

**SUMMARY OF NEW STATE LAWS  
ENACTED BY THE 78<sup>TH</sup> TEXAS STATE LEGISLATURE  
AFFECTING FORT WORTH AREA BUSINESSES**

June 23, 2003

<i>Chamber Position</i>	<i>Legislative Action</i>
<p><b>Economic Development</b> – Support the creation of a revitalized state economic development entity whose primary functions are to attract new capital investment and facilitate business expansions and assist local recruitment and retention programs.</p> <p>Encourage the state legislature to create a new incentive fund for “high impact” recruitment projects and a new employer-directed job-training program.</p> <p>Support local control of economic development incentive programs that are financed with local revenue including the continued implementation of the Texas Economic Development Act enacted in 2001.</p> <p>Encourage the state legislature to provide for a regulatory environment that stimulates investment in broadband technologies and infrastructure.</p>	<p>The Texas Department of Economic Development will be replaced by a smaller, leaner Texas Economic Development and Tourism office in the office of the Governor (SB 275). The primary functions of the new office will be promoting Texas as a premier business location and tourist destination and facilitating the location, expansion and retention of domestic and international business investment to the state. Additional functions support aerospace and aviation development, defense affairs, the Enterprise Zone Program, small business advocacy and support for local economic development programs.</p> <p>A new Enterprise Fund is established (SB 1771) providing \$295 million over the 2004-05 biennium for economic development, infrastructure development, job training and business incentives.</p> <p>Several bills that would have prohibited or limited local economic development incentive programs failed to pass.</p> <p>Legislation relating to regulation of broadband and high-speed internet access failed to pass.</p>

<b><i>Chamber Position</i></b>	<b><i>Legislation Action</i></b>
<p data-bbox="235 243 787 275"><b>Education and Workforce Development</b></p> <p data-bbox="235 281 787 457">- Support the continued improvement of public education by addressing the costs of increased student enrollment, facilities needs, teachers’ salaries and benefits, and early childhood development programs.</p> <p data-bbox="235 499 787 638">Additionally, the chamber encourages the state to provide financial support for scholarships and related programs designed to increase access to higher education.</p> <p data-bbox="235 680 787 856">To stimulate engineering and scientific research activities at our area institutions of higher education, we support an increase in state excellence funding and 100% retention of indirect costs.</p> <p data-bbox="235 898 787 1226">The chamber supports the Local Workforce Development Board system as an employer-driven system, encouraging direct, local business involvement in the planning, delivery and oversight of workforce development services. Support the continuation and enhancement of the Skills Development Fund job-training program.</p>	<p data-bbox="820 243 1372 533">State funding for public education for FY 04-05 is projected to be slightly lower than the current biennium. Non-dedicated funding is up; dedicated funding (mostly teachers’ health insurance) is down (HB 1). With an infusion of federal funds, total public education funding will be increased by approximately 3.5%.</p> <p data-bbox="820 575 1372 827">Early childhood education programs to be better coordinated and more accessible (SB76). Access to higher education enhanced through improvements to TEXAS Grant scholarship program (SB 1007) and the “B On Time” zero interest college loan program (SB 4).</p> <p data-bbox="820 869 1372 1079">Higher education funding overall is up by approximately 1%. State university and college tuition is deregulated (HB 3015) with a requirement that a portion of any incremental increase be set aside for financial aide programs.</p> <p data-bbox="820 1121 1372 1373">The Research Development Fund will replace the Texas Excellence Fund and the University Research Fund with a transition to a new funding allocation method (HB3526). State universities will be allowed to retain 100% of indirect costs associated with matching research grants.</p> <p data-bbox="820 1415 1372 1871">The Texas Workforce Commission will continue until 2009 (SB 280) maintaining its current level of funding and focusing on two key functions – overseeing employment and job training services provided by local workforce development boards and operating the state unemployment insurance system. Local workforce boards will have enhanced responsibilities with additional opportunity for local business involvement. The Skills Development job-training fund remains at the same level - \$12.5 million annually.</p>

