

**Weekly Report
March 3, 2023**

GOVERNOR:

Parent Empowerment Night in Corsicana – On February 27th, Governor Greg Abbott advocated for education freedom and parental rights to a crowd of over 300 Texas parents, students, and advocates at a Parent Empowerment Night at Parks Meadows Academy in Corsicana. Governor Abbott said, “Many public schools in Texas are excellent, but we must do more to ensure every student has the best possible education available to them. Ultimately, no one knows what is best for a child's success than their parents. This session, we will empower every parent with the ability to choose the best high-quality education option for their child. Together, we will chart a course toward brighter futures and bigger opportunities for young Texans across our state.” Governor Abbott was joined by Representative Cody Harris, Texas Public Policy Foundation Campaign Director Mandy Drogin, Park Meadows Academy faculty, and other parent empowerment advocates. During his remarks, the governor made clear that parents deserve access to school curriculum, school libraries, and what is being taught in the classroom. He mentioned that the way to fully empower parents is by expanding school choice options through state-funded Education Savings Accounts to all Texas students.

Parent Empowerment Night in Conroe – On February 28th, Governor Greg Abbott championed parental rights in their child's education at a Parent Empowerment Night held at Covenant Christian School in Conroe. Addressing the school's packed gymnasium with over 350 parents, students, teachers, and parent empowerment advocates, the governor emphasized the fundamental right parents have in choosing the best educational opportunities for their children. Governor Abbott said, "Like many of you here tonight, I grew up learning the basics: reading, writing, math, and science. Unfortunately, many schools are veering away from the very education that inspired generations of Texans to make our state - and country - the beacon of liberty and opportunity that it is today. We must empower parents to choose the best possible academic opportunities for their children. With education freedom an emergency item this session, we will add more funding for public schools as well as increase school choice across Texas." Governor Abbott was joined by State Board of Education District 8 Member Audrey Young, Texas Public Policy Foundation Campaign Director Mandy Drogin, and Covenant Christian School Elementary Principal Sara Cummings.

Governor Addresses TPPF Texas Policy Summit – On March 1st Governor Greg Abbott highlighted the scope of legislative priorities he is working with the Texas legislature to accomplish this session during the opening keynote address at the Texas Public Policy Foundation's (TPPF) annual Texas Policy Summit in Austin. Governor Abbott said, “Texas is the undisputed economic juggernaut of America, and we will remain an unflinching force in the world by expanding opportunities for everyone this session. I look forward to working with the Texas House and Senate to prevent a patchwork regulation regime that makes it hard to do business in our state. We are also working on other policy issues to make Texas even greater, including providing the largest property tax cut in Texas history, doing more than any other state to ensure our southern border is secure, classifying fentanyl poisonings as murder, and ending revolving-door bail policies that kill innocent Texans. One of the most consequential policies this session is to empower all parents with the ability to choose the best education option for their child. One hundred and eighty-seven years after Texas was founded, there has never been a better time to be a Texan. Working together, we will keep it that way.” Governor Abbott emphasized education freedom through state-funded Education Savings Accounts for all Texas students to provide parents the ability to choose the best education option for their child. The governor also discussed the need to rein in local business regulations contrary to Texas values to ensure our state remains a national leader in economic opportunity.

SENATE:

The Senate was in session on Tuesday and Wednesday this week conducting routine business. On Wednesday, the Senate recessed until 10:00 a.m. on Friday March 3, 2023 to refer bills.

Next Week: The Senate adjourned until 11:00 a.m. on Tuesday, March 7, 2023.

HOUSE:

The House was also in session on Tuesday and Wednesday this week conducting routine business. On Wednesday, the House stood at ease until 3:00 p.m. Thursday, March 2, 2023 to refer bills.

Speaker Announces Additional Priorities – On February 28th, House Speaker Dade Phelan announced additional key legislative priorities of the chamber that are aimed at defending the state’s economic growth over the past two years and creating an opportunity for even more development as population continues to expand at a rapid pace. They include following bills:

- **HB 5** by Representative Todd Hunter (R-Corpus Christi), also known as the **Texas Jobs & Security Act**, would provide Texas with a critical economic development tool to create additional jobs, investments and tax revenue, keeping the state competitive in drawing businesses to relocate or expand here. Under HB 5, the incentives would be targeted and temporary in attracting large-scale, capital-intensive projects related to the

manufacturing, national security and energy infrastructure industries. Texas taxpayers would also have transparency into how those state incentive dollars are used, the number of jobs created and the full economic impact of such projects on communities.

