



Charles "Doc" Anderson

Capitol News Report

Texas House District 56



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County

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CHARLES "DOC" ANDERSON
District 56

August 2006

Howdy Friends & Neighbors!

In my first newsletter, I discussed the many difficult issues that the Legislature had successfully addressed in its regular session. However, we left Austin with our top priorities --- school finance and property tax reduction --- undone, which was very disconcerting.

I wondered if, after a 20-week regular session and two 30-day special sessions, the legislature would ever be able to come together on these very important issues after coming so close but failing in the end. But I knew that, at some point, legislators would have no choice but to work together, and come up with a sensible plan, difficult as it might be. Most Capitol observers agreed on the difficulty, but did not share my confidence that we would get it done.

Well, optimism pays off. We accomplished my goal of having a tax bill that is both pro-education and pro-taxpayer. The 79th Texas Legislature, in its Third Special Session called by Governor Rick Perry, found the bipartisan consensus for providing a stable revenue source for public schools, as well as finding a way to relieve the overwhelming property tax burden. Business taxes were reformed, lowered, and spread out across a larger base, while at the same time keeping an eye out for the unsung heroes of the Texas economy, small business.

I hope you find the enclosed information useful. It has an in-depth summary of the successful session just completed, as well as the results of the survey that so many of you graciously responded to in the last newsletter. Your responses were very helpful.

Best wishes to you and your family. As always, it is an honor and a privilege to serve as your state representative.

Sincerely,

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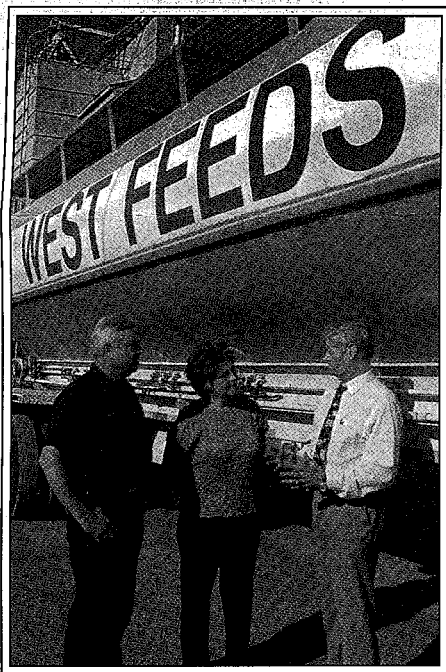


The Third Called Session of the 79th Texas Legislature, completed on May 15th, was the culmination of several years' efforts by the Legislature to pass a school finance plan that will meet Texas Supreme Court requirements and provide a long-term and stable source of funding for Texas public schools. This 30-day session resulted in:

- The largest property tax cut, both business and residential, in recent memory;
- A reformed, broad-based business franchise tax;
- Educational enhancements.

HISTORIC PROPERTY TAX REDUCTIONS

- Property taxes were cut more than \$15 billion for fiscal years 2007 through 2009. The \$1.50 property tax rate will be cut by 17 cents in 2007 (HB 1) and another 33 cents in 2008 resulting in a maintenance and operation (M&O) tax rate of \$1.00 per \$100 property value.
- School M&O taxes are projected to be cut by one third by 2008. This will apply to everyone in Texas who owns property including senior citizens and the disabled. Providing the same tax cut to senior citizens and the disabled will require a constitutional amendment (because their taxes are currently frozen) and a vote by Texans (probably in the general election in May of 2007). I will co-author the amendment and the enabling legislation. I have faith that the legislature will pass the amendment and that Texans will vote for it. When the tax bills of seniors and the disabled are reduced by the same proportion as all other Texans, the new tax amount will again be frozen at the lower level.
- Meaningful discretion will be given to school districts, allowing a local enrichment of up to 4 cents tax per \$100 valuation with local board approval. Another 13



Doc visits with Ervin Jupe and Donna Charanza of JUPE MILLS AND WEST FEEDS IN WEST about agricultural issues.



Doc confers with Rep. Vilma Luna on the House floor.

cents per \$100 can also be levied, but only with voter approval.

- The statutory cap on school district operations tax rate is cut from \$1.50 per \$100 valuation to \$1.17 per \$100 next year.
- Protection is provided against "appraisal creep" by triggering an automatic rollback election if appraisals or value increases generate more than the equivalent of a 4 cent tax increase per \$100 valuation.
- While "Robin Hood" was not totally eliminated, the number of school districts subject to recapture under the "Robin Hood" system have been reduced by raising the level of property wealth needed to trigger recapture and by cutting property taxes. In two years, the state's share of public school funding will be at 50 percent, up from its current low of 38%.