<i><b>Chamber Position</b></i>	<i><b>Legislative Action</b></i>
<p><b>Environmental Quality</b> – Support the restoration of full funding and full implementation of the Texas Emission Reduction Plan (TERP) that provides for a state-funded, incentive grant program and new air quality research funding in federally designated nonattainment areas to reduce emissions and achieve compliance with federal standards. The chamber also encourages the state legislature to enact improvements to the effectiveness and accessibility of TERP grants programs.</p> <p>We support statutory revisions allowing the Texas Commission on Environmental Quality (TCEQ) to exercise greater flexibility in the fair evaluation of the compliance histories of businesses permitted and regulated by the agency.</p>	<p>The Texas Emissions Reduction Plan will be fully funded with an additional \$150 million annually (HB 1365). Funding will come from a 1% increase in the surcharge on construction equipment; a new 1% surcharge on new diesel trucks and a \$20 fee increase on vehicle title applications. The fee increase is \$15 in areas not affected by air pollution. 9.5% of available funding will be dedicated to air quality research, of which, at least 20% must be allocated to research in the Dallas/Fort Worth and Houston/Galveston areas. Authorizes TCEQ to adopt new rules designed to streamline the grant process and make the TERP program more accessible to small businesses.</p> <p>Legislation giving TCEQ greater flexibility in the evaluation of compliance histories failed to pass.</p>
<i><b>Chamber Position</b></i>	<i><b>Legislative Action</b></i>
<p><b>Health Care</b> – The chamber supports legislative and regulatory policies that decrease health care costs and increase access to health care services. We oppose any new proposed state government-mandated medical treatments or services applied to health care plans.</p> <p>We encourage the state legislature to enact reforms, such as limits on non-economic damages related to medical liability causes of action or class actions against employers, physicians and other health care providers, hospitals and insurance carriers.</p>	<p>Insurers and health maintenance organizations will be permitted to offer plans that do not include all state mandated medical treatment or services (SB 541). Government mandated cancer-screening procedures will be included in all plans. Small businesses may form employer health care groups to cooperatively purchase health care benefits for employees (SB 10), providing improved access and lower costs.</p> <p>New civil justice reforms (HJR 3 and HB 4) will limit non-economic damages related to medical liability causes of action. The limit varies based on whether the defendant is a physician or health care provider (\$250,000) or a health care institution (\$500,000).</p>

<i><b>Chamber Position</b></i>	<i><b>Legislative Action</b></i>
<p><b>Transportation</b> – The chamber supports full funding for the Texas Mobility Fund, allowing the Texas Transportation Commission to authorize immediate investment in necessary roadway capacity projects. Aging transportation infrastructure, population growth, and increasing travel demands require an increased level of investment in order to maintain and improve urban mobility.</p> <p>The chamber supports moving the point of collection of motor fuel taxes to the fuel terminal rack allowing the state to realize increased motor fuel tax revenue and an increased share of federal highway trust funds.</p> <p>We support development and funding of international trade corridors to accommodate current and future transportation demands.</p> <p>We support state policies that encourage the continued improvement and expansion of aviation and freight rail infrastructure.</p>	<p>Overall transportation funding remains at approximately the same level as the current biennium. Up to \$120 million annually is allocated to the Texas Mobility Fund with the potential for additional future revenue totaling \$300 million or more per year (HB 3588). Funding will come from the dedication of revenue from driver’s license renewal fees, an increase in certain fines and fees levied for traffic violations and some toll road revenues. Leveraging these funds and using new bonding authority (HB 3588 &amp; HJR 28) will allow TX DOT to raise up to \$3 billion for transportation projects statewide.</p> <p>The point of collection of motor fuel taxes is moved from the distributor to the terminal rack (HB 2458), increasing transportation funding by up to \$300 million annually and offsetting other state funding reductions.</p> <p>The Trans-Texas Corridor, an intermodal, statewide transportation plan integrating highway, rail and utility components and facilitating international trade will be implemented (HB 3588).</p>

<i>Chamber Position</i>	<i>Legislative Action</i>
<p><b>Civil Justice Reform</b> – The chamber supports state policy that addresses abuses in the civil justice system. By responsibly building on existing tort reform policies and reducing the costs of litigation Texas can more effectively attract jobs and investment.</p> <p>We support additional reforms related to asbestos litigation giving claimants actually suffering from an asbestos-related illness priority over claimants who have had exposure to asbestos but who are not ill.</p> <p>The chamber also supports limiting the personal liability of chamber officers, directors and members when they serve as chamber volunteers.</p>	<p>Comprehensive civil justice reform legislation (HJR 3 and HB 4) will build on existing tort reform laws. In addition to establishing caps on non-economic damages in medical malpractice lawsuits in Texas, the bill also provides incentives for parties to make and accept reasonable settlement offers early in lawsuits, gives jurisdiction to the Texas Supreme Court to hear an appeal from a trial court in class-action cases, allows a jury to hear all the facts in a case when determining allocation of fault among the responsible parties, creates a clearer standard - based on federal law - for determining whether a case should be dismissed so that it may be pursued in the appropriate state or county, reforms product liability law and addresses venue issues.</p> <p>Asbestos litigation reform legislation failed to pass.</p> <p>Chambers of commerce will be added to the definition of charitable organizations making officers, directors and members exempt from certain civil actions (SB 360).</p>

