

ANGIE CHEN BUTTON



The State of Texas
House of Representatives



May 31, 2013

Friends,

Monday afternoon, the Texas House adjourned Sine Die. About an hour later, Governor Perry called a special session to address redistricting and to make permanent the temporary maps that were drawn by the courts. The House is holding public hearings on these maps today and tomorrow to obtain public input before we gather on the House floor on Monday.

The regular session began on January 8th and after 140 days of hard work, I am pleased to say that the Texas state budget is more transparent and straightforward, and we passed some of the largest tax relief measures our state has ever seen, which I proudly authored along with several of my colleagues. Our educators will be able to spend more time preparing students for success and less time on standardized tests. I am pleased to say that our state is much closer to having the water supply we need to handle droughts and to encourage economic development.

As the regular session has concluded, I will begin sending updates at the beginning of each month. In those updates, I will discuss in more depth measures that were adopted during the 83rd session and items we need to begin working on for next session.

Making History with Tax Relief for Texans

This session I, along with my colleagues, passed close to \$1 billion in tax relief for Texans. I was proud to joint author these initiatives to ensure Texas remains competitive in recruiting and retaining businesses that keep Texans employed. HB 800 re-established Research and Development credits and HB 500 addressed issues in our current margins tax.

Research and Development - HB 800

Companies conduct Research and Development (R&D) activities with the intent of making discoveries that lead to the development of new or improved products and procedures. Companies engaged in these activities often experience substantial growth which brings an infusion of jobs, economic activity, and additional tax revenue.

Before this session, Texas was one of the few states that levied a broad-based business tax that did not allow a credit for R&D and one of the 7 states that offered no credit at all. Because of this, I authored two pieces of legislation HB 414 which provided a franchise tax credit for R&D activities and HB 953 which offered a credit for companies that contracted with Texas universities for their R&D activities.

The provisions in these two bills were rolled into HB 800, which I joined with Rep. Jim Murphy and several of my colleagues to author. HB 800 provides R&D incentives by giving companies a choice between a franchise tax credit and a sales tax exemption for materials, software and equipment used for R&D purposes. The bill encourages companies to create and retain high-paying R&D jobs in Texas and provides an additional incentive for research conducted in partnerships with Texas colleges and universities.

Governor Rick Perry praised the passage of HB 800 by saying, "A big part of the reason for our ongoing success is that, in Texas, we know people do better things with their own money than government does. So we keep our taxes low." Governor Perry continued, "HB 800 directs tax relief straight to the innovators investing heavily in Research and Development, who are dedicated to finding cures for diseases or inventing life-saving devices. HB 800 is sound public policy that will help ensure the next big innovation will be born and raised right here in the Lone Star State."

Franchise Tax Relief - HB 500

As a member of the powerful Ways and Means Committee, I worked diligently all session to help structure tax policy that will benefit Texans. I am proud to say that the Legislature approved sweeping tax reforms that will offer \$710 million in relief to Texas businesses.

House Bill 500, which I joined with Chairman of the Ways and Means Committee, Harvey Hilderbran to author, permanently exempts businesses that make less than \$1 million from paying the margins tax and guarantees a \$1 million deduction to all businesses. Additionally, it will gradually reduce the tax rate by a total of 5 percent.

The legislature first enacted the margins tax exemption for small business during my first term in 2009. Since its passage, Texas has led the nation in job growth and has been named the friendliest state for small businesses. That exemption was set to expire in 2014 so it was imperative that we acted, because letting it expire would have been detrimental to small businesses.

Additionally, HB 500 provides a \$1 million exemption to those businesses that gross over \$1 million annually. Before this bill passed, a business could completely miss out on the exemption if they made just \$1 over the \$1 million mark. This type of policy does not encourage growth and expansion, so I felt it was important to revise our tax structure so that a company would not be penalized for expansion.

HB 500 passed both the House and the Senate and is currently awaiting the Governor's signature.



At the Front Mic Working to Pass Tax Relief for Texans

I will soon be back in the district and look forward to hearing from all of you. Please let me know if you would like for me to provide a legislative update this summer to any of your organizations by emailing me at Angie.Button@house.state.tx.us.

It is an honor to serve as your State Representative. Please continue to communicate your views on issues that are important to you.

Sincerely,

Angie Chen Button

If you would like to be added or removed from this mailing, please e-mail Angie.Button@house.state.tx.us.