

Special Session Wrap-up

By **John Sharbaugh, CAE** | TSCPA Managing Director, Governmental Affairs

The special session of the Texas Legislature that was called by Gov. Greg Abbott back in June abruptly ended with 27 hours to go when the House of Representatives went “sine die” on Tuesday evening, Aug. 15. While there was still another day for meeting in the special session, the House decided it had done all it could on the 20-item agenda set by the governor and gaveled its session to a close. The Senate followed suit a few hours later.

The early adjournment of the House was a strategic move to force the Senate to accept the House version of a property tax reform bill or have the issue die. The Senate chose the latter course, refusing to accept the House version. As a result, no legislation was enacted on property tax reform, the issue Abbott had identified as his number one priority for the special session.

Not Coming Back

While several senators encouraged Abbott to call another special session and bring the legislature back to continue working on property tax reform, he decided that would serve no real purpose. Thus, the legislature will not meet again until 2019, barring the governor changing his mind.

What Was Passed in the Special Session?

When the dust settled on the special session, the legislature had enacted legislation on about half of the 20 issues the governor had placed on his call agenda. The list of successful bills included the must-pass “sunset” bills that will keep some state agencies (like the Texas Medical Board) from closing. This was the primary driver to call the special session.

Other items passed in the special session included proposals to crack down on mail-in ballot fraud, extend the life of a maternal mortality task force, reform the municipal annexation process, limit local ordinances regulating trees and impose new restrictions on abortion. The legislature also passed a school finance bill, albeit one that provided significantly less funds than the House had proposed. The lower chamber wanted to inject \$1.8 billion into schools; the version adopted and pushed by the Senate provides for \$352 million instead.

Bathroom Bill Dies Again

As many political observers expected, the infamous “bathroom bill” suffered the same fate in the special session as it did in the regular – it died in the House. It was never referred to a committee by Speaker Joe Straus, who stayed true to his promise to not take the bill up. But that doesn’t mean this issue is going away. You can probably expect it to become a major issue in the upcoming political campaigns. It will likely become a litmus test as to a candidate’s conservative standing.

Property Tax Reform Stalls Out

While it looked like there was a chance the House and Senate would work things out on property tax reform during the closing days of the special session, it didn’t happen. House Ways and Means Chairman Dennis Bonnen (R-Angleton) had been expected to appoint members to a conference committee so the two chambers could reconcile their versions of the bill. But instead, shortly before the surprise House motion to adjourn, Bonnen made an announcement that he had not appointed a conference committee because

he was “trying to keep the bill alive.” He said, “If we appointed conferees now, it would kill the bill because there is not enough time,” explaining that under House rules, there would not be enough time left in the special session to issue a conference committee report and have the chamber vote on it.

By adjourning before the special session was technically over, the House forced the Senate to either accept their version of the property tax bill or let it die. A key point of contention between the chambers was whether the threshold requiring voter approval of property tax increases should be at the 6 percent preferred by the House or the 4 percent preferred by the Senate.

Some conservatives, including Lt. Gov. Dan Patrick, claimed an automatic election trigger would drive down property taxes. But such elections would only happen when taxes rise. Bonnen and other House members repeatedly said the automatic elections would not drive down taxes. They also said transparency provisions that existed in at least two bills sitting in the Senate chamber at adjournment would have made it clearer to homeowners which local government entities were behind rising tax bills.

While the Senate focused on what increase should require voter approval, the House debated and passed far more bills during the special session on this issue. That included legislation that would have lowered property tax payments for some Texans, including the elderly, disabled and military members.

So, property tax reform, at least for now, is dead until the next regular legislative session in 2019. You can expect to hear the issue discussed during the interim study period of the legislature, which will occur in 2018. Taxes and school finance are likely to garner a lot of discussion heading into the 2019 regular legislative session.

Sunset Reschedule Bill Dies in the House

In a surprise move during the next to last week of the special session, the Senate passed a bill (SB 28) that would modify the timing schedule for several state agencies subject to sunset review. SB 28 included a provision to postpone the sunset review for the Texas State Board of Public Accountancy (TSBPA) from 2019 to 2023. This was not an item on the governor’s call list for the special session.

SB 28 was received in the House, but was never referred to a committee for a hearing. Thus, it died in the House without ever being considered. As a result, the sunset review process for TSBPA is still scheduled to take place in 2019.

Sunset the Top Priority for 2019

Since the timing for sunset review was not altered for TSBPA in the special session, it will be the number one legislative priority for TSCPA in 2019. Our goal will be to assure successful reenactment of the Texas Public Accountancy Act and reauthorization of TSBPA to protect the CPA certificate of our members. The debacle that occurred this year for the sunset review of the Texas Medical Board and some other state agencies demonstrates that we should not take this process lightly. Our legislative committees and leadership will begin to plan our strategy for the 2019 legislative session over the upcoming months. The 2019 legislative session will be important for all Texas CPAs. ■

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