- **HB 8** by Representative Gary VanDeaver (R-New Boston) would establish a **new funding model for community colleges** in Texas that recognizes and rewards such institutions for the important role they play with associate degrees, non-credit workforce education programs and other credentials of value that will be required in more than 60 percent of jobs in the state over the next decade. HB 8 would also create a new scholarship program, increasing the opportunity for economically disadvantaged high school students to enroll in dual credit courses, and expand access to higher education opportunities across the state by creating new shared services for institutions through the Texas Higher Education Coordinating Board, enabling colleges to expand their range of offered academic and workforce programs.
- **HB 19** by Representative Andrew Murr (R-Junction) would create a **business court system** in Texas, strengthening the state's already strong pro-business reputation that has driven economic and job growth to the state. A specialized court system for complex business cases in the state would establish a new avenue for those companies to solve their legal matters in a fair, streamlined and consistent manner.

Speaker Phelan said, "We have a good thing going here in Texas, and I thank Representatives Hunter, VanDeaver and Murr for authoring measures that seek to continue that trend line in our state. As Texas continues to grow and attract even more business that creates jobs and spurs local economies, our state must ensure that we have the kinds of tools to keep us competitive with others on a national and global scale. With so much job growth happening in our state, it's also important that we have the necessary avenues that foster workforce development to keep up with demand. I look forward to working with my colleagues in the Texas House on discussing these three legislative proposals in the coming weeks and passing them out of our chamber."

Speaker Phelan Announced Property Tax Priority Bills – On March 2nd, Speaker Dade Phelan announced that **HB 2 and HJR 1**, which he said would provide meaningful, lasting property tax relief, are priority bills for him this session.

- **HB 2**, also known as the **Property Tax Relief Act**, would lower school district property taxes by 28 percent and reduce the limit on annual appraisal increases to 5 percent for all types of property in the state, shielding homeowners, small business owners and other property owners from sudden increases in values to their property that are oftentimes unsustainable. HB 2 would result in the largest property tax cut in Texas history, saving homeowners in the state \$460 on their annual property tax bill in 2024, which would grow to \$590 in 2025.

- **HJR 1** would put HB 2 on the Texas ballot if passed by the legislature, leaving it up to voters to decide whether it is adopted as state law.

Speaker Phelan said, “Skyrocketing property taxes have become unaffordable for too many residents in this state, and I thank Representative Meyer for filing legislation that would bring real relief to Texas taxpayers by making much-needed improvements to the state’s appraisal system. This bill is a great building block for our state to continue to thrive, and I look forward to the Texas House passing HB 2 this legislative session.”

Next Week: The House adjourned until 2:00 p.m. on Monday, March 6, 2023.

BUDGET:

House Appropriations Committee:

Subcommittee on Articles I, IV, and V:

On Monday, the House Appropriations Committee’s Subcommittee on Articles I, IV, and V (General Government, Judiciary, and Public Safety & Criminal Justice) took up:

- Department of Public Safety
- Overview of Criminal and Juvenile Justice Correctional Populations
- Texas Juvenile Justice Department
- Texas Department of Criminal Justice
- Board of Pardons & Paroles
- Texas Military Department
- Texas Commission on Fire Protection
- Texas Commission on Jail Standards
- Texas Commission on Law Enforcement
- Texas Alcoholic Beverage Commission

On Tuesday, the House Appropriations Committee’s Subcommittee on Articles I, IV, and V (General Government, Judiciary, and Public Safety & Criminal Justice) held a formal meeting to discuss House budget recommendations on Article I.

On Wednesday, the House Appropriations Committee’s Subcommittee on Articles I, IV, and V (General Government, Judiciary, and Public Safety & Criminal Justice) held a formal meeting to discuss House budget recommendations on Articles I and IV.

On Thursday, the House Appropriations Committee’s Subcommittee on Articles I, IV, and V (General Government, Judiciary, and Public Safety & Criminal Justice) held a formal meeting to discuss House budget recommendations on Article V.

