federal transportation earmarks for this region remain in the final transportation bill. In addition, we encourage our State delegation to join in our efforts to have the South Central Corridor extended from the Fort Hood-Killeen/Temple area through Bryan-College Station to the Houston/Harris County Metropolitan area.

4. Telecommunications:

There has and will continue to be a lot of discussion involving the telecommunication industry and the way they will be conducting business in the future. We would oppose any legislation that would: (1) negatively affect the ability of cities to collect

compensation from telecommunications providers who use the public rights-of-ways; (2) the exemption of newer technologies, such as Voice over Internet Protocol (VoIP), from most regulations; and (3) dramatically reduce the ability of cities to receive compensation when VoIP providers use the public rights-of-way. We also oppose the tying of franchise fees to internet sales tax. Finally, we would seek legislation that would limit the authority of the Public Utilities Commission to regulate municipal right-of-way ordinances.

5. Collective Bargaining:

We would oppose any legislation that requires collective bargaining for a city or would allow a City Council to enter into collective bargaining with police and fire unions without a popular vote (as is currently required).

6. Annexation:

We support keeping the annexation law as is, giving it full opportunity to function as approved by the Legislature in 1999. We would oppose any modification to it at this time, particularly any amendments that would further reduce or impede a city's ability to unilaterally annex property more than it is currently regulated.

Additionally, we ask for legislation to amend Federal Law to allow a city to acquire a rural water supply corporation or Special Utility District's (SUD) service territory as it is annexed as long as the city performing the annexation is willing to pay the pro-rata share of the Federal debt that can be reasonably attributed to the area annexed. A (SUD) sometimes provides water to customers within City limits. Such an area of granted water responsibility is known as CCN (Certificate of convenience and necessity). A SUD cannot always provide ample water supply for fire suppression. We encourage our legislative representatives to consider legislation that would allow cities to affordably take responsibility for these areas, and hope that our legislators will seek our input on such legislation. As an option, a SUD should be required to provide ample water pressure for fire suppression.

Annexation is an important, if not the most important, tool Texas cities have been given by the State to control growth through land use in a city's perimeter areas. Restrictions on annexation would mean the entire character of the Texas economy will be changed in a way which notably limits it capacity to support future growth and prosperity. We also would ask the Texas Legislature to not amend section 43.141 of the Texas Local Government Code to provide for less stringent requirements for disannexation.

7. Water:

We support the State's foresighted efforts to protect through SB 1 our valuable ground water. The State has enabled the creation of groundwater conservation districts. In doing so, the legislation is somewhat ambiguous regarding groundwater conservation districts, right of capture, protection of the water resource, and property rights. Groundwater conservation districts are left to implement rules with little State guidance, which creates controversy among property owners and entities relying on water. Therefore, we support legislation that offers guidance or a clearer definition of the right of capture. Further, we encourage the State to continue in the next session, and where appropriate, to strengthen its current efforts to control and plan for Texas' future water supply. We believe control and development of our area water supplies, both current and future, are of vital importance to our future quality of life.

Other issues of concern:

Rezoning:
We would oppose any legislation that would require a city to reimburse the property owner if a rezoning is argued to diminish the value of a property.

Right-of-Way Authority:
Local control of our street, road and alley rights-of-way is essential for effective delivery of local governmental services. In the next session, the legislature will probably consider legislation that would reduce the authority of cities to regulate the use of their rights-of-way. We oppose this erosion of rights-of-way authority.

National Fire Protection Association Standard 1710:
Any effort to impose through State legislation or State administrative regulation (through the Texas Fire Commission) what is known as "NFPA 1710" is something we would oppose. Any mandatory imposition of NFPA 1710 creates an unfunded mandate by establishing mandatory minimum staffing levels on fire pumper trucks as well as emergency vehicle response times. This creates new costs for cities with no local input or control while requiring local government to raise the tax revenue to cover these costs. The cost of full compliance for the City of College Station and Bryan would be in excess of $16.5 million dollars and an ongoing annual expense of $1.2 million each.

Regulation of Firearms:
Any legislation that substantially reduces or eliminates the authority of a city to regulate the possession of firearms on municipal premises is of concern and should be opposed.

Current Local Revenue Sources:
Like the State, local government is constantly looking for appropriate new and innovative ways to fund services for our growing communities. However, we find it increasingly difficult to stop our current revenue sources from being reduced. We would encourage our delegation's awareness of this issue and point out that it occurs in various ways. One of the more significant ones that may be on the horizon is interest being expressed by some State officials regarding expansion of the State's sales tax "holiday." Due to the importance of sales tax revenue for funding city and county government, such decisions not only impact State finances, but local government finances as well. For that reason, we would request that the State heavily involve and receive input from their local governments as to its financial impact on them before any dialogue or discussion of sales tax holiday expansion occurs. The sales tax code should also be amended to prohibit the ability of a company to change locations (situs) in an effort to avoid or intentionally divert payment of local sales tax. Another area where this can occur is State-granted tax exemptions on homesteads. While we realize there are arguments in support of such exemptions, we would ask that before new ones are approved by the State, that a thorough analysis of financial impact on local government is first conducted and our input solicited.