**The following is a brief summary of additional legislation of interest to business that was enacted by the 78<sup>th</sup> Legislature.**

- SB 186 – Relating to the computation of public school dropout and completion rates.
- SB 277 – Relating to the continuation and functions of the Texas Board of Professional Engineers and to the regulations of the practice of engineering.
- SB 340 – Relating to the rendition and appraisal of property for ad valorem tax purposes and to the use of electronic means for certain interactions between property owners and the appraisal district, taxing units or other tax officials.
- SB 361 – Relating to the precedence of certain municipal highway access rules and ordinances over highway access management orders of the Texas Transportation Committee.
- SB 416 – Relating to the regulation of boilers.
- SB 513 – Relating to the liability of certain persons giving care, assistance, or advice during a disaster.
- SB 652 – Relating to economic development, strategic planning, and other issues regarding military facilities, and the merger of certain state agencies with military responsibilities; granting authority to issue bonds.
- SB 934 – Relating to use of certain environmental laboratory data and analysis by the Texas Commission on Environmental Quality.
- SB 894 – Relating to the reporting and auditing requirements relating to school dropouts and to the use of compensatory education funds.
- SB 976 – Relating to high school completion and the creation of certain college education pilot programs.
- SB 1108 – Relating to academic achievement in public schools.
- SB 1111 – Relating to the financing, construction, operations of, and records regarding venue projects in certain counties.
- SB 1265 – Relating to prosecution of environmental crimes.
- SB 1460 – Relating to county fire marshals and county fire protection; providing penalties.
- SJR 42 – Proposing a constitutional amendment authorizing a home equity line of credit, providing for administrative interpretation of home equity lending law, and otherwise relating to the making, refinancing, repayment, and enforcement of home equity loans.
- SJR 55 – Proposing a constitutional amendment authorizing the issuance of general obligation bonds or notes to provide loans to defense-related communities for economic development projects, including projects that enhance military value of military installations.
- HB 44 – Relating to the duties of and the renaming of the small business stationary source assistance program as the small business compliance assistance program.
- HB 242 – Relating to career and technology education and training.

- HB 638 – Relating to emissions reductions incentives and the emissions reductions incentives account.
- HB 804 – Relating to the minimum wage.
- HB 1204 – Relating to the authority of municipalities and counties to regulate subdivisions and certain development in a municipality’s extraterritorial jurisdiction and in the incorporated area of a county
- HB 1208 – Relating to the mitigation of traffic congestion on highways, providing penalties.
- HB 1207 – Relating to the application of certain municipal zoning regulations affecting the appearance of buildings or open spaces.
- HB 1338 – Relating to the amount of homeowners insurance or other residential property insurance required in connection with certain financing arrangements.
- HB 1481 – Relating to the creation of the operating permit fees collected under Titles IV & V of the Clean Air Act.
- HB 1606 – Relating to ethics of public servants, including the functions and duties of the Texas Ethics Commission; the regulation of political contributions, political advertising, lobbying, public servants; and the reporting of political contributions and personal financial information; providing civil and criminal penalties.
- HB 2292 – Relating to the provision of health and human services in this state, including the powers and duties of the Health and Human Services Commission and other state agencies; providing penalties.
- HB 2386 – Relating to the rate of hotel occupancy and motor vehicle rental taxes used to finance venue projects in certain counties.
- HB 2425 – Relating to state fiscal matters; making appropriations.
- HB 2567 – Relating to the disposal of brine from desalination operations.
- HB 2912 – Relating to industrial development corporations; providing a civil penalty.
- HB 3152 – Relating to the potability of and requirements for removing contaminants from underground water.
- HB 3338 – Relating to the performance of a water audit by a retail public utility providing potable water.
- HB 3459 – Relating to fiscal matters involving certain governmental educational entities, including public school finance, program compliance monitoring by the Texas Education Agency, amounts withheld from compensatory education allotments, the public school technology allotment, the accounting for the permanent school fund, employee benefits provided by certain educational entities, the uses of the telecommunications infrastructure fund, and participation in a multijurisdictional lottery game.
- HJR 23 – Proposing a constitutional amendment permitting refinancing of a home equity loan with a reverse mortgage.
- HJR 54 – Proposing a constitutional amendment providing that certain benefits in certain public retirement systems may not be reduced or impaired.

For additional information on the legislation summarized above or any other legislation considered by the 78<sup>th</sup> Legislature, please contact Tim Keleher, Vice President of Governmental & Urban Affairs at (817) 336-2491 Extension 264. Or you may log on to the Texas Legislature Online website at <http://www.capitol.state.tx.us>.