

Weekly Report
February 3, 2023

GOVERNOR:

Winter Weather Preparations – On January 30th, Governor Greg Abbott directed the Texas Division of Emergency Management (TDEM) to increase the readiness level of the State Operations Center (SOC) to Level II (Escalated Response) as winter weather begins impacting large portions of Texas. Governor Abbott said, "The State of Texas is working tirelessly to ensure Texans and their communities have the resources, assistance, and support needed to respond to winter weather impacts across the state. As we mobilize the resources Texans need to stay safe, I encourage everyone to remain weather-aware, check DriveTexas.org before traveling, and heed the guidance from local officials. I want to thank all the first responders and emergency management personnel helping Texas communities prepare and stay safe during this severe weather." The National Weather Service forecasted wintry mix - primarily freezing rain - until Thursday in West, Central, and North Texas, with sub-freezing temperatures expected throughout the week. Heavy rainfall and flash flood potential is in the forecast for Wednesday and Thursday in Central, East, and Southeast Texas. The following state agencies were requested by TDEM to report to the SOC:

- Texas Department of Transportation (TxDOT)
- Texas A&M Engineering Extension Service
- Texas A&M Forest Service
- Texas Department of State Health Services (DSHS)
- Texas Health and Human Services Commission
- Texas Commission on Environmental Quality (TCEQ)
- Texas Animal Health Commission
- Texas A&M Agrilife Extension Service
- Public Utility Commission of Texas (PUC)
- Railroad Commission of Texas (RRC)
- Texas Department of Public Safety (DPS)
- Texas Parks and Wildlife Department
- Texas National Guard
- Texas Education Agency
- Texas Department of Information Resources

Severe Weather Response – On January 31st, Governor Greg Abbott provided an update on the State of Texas' response to severe winter weather conditions impacting large portions of Texas following a briefing at the State Operations Center in Austin. Texans in the North, West, and Central regions of the state should prepare for continued freezing cold temperatures, wind-chills, freezing

rain, sleet, and icing conditions today through Thursday. Additionally, Central, East, and Southeast Texas may also be impacted by flash flooding tomorrow through Thursday. Governor Abbott said, "The State of Texas is working around the clock to keep Texans safe and warm over the course of this severe winter weather and flooding event. Texans are urged to remain weather-aware and stay off the roads if possible. If driving is absolutely necessary, motorists can check DriveTexas.org to receive the most up-to-date road conditions. I thank all of our emergency response personnel across the state who are braving the severe weather to keep their fellow Texans safe." Governor Abbott was joined at the press conference by Railroad Commission of Texas Commissioner Christi Craddick, Texas Division of Emergency Management (TDEM) Chief Nim Kidd, Texas Department of Transportation Executive Director Marc Williams, Texas Department of Public Safety Director Steve McCraw, Public Utility Commission Chairman Peter Lake, and Electric Reliability Council of Texas (ERCOT) President and CEO Pablo Vegas. During his update, the governor urged Texas motorists, especially semi-truck drivers, to remain vigilant and avoid driving on roadways unless absolutely necessary. Governor Abbott also noted the State of Texas will have emergency response personnel available 24/7 to keep communities safe and respond to weather-related concerns. Chairman Lake, Chairman Craddick, and Mr. Vegas also informed Texans that the state's electrical grid and natural gas supply is ready and will remain reliable over the course of this severe winter weather event. Chairman Lake reminded Texans to contact their local power providers in the event that winter weather and icing conditions cause local power outages. In addition, Mr. Vegas assured that ERCOT will be staffed around-the-clock to ensure that Texans have reliable power supply.

SENATE:

The Senate briefly convened on Tuesday and Friday but adjourned for lack of a quorum due to winter weather travel advisories.

Next Week: The Senate adjourned until Tuesday, February 7, 2023.

HOUSE:

The House also convened briefly on Tuesday and Friday of this week but adjourned for lack of a quorum due to winter weather and power outages.