E-Commerce and Internet Sales Tax:
We recognize the importance of e-commerce via the Internet for business. However, we also recognize the impact the current "sales tax free" status that burgeoning

internet e-commerce retail sales has on local “brick and mortar” retailers as well as on local and state government in Texas and throughout much of the country. Certainly the “playing field” is not level for our local retailers, who levy the State’s sales tax, while Internet retailers do not collect sales tax. Obviously, this is now a huge and ever-growing sales tax revenue loss for both the State of Texas and Texas local government. We support the creation of a nationally accepted sales tax code that is fair and equitable for both Internet and “brick and mortar” retailers. This needs to be addressed as soon as possible. Any encouragement to facilitate a solution that our State legislative delegation can provide would only help bring this issue to resolution. It is important to note that the tying of franchise fees relative to the use of public rights-of-way to internet sales tax could have a devastating impact on cities.

Library Funding:

Many local government libraries rely on TexShare databases, which are funded through Telecommunication Infrastructure Funds (TIF). The TIF funds come under sunset review in 2005 and will not be available unless appropriate action is taken by the legislature. If this TIF funding used by the Texas State Library Association is no longer available, few libraries can afford the costs of electronic databases.

Restriction of Municipal Building/Development-Related Fees and Permits:

In the next session, the Legislature may consider legislation introduced under the "guise" of housing affordability that would: (a) restrict municipal fees that affect housing costs; (b) require a "housing availability" impact statement for any "law" that affects housing: and (c) review all "government practices" and codes that affect housing affordability. We would oppose any such legislation.

Health Care Costs:

The rapidly escalating rising costs of health care is impacting the ability of local governments here and all over the State to provide affordable health insurance for their employees. This is reaching crisis proportions, both in terms of financial impacts as well as quality of and access to health care delivery. We would encourage efforts in the next session to attempt to address this problem. We recognize the national nature of this problem. However, efforts to focus on Texas in particular in addressing these rising costs through whatever tools and means are available would have a very beneficial impact on the cost of both State and local government. Most importantly, it would have a positive impact on our citizens who are bearing these increased costs.

Local Control:

Texas has historically been a strong home rule state giving its local governments the ability to place decisions in the hands of a community’s elected governing body. We believe this is as it should be. Further, we believe that local self-determination and decision making is why local government in Texas is some of the best in the nation. We support any initiatives that reinforce this local control that the State of Texas has wisely given local government while we oppose any efforts to reduce or erode it.

State Fees:

Local governments understand the need to utilize user fees and permit fees to fund some of the costs of delivering their services. We pay many such fees to the State.

Additionally, we collect some State fees, particularly court costs, through our municipal courts. When the State increases those fees, the citizen paying them often does not understand that the local government that is collecting that fee for the State does not receive that revenue. We would also ask for consideration for additional reimbursement by the State for our costs of collecting State fees.

Unfunded Mandates:

In the next session, we encourage our delegation to be mindful of any legislation introduced that would require local governments to provide new or expanded services, but not provide the financial resources to accomplish it.

Elections:

We support legislation that would allow local government (cities and school districts) to cancel unopposed single member district elections even when an at large race or measure appears on the ballot. This would save tax payers printing and programming costs.

Legal notices:

We support legislation that would allow municipalities to "publish" their legal notices via the Web/Internet and posting on the City's legal notice posting bulletin board, versus publishing in the newspaper. In the City of Bryan, the amount of money spent on publications of legal notices in the newspaper could be utilized to hire two police officers or two firefighters/EMS.

Sales Tax:

We would advocate legislation to give Texas cities legislative authority to collect: (1) sales tax on motor fuel sales and (2) collect a sales tax on motor vehicle sales that occur within that city.

Parks & Wildlife:

We ask that further erosion of Texas Park & Wildlife Grant funding available to municipalities through the TPWD be prevented. This erosion may impact *the quality of life in our cities and future regional park projects.*

State Homeland Security Base Grants:

We would advocate reinstating the State Homeland Security Base Grants Programs. This will enable us to further develop our ongoing resources to protect our citizens based on our current threat assessment.

Indigent Health Care:

We would ask the Texas Legislature to not create another "Robin Hood plan" which might require Brazos County's taxpayers to subsidize other counties' indigent care.

Community Supervision:

We would ask our Texas Legislature to continue to increase funding for our ongoing Community Supervision program. Prison and jail commitments have to be reduced. This can be accomplished by funding community supervision at a level that will enable us to provide research-proven, evidence-based programming for offenders. This will initially increase the cost of supervising these offenders in the short term, but will save money for local communities and the State on a long term basis.

Tax Base Erosion:

We would support legislation that would prevent Higher Education Authorities from using student scholarship activity to qualify for non-profit status on student housing projects to remove these prime pieces of property from the local tax rolls. These investors make a tremendous profit from these housing units, while removing highly developable land from the tax roll and providing unfair competition with local owners/taxpayers.