



March 4th, 2015

Greetings Friends, Constituents and Supporters:

House Budget

Last week, the Texas House of Representatives passed House Bill 1 and took an important step toward finalizing a budget that will be balanced and fiscally responsible for the next two years. The Texas House budget dramatically reforms state government through increased transparency, and addresses the needs of our growing state while staying below the constitutional spending cap. HB 1 invests significant resources in public schools, boosts formula funding for higher education, invests additional general revenue in transportation, and promotes border security and public safety. Additionally, HB1 accomplishes this by limiting overall spending growth to less than what is necessary to account for population and inflation increases.

Following this vote, HB 1 now heads to the Texas Senate. When the Senate passes their version, HB 1 will head to a conference committee for final approval.

\$4.87 Billion Tax Cut Plan

Representative Dennis Bonnen (Angleton) today unveiled a sweeping tax relief plan that will provide nearly \$ 5 billion in permanent tax relief for every individual and business in Texas.

"This is the biggest, broadest and boldest tax relief plan of the legislative session," said Bonnen. "It provides lasting tax relief to every family and business, and it is fiscally responsible because it abides by the spending cap."

The tax relief plan would be permanent and would not be eroded by local tax hikes or rising appraisals. House Bill 31 offers the first state sales tax cut in Texas history, reducing the rate from 6.25% to 5.95%. The average family of four will save \$172 dollars per year and employers which currently pay 40% of all sales taxes collected in Texas will realize a significant savings as well.



"As one of the Co-Authors of Chairman Bonnen's bill, I am very supportive of Chairman Bonnen's efforts to meet the desires to begin limiting government's role and offering tax deductions to the people of Texas and House District 2," said Dan Flynn

House Bill 32 cuts the franchise tax rate by 25% across-the-board for all businesses. Retailers and wholesalers will pay 0.375%, and all other businesses will pay 0.75%. The bill retains current exemptions that allow 900,000 small businesses to pay no franchise tax. Bonnen noted that while the state controls both the franchise and sales tax, it does not control property taxes.

Retired Teachers

This past week I had the pleasure of recognizing members from the Texas Retired Teachers Association on the floor and attending a luncheon along with Chairman Otto, Vice Chairwoman Donna Howard, and Representative Ashby where we discussed issues relating to the Teacher's Retirement System including

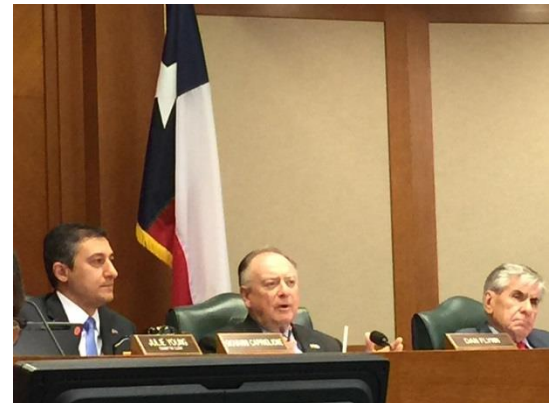


healthcare and pensions. I greatly appreciated the opportunity to meet with members and talk over many of their current issues and concerns. As Chair of Pensions Committee, I will continue to work towards addressing all of these concerns and meet with agencies to make sure we are doing whatever possible to help our retired teachers.

Bills

Our Capital Appreciation Bond (CAB) Bill was voted out of committee. Throughout the state, when it was revealed that the total school district municipal debt is more than 112 billion dollars and over 20 school districts are indebted with over a billion dollars in debt, I knew there was a real need for serious legislative action.

Many are concerned when they learn their ISD's are indebted in the billions of dollars. It appears the overuse of this tool could be an open invitation to get around current limits on spending and borrowing and there is an urgent need to reign in this type of abuse. More worrisome, Texas has extremely high levels of local debt. Some of the highest in the nation. According to the Texas Bond Review Board local governments have almost 200 billion in local outstanding bond debt and it is worth noting that local debt makes up 83 percent of all public debt in Texas. Texans deserve transparency in local bond elections involving schools and other governmental bodies. Texans deserve the right to know how much debt there is and hope my legislation will help shine light on this vital issue.



HB 150, our Daylight Savings Time Bill, received a favorable vote out of Government Transparency and Operations Committee and we look forward to working with the Calendars Committee in moving this bill forward.

It remains my pleasure and honor to represent all the people of House District 2.

My staff and I continue to welcome your input and your questions.

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May God continue to bless you and the Great State of Texas!

Dan Flynn, State Representative, District 2