PUBLIC SCHOOL REFORMS (HB 1) HIGHLIGHTS

- Teachers, counselors, librarians and nurses will receive a state-funded \$2,000 pay raise. This is in addition to any raises that may be given by local school districts. The new pennies for local enrichment could be used for this purpose.
- Local districts may create incentive plans to reward teachers who teach under-staffed subjects or who work in hard-to-staff schools.



God Bless Texas!





- To compete in the 21st Century world of high technology and to help with college readiness, students entering the 9th grade in 2007 and later will be required to take four years of science and math as part of the recommended and advanced high school curriculum. HB 1 provides \$319 million a year to fund advanced high school programs, including the fourth year of math and science.
- The budgets of school districts will be more transparent with the requirement to post detailed budget statements online. Districts will have to clarify which portions of their tax are for maintenance and operations and which is for debt service.
- HB 1 also sets a uniform start date on the 4th Monday in August with no waivers, effective with the 2007-2008 school year.
- School board elections will be required to be held in May or November, concurrent with local or state elections, and in the same polling locations.



Doc with Joe Hinton at the Ranger Company F Headquarters groundbreaking.

UPDATE ON LEGISLATIVE ACTION FOR WACO

In the 2005 Regular Session, Representative Anderson secured state support for the Texas Rangers Company F Headquarters building and Educational Center through an amendment to the state Appropriations Bill. This \$2.1 million appropriation established a cooperative agreement between the Texas Department of Public Safety and the City of Waco to modernize and expand the Company F Headquarters of the Texas Rangers. Representative Anderson was pleased to participate in the ground-breaking of the new facility on June 3rd. Anderson said, "I am always pleased to support law enforcement, and this was a long time coming."

REFORMED FRANCHISE TAX (HB 3)

Today, only 1 in 16 Texas businesses pays the franchise tax. Because of this, the burden of school funding falls disproportionately on homeowners and some employers, while many pay nothing.

Under the reformed business franchise tax, Texas corporations and businesses earning more than \$300,000 per year will pay a tax of one percent on total revenue, less the cost of goods sold or labor costs. Wholesalers and retailers will pay a rate of one half percent.

All sole proprietors, regardless of size, and general partnerships are exempt, as well as businesses whose taxes would total \$1,000 or less.

It is estimated that an additional \$3.4 billion will be generated annually from businesses, including the ones who, through loopholes, currently avoid paying the franchise tax. This will be the primary source of funds used to buy down property tax rates. Other sources include the "liar's affidavit" (HB 4) which requires buyers of used automobiles to pay taxes based on actual value and a \$1.00 per pack increase in the cigarette tax (HB 5). Representative Anderson voted against House Bills 4 and 5.

These monies will go into a Property Tax Relief Fund (a kind of tax relief "lock box" outside the General Revenue Fund) and can only be appropriated to cut school property tax rates.

BUSINESS GROUP HONORS REP. ANDERSON

Representative Anderson received a "Fighter For Free Enterprise" award from the Texas Association of Business, based on his action on legislation in the 79th Legislature. The award is based on Rep. Anderson's pro-business and pro-economic development votes during the session, as well as his initiative on securing tax incentives for business to provide health insurance to employees and their families, which was included in the tax reform package adopted by the Legislature this spring. Pictured here, Doc receives his award from Cathy DeWitt of the Texas Association of Business.



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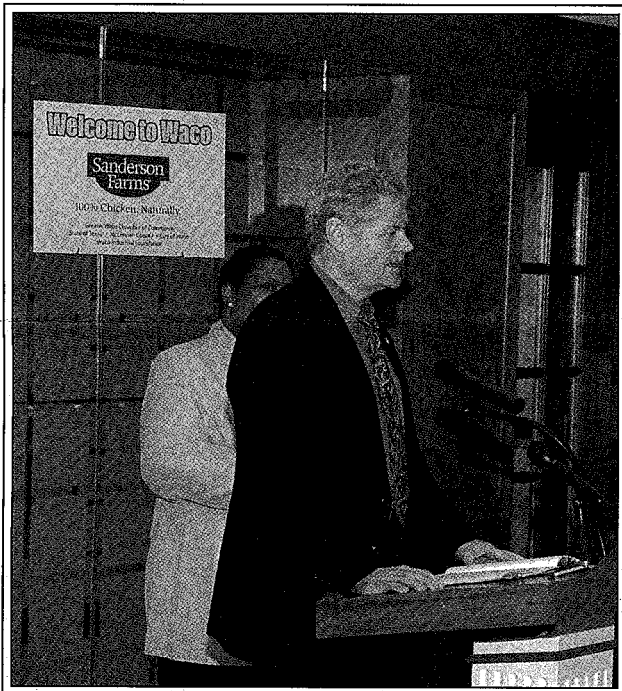
RESULTS OF DISTRICT 56 QUESTIONNAIRE



We are grateful to have received over 1300 responses to our questionnaire included in last year's newsletter. I am very proud that 72% (see check marks) of the issues you favored overwhelmingly are now law.