Speaker Staff Announcements – On January 27th, Speaker Dade Phelan announced that in addition to his current role as Deputy Chief of Staff, Jay Dyer will be elevated to the role of Special Advisor to the Speaker, filling a critical position held in prior Speaker's administrations by the Honorable Allan Ritter and the Honorable Robby Cook. In this capacity, Jay will be an essential liaison between House members and the Speaker's Office on legislative and strategic matters. Since 2021, Jay has served the Phelan administration in senior roles including Policy Director and Deputy Chief of Staff. Speaker Phelan also promoted Margo Cardwell to the role of Policy Director for the Office of the

Speaker in addition to her current role as General Counsel to the House. In this new capacity, Margo will advise the Speaker on all policy matters, including the development of legislative initiatives and overseeing the Speaker's policy staff. Speaker Phelan said, "I am proud to have the best team in the Texas Capitol. These changes will provide members with the expertise they can rely on to deliver results for their districts this session. Jay Dyer has been a valuable asset in my administration since I was first elected to the speakership, and he brings to this new role a deep understanding of the legislative process and trust among the members. I have full confidence in his ability to further our administration's mission of making the House work as effectively as possible for all members and staff in his additional role as Special Advisor. Margo Cardwell is well-known and respected among those within the capitol for her extensive and detailed knowledge on legal, ethics and policy issues. She has been of valuable counsel to me and all members of the House since she joined my team in 2021, and the expertise she brings to her new position as Policy Director will be a great contribution to the success of the 88th Legislative Session."

Next Week: The House adjourned until 2:00 p.m. on Tuesday, February 7, 2023.

BUDGET:

Monday, January 30, 2023 – Senate Finance Committee met for four hours and heard comments from Comptroller Glenn Hegar about his Biennial Revenue Estimate that indicated \$32.7 billion in available revenue, a 26.3 percent increase from the previous biennium. The committee also heard from representatives of the following agencies:

- Legislative Budget Board,
- Texas Historical Commission,
- Employee Retirement System,
- Cancer Prevention and Research Institute of Texas,
- Commission on State Emergency Communications,
- Pension Review Board, and
- Texas Veterans Commission

Public testimony was received from representatives of Texas 2036, AFSCME Texas Retirees, the Lone Star Chapter of the Sierra Club, Texas State Retired Employees Association, Texans for the Arts, Texas Library Association, Texas State Employees Union, Texas Cultural Trust, American Cancer Society, and Leukemia & Lymphoma Society.

The Senate Finance Committee hearings that were scheduled for Tuesday, Wednesday, and Thursday were cancelled because of the weather.

Speaker Phelan's Op-Ed on the House Budget Bill – On January 27th, Speaker Dade Phelan released an Op-Ed to the local newspapers in his House district concerning the House appropriations bill saying, "The work of the Texas House during this 140-day stretch is already well underway. Earlier this month,

our chamber introduced a proposed state budget for the next two years, and I believe it serves as a great starting point for deliberations not just among House members, but with our counterparts in the Texas Senate. HB 1, the budget's official moniker, puts the needs of Texans first by both capitalizing on our state's once-in-a-generation revenue availability while also controlling spending in a conservative, constitutional way. It proposes \$130.1 billion in general revenue spending over the next two fiscal years and prioritizes a number of issues in need of the state's attention, from improving our infrastructure to beefing up our workforce development pipeline.

- **Property Tax Relief** - For starters, the House proposed \$15 billion be set aside for property tax relief - an issue I know is high on Texans' radars these days. Those funds, coupled with legislation aimed at reforming our home appraisal process, will start the conversation over how best to deliver relief to the taxpayer, a priority for the Texas House this session.
- **Border Security** - The spending plan also proposes \$4.6 billion for border security, which is more important than ever as opioid smuggling and human trafficking pour over our border while the federal government repeatedly fails to take ownership over doing its job.
- **Infrastructure** - Our budget proposal also includes a number of appropriations that are important to us folks in Texas House District 21, such as \$400 million for flood mitigation efforts at the Texas Water Development Board and \$24.5 million for upgrading the infrastructure at Lamar University and the two-year Lamar institutions to better prevent flooding or wind damage during future weather events. The spending plan also provides increased funding to those two-year Lamar campuses to continue providing reduced tuition and fees, while also putting forth \$6 million to assist Southeast Baptist Hospital with construction of an outpatient mental health clinic.
- **Maritime Industry** - Further, we are investing in one of our area's most important economic drivers - our maritime industry. Over \$500 million is allocated in the base budget for port capital improvement projects as well as the Ship Channel Revolving Fund, which was created to support improvement projects that keep our local ports and shipping channels globally competitive. Additionally, \$500 million will go to the Texas General Land Office to continue funding coastal barrier projects and protection efforts, a portion of which is contingent on a funding authorization from the U.S. Congress.
- **Higher Education** - Lastly, but certainly not least, our budget proposal would put \$8.2 million toward maintaining tuition and fee reduction at our two-year Lamar institutions, helping us further improve on progress we have already achieved on this front in past sessions.