Subcommittee on Article II:

On Monday, the House Appropriations Committee’s Subcommittee on Article II (Health & Human Services) took up:

- Health & Human Services Commission and Office of Inspector General
- Texas Civil Commitment Office
- Department of State Health Services
- Department of Family & Protective Services

On Tuesday, the House Appropriations Committee's Subcommittee on Article II (Health & Human Services) took up:

- Health & Human Services Commission and Office of Inspector General
- Texas Civil Commitment Office
- Department of State Health Services
- Department of Family & Protective Services

Subcommittee on Article III:

On Monday, the House Appropriations Committee's Subcommittee on Article III (Education) took up:

- Texas School for the Blind and Visually Impaired and special provisions
- Texas School for the Deaf and special provisions
- Texas Education Agency
- Texas Permanent School Corporation
- Teacher Retirement System
- Optional Retirement Program

On Wednesday, the House Appropriations Committee's Subcommittee on Article III (Education) held a formal meeting to discuss House budget recommendations.

On Thursday, the House Appropriations Committee's Subcommittee on Article III (Education) held a formal meeting to discuss House budget recommendations.

Subcommittee on Articles VI, VII and VIII:

On Monday, the House Appropriations Committee's Subcommittee on Articles VI, VII, and VIII (Natural Resources, Business & Economic Development, and Regulatory) took up:

- Texas Railroad Commission
- Department of Agriculture
- Texas Animal Health Commission
- Texas Commission on Environmental Quality
- General Land Office and Veterans' Land Board
- Low-Level Radioactive Waste Disposal Compact Commission
- Texas Parks & Wildlife Department
- Texas Water Development Board
- Texas State Soil & Water Conservation Board

On Tuesday, the House Appropriations Committee's Subcommittee on Articles VI, VII, and VIII (Natural Resources, Business & Economic Development, and Regulatory) held a formal meeting to discuss House budget recommendations.

On Wednesday, the House Appropriations Committee's Subcommittee on Articles VI, VII, and VIII (Natural Resources, Business & Economic Development, and Regulatory) held a formal meeting to discuss House budget recommendations on Article VI.

On Thursday, the House Appropriations Committee's Subcommittee on Articles VI, VII, and VIII (Natural Resources, Business & Economic Development, and Regulatory) held a formal meeting to discuss House budget recommendations on

Articles VI, VII, and VIII.

House Pensions, Investments & Financial Services Committee – On Wednesday, the House Pensions, Investments & Financial Services Committee held an organizational meeting and received invited testimony from:

- Employees Retirement System
- Teacher Retirement System
- Texas State Securities Board
- Texas Department of Banking

Next Week:

Tuesday, March 7, 2023 – Senate Business & Commerce Committee will meet at 8:00 a.m. in E1.012 of the capitol extension to take up:

SB 640 by Charles Schwertner (R-Georgetown) would clarify that the **State Preservation Board** is responsible for providing general building and grounds maintenance for the Sam Houston Building, the Robert E. Johnson Building and attached parking facilities, and the John H. Reagan Building.

HIGHER EDUCATION:

Senate Subcommittee on Higher Education – On Wednesday, the Senate Education Committee’s Subcommittee on Higher Education held an organizational meeting and heard invited testimony from Higher Education Commissioner Harrison Keller.

Next Week:

Monday, March 6, 2023 – House Higher Education Committee will meet at 10:00 a.m. in E2.010 of the capitol extension for an organizational meeting and to hear invited testimony from:

- Texas Higher Education Coordinating Board
- Texas Association of Community Colleges
- Texas State Technical College
- University of Texas System
- Texas A&M University System
- Texas Tech University System
- Texas State University System
- University of Houston System
- University of North Texas System
- Independent Colleges & Universities of Texas
- Stephen F. Austin University
- Texas Women’s University

PUBLIC EDUCATION:

House Public Education Committee – On Tuesday, the House Public Education Committee held an organizational meeting and heard invited testimony from:

- Commissioner of Education Mike Morath
- Kathy Martinez-Prather, Texas School Safety Center at Texas State University
- John Scott, Texas Education Agency

Senate Education Committee – On Wednesday, the Senate Education Committee held an organizational meeting and heard invited testimony from Education Commissioner Mike Morath and two individuals.