	FAVORED	OPPOSED	UNDECIDED
✓1. Do you support increased voter/taxpayer control over school budget and tax rate increases?	86 %	8%	6%
2. Do you support lowering the cap on the amount that appraisal districts can increase the value of your home every year?	90 %	7.3%	2.7%
✓3. Do you think that property taxes are too high and should be reduced?	87 %	5 %	8%
✓4. Would you favor raising other taxes in order to reduce property taxes?	75.7%	17.5%	6.7%
✓5. Do you prefer the current local property tax to a statewide property tax?	58.6%	15 %	26.4%
✓6. Do you think governments should be able to take people's property through eminent domain to benefit another individual?	2.2%	95 %	2.8%
7. Do you agree with my vote against raising judges pay which also raised the retirement income of legislators?	85 %	8.3%	6.7%
8. Should teachers be given more authority to control discipline in the classroom?	89.6%	4.6%	5.8%
✓9. Do you think Texas public schools should have a uniform start date after September 1st?	71.1%	16 %	12.9%
✓10. Do you think that at least 65% of education spending should be related to classroom instruction?	83.1%	6.6%	10.2%
✓11. Do you think school board elections should be moved from May to November in order to increase voter visibility and turnout?	73.3%	9.6%	17.1%

Once again, I am grateful for your responses. I found them to be highly valuable as we considered school property tax reform legislation this spring.



Doc speaks to the group welcoming Sanderson Farms to Waco. Sanderson Farms will provide 1300 new jobs in McLennan County.



CITIZENS' GROUP HONORS REP. ANDERSON

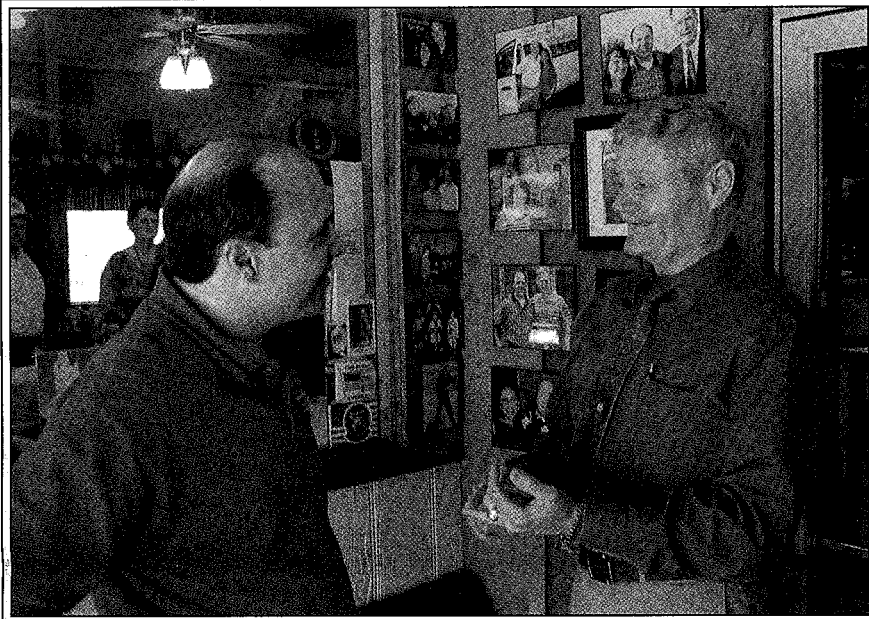
Citizens group Americans For Prosperity, which monitors the Legislature on matters of taxpayer rights and protections, honored Representative Anderson with a "Defender Of The American Dream" award based on his conservative voting record in the 79th Legislature. Representative Anderson is pictured here with Peggy Venable of Americans For Prosperity.



God Bless Texas!



"All virtue is summed up--- in dealing justly" --Aristotle



Doc visits with Donald Citrano of THE COFFEE SHOP IN McGREGOR about business taxes.

Business Tax Reform Includes Anderson Health Coverage Incentive

One aspect of business tax reform which created a "win" for employers was the availability to deduct the cost of providing employee health care coverage from a business's tax liability. Representative Anderson offered this concept as an amendment to legislation in the special session last summer. When the final package fell short of passing both the House and Senate, Representative Anderson testified before the Texas Tax Reform Commission to insure that the incentive would be included in the commission's baseline proposal this spring.