This House proposal is just the beginning of our months-long conversations related to the state budget. But with a starting point this strong, I know that my colleagues will deliberate and discuss the best ways forward, ultimately yielding the best possible product for Texas."

TTARA's Report on State Revenue – On January 31st, Texas Taxpayers and Research Association (TTARA) released its brief, "*A Once in History Cash Bonanza, or Everything You Wanted to Know About the Revenue Estimate, the Budget, the Spending Limit, and the Rainy Day Fund.*" The report said, "With the introduction of the House and Senate general appropriations acts, SB 1 and HB 1, and the previous release of Comptroller Hegar's biennial revenue estimate, the money situation for the 88th Legislature has become clear and lawmakers are sitting on a record mountain of money. After matching projected revenues and proposed spending (including the additional \$9.7 billion set aside for property tax relief), lawmakers still have over \$42 billion available. In addition, the state's Economic Stabilization, or 'Rainy Day,' Fund is projected to hit its constitutional cap of \$27 billion in 2025, an amount that may be excessive based on levels recommended by the Governmental Finance Officers Association." TTARA's report also estimates the level of spending and tax cuts that could be sustained into future budgets. That level would exceed the current spending limit, perhaps inviting larger tax cuts than what are currently on the table. TTARA explains how the spending limit could prove to be a barrier to property tax relief, although other tax cuts, such as sales or franchise tax would not count against the limit.

[View the report.](#)

Upcoming Hearings:

Friday, February 3, 2023 – Senate Finance Committee will meet at 9:00 a.m. in E1.036 of the capitol extension if necessary to take up pending business.

Monday, February 6, 2023 – Senate Finance Committee will meet at 10:00 a.m. in E1.036 of the capitol extension to take up Article III – Education (Public Education) Agencies.

Tuesday, February 7, 2023 – Senate Finance Committee will meet at 9:00 a.m. in E1.036 of the capitol extension to take up Article III – Education (Higher Education) Agencies.

Wednesday, February 8, 2023 – Senate Finance Committee will meet at 9:00 a.m. in E1.036 of the capitol extension to take up Article III – Education (Higher Education) Agencies.

Thursday, February 9, 2023 – Senate Finance Committee will meet at 9:00 a.m. in E1.036 of the capitol extension to take up Article V – Public Safety & Criminal Justice Agencies.

Friday, February 9, 2023 – Senate Finance Committee will meet at 9:00 a.m. in E1.036 of the capitol extension if necessary for any pending business.

Monday, February 13, 2023 – Senate Finance Committee will meet at 10:00 a.m. in E1.036 of the capitol extension to take up Article IV – Natural Resources Agencies.

Tuesday, February 14, 2023 – Senate Finance Committee will meet at 9:00 a.m. in E1.036 of the capitol extension to take up Article VII – Business & Economic Development Agencies.

Wednesday, February 15, 2023 – Senate Finance Committee will meet at 9:00 a.m. in E1.036 of the capitol extension to take up Article VIII - Regulatory Agencies.

Thursday, February 16, 2023 – Senate Finance Committee will meet at 9:00 a.m. in E1.036 of the capitol extension to take up Article IV - Judiciary Agencies.

Friday, February 17, 2023 – Senate Finance Committee will meet at 9:00 a.m. in E1.036 of the capitol extension if necessary for any pending business.

PUBLIC EDUCATION:

Removing Explicit and Adult Designated Education Resources Proposal –

On January 26th, Representative Jared Patterson filed **HB 1655**, entitled The READER Act. READER stands for ‘Removing Explicit and Adult Designated Educational Resources’. HB 1655 bill seeks to eliminate sexually explicit books from public school libraries, hold book vendors who sell explicit content to schools accountable, and provide legal protections for well-meaning schools and staff. It is a direct result of Representative Patterson’s work removing dozens of sexually explicit books from schools over the past 14 months. Specifically, The READER Act would create mandatory library standards for public schools, provide parental controls for library catalogs, force book vendors to rate sexual materials, and mandate internal book reviews and reporting for each school district. Under the bill, book vendors would be required to rate "sexually explicit" and "sexually relevant" materials and submit lists of all sexually inappropriate books sold to school districts. The Texas Education Agency (TEA) would also be given new authority to ban book vendors from doing business with Texas school districts who incorrectly rate books sell in Texas. Representative Patterson said, “This bill ensures sexually explicit materials will no longer have a home in public school libraries. It also has a parental oversight mechanism to ensure parents can control their student’s access to any material rated sexually relevant. Further, it provides legal protections for hardworking school staff, including librarians, who may unknowingly have materials like these on the shelves, by placing the liability on the vendors. The sexualization of our children must stop. No legislator in the country will work harder than I will to ensure our kids are protected from radical sexualization, whether that be through social media, in the classroom, or in the school library. This session, book vendors selling explicit content to Texas school children will be held accountable. My HB 1655 - aka The READER Act - and my HB 1155 are the most aggressive attempts to remove sexual indoctrination in the country.”

