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## June 2013 Legislative Report

Hello Friends,

I am pleased to report that a number of positive measures were passed by the Texas Legislature during the 83<sup>rd</sup> Regular Session. As the Regular Session and Special Session conclude, I want to take this opportunity to provide a summary of some of the key pieces of legislation that have become law.

This newsletter contains information about the work that the 83<sup>rd</sup> legislature did on long-term water plan financing, education, pension management, social issues, and tax relief for small businesses. First, I am pleased to report a balanced budget that more accurately reflects state revenue and expenditure. This means that the legislature should not be required to pass a large supplemental appropriations bills to pay for past expenditures at the opening of the next legislative session, as has been done often in the past. The budget addresses many needs of the state, while maintaining fiscal responsibility by not exceeding the spending cap.

There are several issues that were not resolved during this session that are still on the minds of many Texans. The legislature did not address term limits; something that I feel is a key issue that still needs to be addressed. A government that is restrained without powerful career politicians is important to many Texans.

Moving forward, I need your help to be the best representative for District 59 that I can. Several of the bills that I authored this past session came directly from citizens in the district. I am always eager to hear what issues are important to you.

As the session in Austin comes to a close, I am personally looking forward to being at home, visiting with patients, and spending more time in District 59.

Sincerely,

*J.D. Sheffield*

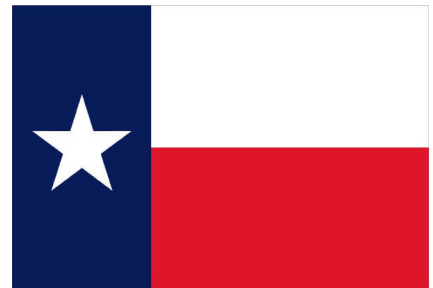
## General Appropriations Bill

Senate Bill 1 and other appropriation measures saw an increase of 3.7% in expenditure across all funds. I am pleased to report that this fiscally responsible budget reflects a growth rate below the rates of inflation and population growth. With this budget, there will be more than \$500 million left in the state treasury. The budget that was passed falls well under the constitutional spending limit - even after accounting for anticipated tax relief bills. The budget appropriates \$196.9 billion over two years with the fiscal year beginning September 1, 2013.

Senate Bill 1 is a much more transparent budget that should stop many of the accounting gimmicks used to pass the state budget previously, some of which have been used for nearly twenty years. Through the passage of House Bills 6 and 7 the Texas Legislature took major steps forward in reforming its arcane state budgeting process and ending the practice of “fee diversions” for out-of-date programs.

The appropriations of this session also increases transparency by using fuel tax dollars directly for roads as opposed to diverting these funds to other accounts not related to transportation.

During this past session the Legislature did not dip into the Rainy Day Fund, the state savings account, but a measure to help finance long-term water planning will go before Texas voters in the form of a constitutional amendment. Senate Joint Resolution 1 will allow voters to decide if using some of the Rainy Day Fund for long-term water planning projects is a worthwhile use of these funds. Currently, there is balance of approximately \$7.9 billion in the Rainy Day Fund.



On the public health part of the budget, increases in Health and Human Services, include \$259 million for mental health programs, \$100 million for women’s health programs and \$18 million for identification of fraud, waste and abuse in the Texas Medicaid program.

The budget provides \$1.36 billion in tax relief via tax credits and reductions. Keeping taxes in check will continue to keep Texas a leader in economic growth.

## Tax Relief

House Bill 500, provides meaningful tax relief to small businesses across Texas. The measure promotes small business development and economic growth by providing over \$710 million in tax relief for Texas businesses. Much of this relief goes to small businesses, the backbone of our economy. House Bill 500 permanently exempts businesses with gross revenues of \$1 million or less from paying the state margin tax. The bill additionally exempts businesses grossing up to \$1 million annually by creating a guaranteed \$1 million deduction from the franchise tax. “I was proud to be a co-author of House Bill 500,” said Representative Sheffield.

The legislature also brought necessary tax relief to businesses performing job-creating research and development activities in Texas. In particular, House Bill 800 ensures that Texas’s businesses are rewarded for their innovation and helps these businesses better compete in the global market. The legislation’s provisions allow for businesses to claim either a sales tax exemption or a franchise tax credit for certain research and development activities.

## Public Education

Legislators began this session determined to reform and revitalize our state's education system. Grounded in the principle of local control, a series of critical reform measures that address major areas of the state's education system (including testing, curriculum, and distance learning) were passed. "I am pleased to report that the 83<sup>rd</sup> Legislature has made significant progress in public education funding and policy," said Representative J.D. Sheffield.