POLICY STATEMENTS

Illegal Immigration

Representative Anderson has issued a request to President George Bush asking for White House action to secure our borders. In his correspondence, Representative Anderson noted the many costly and dangerous effects of illegal border crossings, including health care costs, disease migration, drug smuggling, human trafficking, and a variety of other crimes.

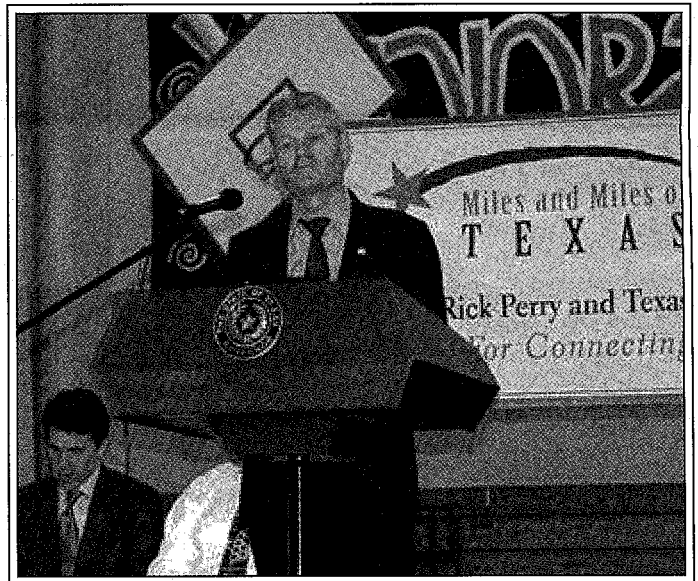
Regardless of what future policies will be agreed upon, Representative Anderson stated that "the first response to the serious problems caused by illegal immigration should be to stop the burgeoning flow", and that current immigration laws "must be obeyed and enforced... **sealing the border is the only rational first step.**" 33 of Representative Anderson's colleagues in the Texas House signed on to the letter.

Clean Energy

Representative Anderson has called for future energy-producing plants in Texas to implement coal gasification technology to supply the increasing power demands in our growing area. There are four plants proposed for McLennan County, and nine plants to be built within a 50-mile radius of McLennan County. "As far as I can determine," Representative Anderson said, "there has never been such a concentration of coal burning plants previously anywhere in the United States. We need a comprehensive study to determine what the cumulative effect of so many plants would have on air quality, agriculture, water resources, and the basic quality of life for the residents of our county."

"Now is the time to consider proven technology to burn coal even more efficiently than pulverized coal with fewer polluting emissions of mercury, sulphur dioxide, nitrogen oxide and particulate matter", Representative Anderson wrote in a May guest column for the Waco Tribune-Herald.

"Integrated Gasification Combined Cycle (Gasification) technology is a way to reduce pollution, continue generation of affordable electricity by converting coal to syn-gas which burns more efficiently, and produces chemical bi-products for resale."



Governor Rick Perry & Doc welcome high-speed internet service to rural Texas in Moody.



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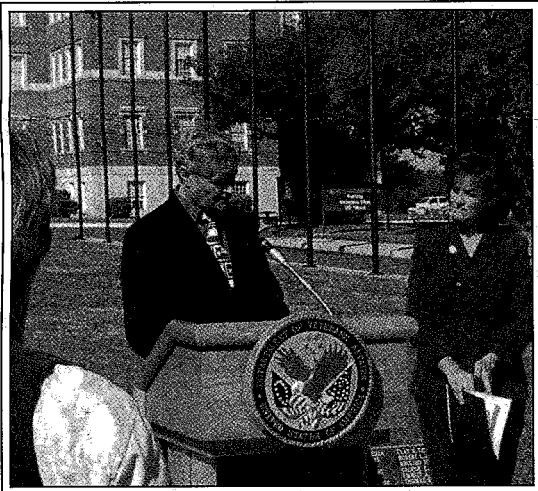
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THE TEXAS HOUSE WELCOMES MISS TEXAS CZECH-SLOVAK

West resident Sarah Middlebrook, 2006 Miss Texas Czech-Slovak, was honored with a House Resolution congratulating her for her accomplishments. Doc welcomes Sarah and her family to the House



Doc speaks at the VA MEDICAL CENTER in Waco. It is vital for our veterans and our entire community that we do all we can to maintain and expand the mission of our local VA Center.

TRANSPORTATION ISSUES

The population of Texas is predicted to double in the next 50 years, and with it, the corresponding amount of traffic on our highways. I-35 is already dangerous and ineffective in many places. It will get worse. We must plan for the future so that we will have a safe and effective way to move our families and our goods and services. The Trans-Texas-Corridor is one proposal being studied. We need to have a reasoned evaluation and discussion of all proposals and come up with the best solution to a very serious problem. My job is to represent the majority of my constituents and your input, as always, will be appreciated

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