TAX:

January Sales Tax Revenue – On February 1st, Comptroller Glenn Hegar said state sales tax revenue totaled \$4.11 billion in January, 6.6 percent more than in January 2022. The majority of January sales tax revenue is based on sales made in December and remitted to the agency in January. That compares to:

- December 2022 collections were 3.93 billion, 10.5 percent more than December 2021

- November 2022 collections were \$3.96 billion, 11.2 percent more than November 2021;
- October 2022 collections were \$3.82 billion, 11.9 percent more than October 2021;
- September 2022 collections were \$3.69 billion, 17.2 percent more than September 2021;
- August 2022 collections were \$3.77 billion, 13 percent more than August 2021;
- July 2022 collections were \$3.88 billion, 14.7 percent more than July 2021;
- June 2022 collections were 3.68 billion, 16.5 percent more than June 2021;
- May 2022 collections were \$3.69 billion, 8.6 percent more than May 2021;
- April 2022 collections were \$3.83 billion, 12.8 percent more than April 2021;
- March 2022 collections were \$3.37 billion, 28.5 percent more than in March 2021;
- February 2022 collections were \$3.23 billion, 28.6 percent more than in February 2021;
- January 2022 collections were \$3.85 billion, 25.3 percent more than January 2021; and
- December 2021 collections were \$3.56 billion, 24.4 percent more than December 2020.

Comptroller Hegar said, “While state sales tax collections reached another all-time high, it is important to note that the rate of growth from the previous year was the lowest in the 22 months since the end of pandemic restrictions. This reflects slowing in the rate of inflation and slowing growth in real economic activity as well. Unfortunately, inflation continues to erode the purchasing power of Texas consumers as the consumer price index rate for December was 6.5 percent. Gains in tax receipts from sectors driven by business spending continued to lead the growth, with the largest gains coming from the mining sector compared with a year ago. Receipts from the manufacturing, construction and wholesale trade sectors continued to grow robustly year over year, but at lower rates than in recent months as inflation subsides for items such as construction materials. Overall, retail trade receipts grew only slightly and at less than the rate of inflation for consumer goods. Within the retail sector, remittances from the electronic shopping segment led the way as people celebrated the holidays. Receipts from big box retailers and department stores declined, while receipts from dollar stores were up sharply from a year ago - with consumers choosing lower-cost retail options over other outlets during the peak of the Christmas shopping season. Receipts from restaurants were once again about in line with inflation in food away from home.” Total sales tax revenue for the three months ending in January 2023 was up 9.4 percent compared with the same period a year ago. Sales tax is the largest source of state funding for the state

budget, accounting for 56 percent of all tax collections. Texas collected the following revenue from other major taxes:

- motor vehicle sales and rental taxes - \$566 million, up 18 percent from January 2022;
- motor fuel taxes - \$311 million, up 5 percent from January 2022;
- oil production tax - \$486 million, up 14 percent from January 2022;
- natural gas production tax - \$322 million, down 13 percent from January 2022;
- hotel occupancy tax - \$55 million, up 11 percent from January 2022; and
- alcoholic beverage taxes - \$156 million, the highest monthly collections on record, up 11 percent from January 2022.

Key Dates – 88th Legislative Session:

88th Legislative Session Began: January 10, 2023

Inauguration of Governor and Lt. Governor – January 17, 2023

Bill Filing Deadline: March 10, 2023

88th Legislative Session Ends: May 29, 2023

Governor’s Veto Deadline: June 18, 2023

State Websites - Additional information can be obtained via the Senate, House, and capitol websites:

www.senate.state.tx.us

www.house.state.tx.us

www.capitol.state.tx.us