Education Commissioner Mike Morath told the committee that the pandemic undid as much as twenty years of academic gains in some subjects. In math, for example, the number of eighth grade students performing on grade level in 2019 was 62 percent, according to state standardized testing. In 2021, that number had fallen to 43 percent. Commissioner Morath said, "Those math declines are equivalent to all improvement in public education that occurred over a course of about a ten to twenty year period. So every policy that has been made by the legislature, every iterative dollar that's been invested by the legislature to improve how we educate kids was all wiped out in a year and a half." Morath also put it in economic terms: with how closely math proficiency is linked to lifetime learning, the pandemic may have wiped out trillions of dollars worth of future income for the kids it affected. The numbers have improved recently, with end-of-course exams from last spring showing a rebound in math to 48 percent on-level performance, but still well below pre-pandemic levels. He discussed HB 4545 from last session, which mandated personalized, intensive tutoring programs for students that failed to meet standards. It left districts scrambling to find the resources and personnel to meet the demands of the new program. Commissioner Morath said, "HB 4545 is no walk in the park. It is a significant operational shift for districts to implement. Part of the problem, was the speed at which it was pushed into schools. Had there not been COVID, a phase-in approach would've certainly helped with implementation, but we were trying to help as many kids as possible."

Teacher Testimony - The committee also heard from two classroom teachers to get their perspective on education in Texas. Schools are having challenges finding skilled and qualified classroom teachers, and at keeping those they do find. Georgetown ISD fourth grade teacher Teena Malina said that problem goes beyond compensation, "They leave because they are burning the candle at both ends keeping schools going during the pandemic and their mental health has suffered. Teachers struggle to find any work balance with the enormous weight of our professional duties." Malina cited a recent survey of Texas teachers that found 77 percent have considered leaving the profession. She said that in order to find and keep good teachers in Texas public schools, teachers need access to mental health resources, better pay, and the state needs to continue to increase funding for public education.

Teacher Vacancy Task Force – On February 24th, Governor Greg Abbott announced the release of the final report of the Teacher Vacancy Task Force (TVTF) that focuses on three primary areas of policy recommendations to

address school district staffing challenges in Texas. In March 2022, Governor Abbott directed the Texas Education Agency (TEA) Commissioner Mike Morath to immediately create a task force to help school districts address ongoing staffing retention and recruitment challenges. The governor said, "Educating Texas students is crucial for the continued success of our great state, and teachers play a pivotal role in that success. I thank the teachers and school leaders on this task force for their work addressing full-time and substitute teacher vacancies in Texas schools. Their recommendations will help ensure that best practices and resources are available for teacher recruitment and retention. Working with the Texas legislature, we will develop and implement strategies that attract, retain, and support highly qualified educators to provide students across the state with even greater opportunities to learn and grow." Commissioner Morath said, "Teachers are the single most important in-school factor in the educational outcomes of students, and we must ensure they feel valued, supported, and able to remain in the classroom, if they so choose. The work of the task force has further illuminated critical issues facing Texas public schools and has provided concrete steps to move forward. I am grateful for their thoughtful and insightful approach to developing practical policy recommendations that help address these challenges." Within three main policy categories - compensation, working conditions, and training and support - prioritized recommendations include:

Compensation Best Practice Recommendations for School Systems:

- Prioritize teacher compensation with any state funding increases.
- Consider ways to shift from traditional experience-based salary schedule to strategic compensation pay based on teacher effectiveness, roles, and responsibilities.
- Ensure the total compensation package is competitive, addresses school system priorities, and incentivizes impactful teachers to work in high-needs areas.
- Provide clear communication around salaries and include salary calculations for teachers with over 20 years of experience.
- Include other roles, such as school leaders, in overall strategic compensation planning.
- Survey teachers to determine healthcare needs and priorities for total compensation packages.
- Consider how much above the state minimum district contribution can be spent to reduce teacher healthcare premiums.
- Work with other school systems to obtain the best healthcare plans with lower premium amounts.
- Offer teacher wellbeing and mental health assistance in the form of counseling, access to mental health professionals, and additional leave options.
- Partner with childcare providers to provide options for children of teachers.
- Implement exit surveys and evaluate the results to inform retention and re-recruitment strategies.

- Conduct an analysis of employee certifications to identify teachers with Bilingual or Special Education certifications not serving in those settings and provide incentives, as appropriate, for teachers to move into those positions.
- Streamline applications for returning teachers. Provide specialized induction training and support for teachers returning to the profession.

