



Preview of the 2023 Legislative Session – Back to Normal?

By Kenneth Besserman, JD, TXCPA
Director of Government Affairs and
Special Counsel

Editor's Note: This article was written in December 2022 in advance of the January 10, 2023 start of session. [Go to the TXCPA website](#) for important updates throughout the 2023 legislative session.

The 2021 legislative session was one for the history books – a session dominated by the pandemic, redistricting, power grid reform and plenty of controversial issues from voting rights to abortion. The 2023 legislative session is also shaping up to be significant for a whole different reason – the unprecedented budget surplus of \$25-30 billion in addition to a Rainy Day Fund balance estimated to be about \$14 billion at the start of 2023.

An old adage could not be truer than in 2023 – legislators prefer a session where there's a budget deficit or no extra money because it's easier to say "no" than when there's a surplus where legislators must choose what programs to fund or increase funding. The session will begin with the Republicans firmly in control of state government again.

Governor Greg Abbott, Lt. Governor Dan Patrick and Comptroller Glenn Hegar were all comfortably reelected in 2022. Speaker Dade Phelan will likely retain his speakership position after the Republican Caucus backed him for another bid for House Speaker. The Speaker vote will occur on January 10.

The only question for the Speaker and Republican Caucus is whether they'll maintain the tradition of having members of the opposing party chair some House committees. A House Rules debate might occur on this question. In the Senate, Patrick maintains his Republican majority – increasing to 19 – for the session.

The biggest issue the legislature will likely address is property tax reform. All three state leaders have been talking about property tax reform for years, but with a very large budget surplus available, the momentum for significant property tax reform is gaining strength. There is significant debate as to how much of the surplus should be devoted to property tax reform – Patrick has talked about using half of the surplus to buy down property taxes while Abbott has called for using more of it.

The legislature will initially have \$12.5 billion in general revenue available for new spending – a constitutional provision based on population growth and income growth. Any additional money to be used for property tax reform or other spending will likely require the legislature to vote to bust the constitutional spending cap.

Additionally, property tax reform will require some debate about how to achieve the reduction. Will it include reductions for commercial property owners or just homeowners? Will it be a one-time reduction or permanent? How will school districts and local governments be affected when they rely primarily on local property taxes? Interesting debates and horse trading will be centerstage in 2023.

Also front and center will be power grid reform. Patrick wants to do more on power grid reform – increase generating capacity and more power plant weatherization. The Public Utility Commission may come under more scrutiny as proposals are presented.

TXCPA's Legislative Priorities

TXCPA will also have a very proactive agenda in 2023. Already, Senator Charles Perry and Rep. Angie Chen Button have filed [SB 159](#) and [HB 797](#), respectively, which will allow CPA candidates the flexibility to begin testing for the CPA Exam at 120 hours – placing Texas in line with 43 other states. TXCPA is working diligently on addressing the pipeline issue and this legislation is one step in the process.

TXCPA will also be looking at other legislation to improve the operations of the Texas State Board of Public Accountancy around the 5th year scholarship program, gubernatorial appointments and flexibility in achieving the additional 30 hours needed for certification.

Finally, it would not be a normal Texas legislative session without a number of controversial issues the legislature will debate – everything from abortion, transgender rights, election reform, critical race theory, university tenure, environmental-social-governance issues, and much more.

Many of these issues have taken a turn lately in that they may affect how businesses operate and affect the business-friendly reputation of the state. There are members of both parties and businesses, associations, professional societies and many others that are beginning to meet and talk about how to maintain the state's business-friendly climate and also limit legislative involvement in business operations and decisions.

TXCPA will be highly visible at the Capitol in 2023. We will be reporting back regularly on what's going on at the Capitol and, in particular, how our legislation is progressing during the session. We look forward to seeing you in Austin for [TXCPA Advocacy Day on January 24, 2023](#), as we head to the Capitol to talk to members about our issues.

About the Author: Kenneth Besserman is TXCPA's Director of Government Affairs and Special Counsel. Contact him at kbesserman@tx.cpa.



Let's Start a Conversation

Our Experienced Team can help navigate the complexities that often accompany wealth.

Scan the QR code to get in touch.



Westwood®
Wealth Management