



A New Year and a New Legislature

By JOHN SHARBAUGH, CAE, TSCPA Managing Director, Governmental Affairs

The Texas Legislature convenes on Jan. 8, 2019 and will meet for 140 days during the regular session. There are a number of new faces in the legislature this year. Thanks to various retirements and election defeats for some incumbents, the make-up of the legislature this year will be one where a significant percentage of the legislators will have no or little experience in serving in this elected body.

Election Results – House and Senate

In the Senate, the Democrats picked up two seats. Even with these losses, the Republicans still hold a large enough majority to bring any bills to the Senate floor for a vote. Without Republican defections, the Democrats will not be able to advance any issues on their own and the Republicans will control the agenda and the outcomes in that chamber.

On the House side, the Democrats did very well and picked up 12 seats. Thus, the numbers there will shift from

a 95-55 Republican majority to one of 83 Rs and 67 Ds. Again, with this size majority, the Republicans will control the chamber unless some Republicans join forces with Democrats on an issue.

While the Republicans still hold sizeable margins in both chambers, some feel the outcome of 2018's election will serve as a wake-up call for the party. This may translate into a less conservative agenda in the legislative session in 2019, with a greater focus on business issues rather than social issues.

Statewide Offices

The last time a Democrat won an election in Texas for a statewide office was 1994. November's election did not change that fact. All of the statewide offices were once again captured by Republicans. But this year's results were much closer.

During the last midterm election in 2014, Republicans won all statewide races by an average of 19 points. That

John Sharbaugh, CAE, is TSCPA's managing director of governmental affairs. Contact him at jsharbaugh@tscpa.net.

was not the case in 2018. While incumbent Gov. Greg Abbott fared reasonably well defeating his opponent Lupe Valdez by approximately 13 points, several other Republicans had much closer races when compared to the historical standards of the past several elections.

Incumbent Republican Dan Patrick won his race for lieutenant governor over his Democratic opponent – Mike Collier, CPA-Houston. But his margin of victory was a little less than five points. The race for attorney general was also close, where incumbent Ken Paxton, plagued by outstanding legal problems, only won by 3.5 points. In the race for agriculture commissioner, Sid Miller won by about five points. George P. Bush (land commissioner), Glenn Hegar (comptroller) and Christi Craddick (railroad commissioner) all won their races by about 10 points.

We will have to wait four years to see if these closer statewide results are a new trend in the politics of the state or an aberration caused by particular candidates (like Beto O'Rourke) and/or the attitude of voters about Washington, D.C. and the current occupant of the White House.

New Speaker

Another change in this year's legislature is a new speaker of the House. At press time, it was anticipated that Rep. Dennis Bonnen (R), Angleton, would be elected shortly after the House convened. Bonnen was a late comer to the discussion of possible replacements for Speaker Joe Straus (R), San Antonio, who had announced in 2017 his decision to step down and not run for re-election.

After Straus announced his decision to retire, a half dozen other House members declared their intentions to run for speaker and observers anticipated a major battle within the Republican Caucus to determine Straus's replacement. But Bonnen announced his interest for the position in early November and very quickly assembled a large number of endorsements (109 out of the 150 House members), which all but assured his victory when the legislature convened.

Bonnen has served in the House for 20 years and was the youngest person ever elected to the House at the age of 24 in 1997. In the last session, he served as the chair of the very powerful Ways and Means Committee. Known for "not suffering fools gladly," it will be interesting to see how Bonnen handles this new role. He will certainly have a different style than his predecessor and leans farther to the right, as well. Bonnen is expected to stand up for the House in relation to the Senate to assure it is an equal player in the legislative process. How he will work with, and relate to, the lieutenant governor and governor could have a major impact in how things get done in this session.

A large part of TSCPA's advocacy effort is to play defense against negative legislation for the accounting profession.

Major Issues

With the legislative session just getting started, it is still not clear what major issues will create the most debate and deliberation. Going into the session, property tax relief and school funding were the two big issues garnering attention and in essence, these two issues are tied together and would need to be solved simultaneously.

While the financial standing of the state looks better than it did two years ago, in a growing state like Texas there is never enough money to accomplish everything legislators and the public would like. So, getting agreement on a budget will be another challenge as it has been in past sessions.

TSCPA Agenda

The priority for TSCPA in this legislative session is to assure that the sunset legislation to continue the Texas State Board of Public Accountancy (TSBPA) gets passed. This will assure the continuation of TSBPA for another 12 years, until its next sunset review in 2031. TSCPA may seek a few changes to the bill that was sent to the legislature by the Sunset Commission. As it goes through the legislative process, we hope to add a provision about firm mobility and we may also look at adding some other issues as well, depending on the chances for success.

In addition to the sunset bill, we will monitor other legislative activity that could have a detrimental effect on CPAs. Historically, several thousand bills get introduced each legislative session, so a large part of our advocacy effort is to play defense against negative legislation for the profession.

To monitor what is happening this session, check out the TSCPA advocacy efforts by going to: <https://www.tscpa.org/advocacy>. ❁