Training and Support Best Practice Recommendations for School Systems:

- Assess options for residency preparation programs that serve their regions and evaluate their capacity for establishing or growing partnerships.
- Engage in strategic staffing efforts to support implementation of sustainable residency models.
- Consider ways to increase access to High School Education and Training courses, including local opportunities for incentives and stipends for course instructors and students.
- Consider hiring high school graduates as educational aides or paraprofessionals while they complete their bachelor's degree and teacher certification and then hiring them as teachers of record.
- Ensure opportunities for formal teacher leadership roles and teacher representation on district-level committees.
- Develop an overall talent strategy that includes development of readiness competencies for mentor teachers, cooperating teachers, and teacher leader roles.
- Implement transparent and consistent processes for the recruitment and selection of teachers for mentor teacher and other teacher leader roles, including consideration of teacher's impact on student outcomes and their disposition towards coaching and support of others.
- Utilize teachers with a local designation as preferred candidates for teacher leadership roles in school systems engaged in the Teacher Incentive Allotment (TIA).
- Consider the commitment of personnel and local funds to support the planning and implementation of teacher leader initiatives.
- Create opportunities for teacher input through creating district-level advisory committees and ensuring frequent and regular opportunities for teacher input.

Working Conditions Best Practice Recommendations for School Systems:

- Ensure teachers have access to high quality instructional materials (HQIM) and support for implementation, including time built-into the schedule for lesson internalization.
- Create opportunities for teacher voice in the creation of district calendars and school schedules.
- Protect and expand the required 450 minutes of planning time guaranteed to teachers in statute.
- Examine the number of preps teachers have and develop innovative staffing solutions to reduce that number.

- Ensure teachers have time built in the schedule for collaborative planning time with peers teaching the same grade-level and content.
- Remove “other duties as assigned” language from teacher job descriptions.
- Leverage community partners to assist with reducing non-instructional tasks such as making copies, duties (arrival, dismissal, lunch), coordinating community events, etc.

The report concluded, “Strong student outcomes and a qualified future Texas workforce are not possible without effective teachers. During the past year, the TVTF engaged teachers, district representatives, and other key stakeholders to determine the highest leverage opportunities to reduce teacher vacancies in the state. The group determined that increasing compensation, strengthening training and support, and improving working conditions would significantly improve the recruitment and retention of Texas teachers. The Texas legislature, the TEA, and school systems should prioritize enacting and fully funding these recommendations to ensure that every Texas school is staffed with effective, supportive, and committed teachers. By increasing the quantity and effectiveness of the largest teacher labor market in the country, Texas takes a necessary step toward providing every student a high-quality education, while simultaneously providing a blueprint for other states to address teacher vacancies.”

[View report.](#)

Coalition for Education Excellence - On March 2nd, a group of education advocates and business leaders announced the formation of the Coalition for Education Excellence (CEE), a new organization dedicated to advancing high-quality education for all Texas students and supporting hardworking Texas teachers. Gay Gaddis, executive committee member of Texas Business Leadership Council (TBLC) said, “A recent study found that Texas students are being taught below grade-level content in our public schools. They are being left behind. That is unacceptable, and we owe it to those students to fix it before it is too late. Anyone who takes a close look at our education system can see that students are being under-educated, teachers are exhausted, and parents are frustrated. Something needs to change. Through this new partnership of our member organizations, we are bringing parents, teachers, education experts, and local and state leaders together to find solutions that will give our children the education they deserve.” CEE’s priorities for the 88th Legislative Session are:

1. Reforming K-12 curriculum to increase rigor and improve student outcomes.
2. Increasing access to high-quality instructional materials for teachers and districts.
3. Providing parents increased visibility into what their students are learning.

Kevin Malonson, Texas Executive Director of Teach Plus said, “Many teachers in Texas are currently working two jobs – designing lessons and teaching them – which is contributing to their exhaustion and teacher shortages. Access to high-quality instructional material can reduce teacher workloads and play a critical role

in delivering quality education to our students. Joining forces in this coalition, we are committed to providing our hardworking teachers with the necessary resources to not only effectively engage and inspire Texas students but to ultimately set them up for a brighter future.” Founding members of CEE include The Commit Partnership, the Greater Houston Partnership, Teach Plus Texas, Texas 2036, the Texas Association of Business, the Texas Business Leadership Council, the Texas District Charter Alliance and the Texas Public Policy Foundation, with more members to be announced in the coming weeks. The Coalition for Education Excellence (CEE) is a coalition of education policy and advocacy organizations that joined together to work in partnership with parents, teachers, and state and local leaders across Texas to address current and future challenges for K-12 education in Texas.

[Visit CEE website.](#)

State Board for Educator Certification – On March 2nd, Governor Greg Abbott reappointed Bob Brescia, Ed.D., Courtney Boswell MacDonald, and Scott Muri, Ed.D. to the State Board for Educator Certification for terms set to expire on February 1, 2029. The board develops certification and continuing education requirements and standards of conduct for public school teachers.

Bob Brescia, Ed.D. of Odessa is a teacher of record for Ector County Independent School District (ISD) and an adjunct professor at Wilmington University. He previously served as the executive director for the John Ben Shepperd Public Leadership Institute and as the head of school for Saint Joseph Academy in Brownsville. He is the former chairman of Basin PBS television. He is also a monthly columnist for the American Society for Public Administration in Washington, D.C. Brescia has 27 years of military service as a highly decorated airborne ranger cavalry soldier, non-commissioned officer, and commissioned officer in the United States Army. He received a Bachelor of Arts, summa cum laude, in Civil Government from Norwich University, a Master of Science in Computer Information Systems and a Master of Arts in International Relations from Boston University – European Division, and a Doctor of Education in Executive Leadership with distinction from George Washington University.

Courtney Boswell MacDonald of Kerrville is a community volunteer. She previously worked on the Senate Education Committee and served as executive director for Texans for Education Reform, Texas Institute for Education Reform, and Texas Aspires. She is a former math teacher at Richardson ISD and Dallas ISD. MacDonald received a Bachelor of Science in Fashion and Communications and a secondary education certification from Texas Christian University and a Master of Public Policy in Education Policy from Vanderbilt University.

Scott Muri, Ed.D. of Odessa is the superintendent of schools for Ector County ISD. He previously served as the superintendent of schools for Spring Branch ISD, deputy superintendent of academics for Fulton County Schools in Atlanta, Georgia, and as chief information and accountability officer for Charlotte-Mecklenburg Schools in Charlotte, North Carolina. He is a member of Chiefs for Change, the American Association of School Administrators, the Urban School

Administrators Association, the Texas School Alliance Board of Directors, the Ed-Fi Leadership Council, and the Consortium for School Network Superintendents Advisory Council. He is also a member of the Texas Broadband Office Board of Advisors, Odessa Chamber of Commerce, Education Partnership of the Permian Basin, and executive board member of the Ector County Education Foundation. Muri received a Bachelor of Arts in Intermediate Education and Middle School Education from Wake Forest University, a Master of Public School Administration from Stetson University, and a Doctor of Education in Educational Leadership from Wingate University.

TAX:

February Sales Tax Revenue – On March 1st, Comptroller Glenn Hegar said state sales tax revenue totaled \$3.68 billion in February, 14.2 percent more than in February 2022. The majority of February sales tax revenue is based on sales made in January and remitted to the agency in February. That compares to:

- January 2023 collections were \$4.11 billion, 6.6 percent more than January, 2022;
- 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; and
- January 2022 collections were \$3.85 billion, 25.3 percent more than January 2021.

Comptroller Hegar said, “Propelled by continued strong business spending and a surprising post-holiday surge in consumer spending, growth in February sales tax receipts significantly outpaced inflation, which is still hovering over 6 percent. Robust increases in receipts from all major sectors suggest economic activity in the state is not yet slowing significantly despite high interest rates and fears of

recession. As has been the case in recent months, receipts from sectors driven primarily by business spending showed the greatest rates of growth, with receipts from the oil and gas mining, manufacturing and construction sectors coming in strongly above February 2022 totals. Remittances from the retail trade sector - the sector responsible for the largest portion of state sales tax - grew much faster than the rate of inflation for consumer goods. The retail segments with the fastest growth in tax receipts were general merchandise and clothing stores. Receipts from the services sector were up double digits, led by receipts for live entertainment venues. Receipts from restaurants were also up double digits compared with February of last year, significantly outpacing the rate of inflation for food away from home.” Total sales tax revenue for the three months ending in February 2023 was up 10.2 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 - \$542 million, up 14 percent from February 2022;
- motor fuel taxes - \$304 million, up 1 percent from February 2022;
- oil production tax - \$492 million, up 2 percent from February 2022;
- natural gas production tax - \$305 million, down 5 percent from February 2022;
- hotel occupancy tax - \$42 million, up 2 percent from February 2022; and
- alcoholic beverage taxes - \$130 million, up 13 percent from February 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