The budget reflects a strong investment in fund in public education and provides for an increase of \$3.4 billion for public education. Accounting for the growth in the number of students in Public Schools was also funded.

A critical component of these reforms is **House Bill 5**. This measure will give students more flexibility to explore their individual interests as they prepare for higher education and the workforce by providing multiple pathways to graduation, including a career track. Importantly, the measure also reduces the burden of standardized tests- which play too large a role in our education system- by reducing the number of mandated end-of-course tests from 15 to 5.

Similarly, the legislature eliminated the over-testing of students in grades 3-8 by decreasing the number of tests from 17 to 8. **House Bill 866** eliminates the some of the **STAAR** testing requirements for students who meet certain performance thresholds. The bill also gives school districts more discretion to appropriately test students to determine whether they are performing at a sufficient level. Additionally, **CSCOPE** educational curriculum system has recently fallen under intense scrutiny and caused concern for many parents. **Senate Bill 1406** places the controversial **CSCOPE** curriculum under much needed State Board of Education oversight and review.



## Higher Education

**House Bill 29** allows undergraduate students the option of entering into a four-year fixed tuition plan at state public colleges and universities. This measure helps parents and students make better informed decisions about the cost of college and encourages on-time graduation by capping this fixed tuition rate for four years.

**House Bill 31** increases the transparency of the governing boards of Texas colleges and university systems. Specifically, the bill requires the boards to post notice of and broadcast their meetings online. The boards must also archive meetings on their website.

**Senate Bill 16**, allowing for Tuition Revenue Bonds at institutions of higher education across the state, failed to pass through both bodies of the legislature. "This is an issue that is very important to Tarleton State University as this institution continues to rapidly grow," said Representative Sheffield. "I originally filled **House Bill 1517** for these bonds; **Senate Bill 16** was the Senate version that includes all tuition bonds across the state. I will keep these projects a top priority."

## Long-Term Water Planning

The 2012 State Water Plan shows that over the next 50 years our water supply is expected to decrease 18% and our water demands are expected to increase by 27%. Texas could realize a shortfall of 8.3 million acre-feet per year by 2060. That equals almost 3 trillion gallons of water.

The State Water Plan contains over 500 strategies that, if fully implemented, will develop 9 million acre-feet of new water over the next 50 years. Without an adequate supply of clean, affordable water, the state's economy and public health would be irrevocably harmed. Water shortages during our current drought already cost Texas businesses and workers billions of dollars in lost income every year. If Texas does not implement the State Water Plan, those losses could grow to \$116 billion annually.

A dedicated source of funding to help develop the water plan's projects is necessary, largely because of rising costs for local water providers and the high introductory costs of large-scale projects. The capital cost to design, build, and implement the recommended strategies and projects between now and 2060 will be \$53 billion. Local entities are expected to need nearly \$27 billion in state financial assistance to implement these strategies.

In response to this critical issue, legislators strengthened the future of the state's water infrastructure by passing House Bill 4 and Senate Joint Resolution 1. These measures create two dedicated funds for essential projects within the State Water Plan. Senate Joint R 1 specifically asks voters to approve a constitutional amendment to make these two water funds permanent. These measures combined will ensure a sustainable water supply for generations of Texans. "Water is a top priority for District 59. Some areas of the district have experienced critical water shortages, and we need to make progress on this water plan," said Representative Sheffield. "I was proud to be a co-author of House Bill 4 to help address our long-term water needs."



## Religious Freedom

*“Merry Christmas!”* House Bill 308 allows Texas public schools to educate students about the history of traditional winter celebrations, including Christmas and Hanukkah. The legislation also permits students and teachers to say “Merry Christmas,” “Happy Hanukkah,” and “happy holidays.” Under the measure, Texas public schools will also be able to display scenes or symbols associated with traditional winter celebrations, including a menorah, nativity scene, or Christmas tree. “This is a common sense measure that helps to ensure our freedoms,” said Representative Sheffield.

## Medicaid Fraud

From 2004 to 2011, the Health and Human Services Commission’s Office of Inspector General identified more than \$6 billion in fraud, waste, and abuse in Texas public health programs. Because of the reforms passed this session, the state will be able to crack down on these abuses of the system and spend its dollars on the people who need them most.

A major part of these reforms is Senate Bill 8, an omnibus anti-fraud bill that targets a number of fraudulent and wasteful practices in the state’s healthcare programs. Among other provisions, Senate Bill 8 gives new tools to the Inspector General of the Health and Human Services Commission to pursue fraud, waste, and abuse in nearly every health and human services program that is offered in Texas. Senate Bill 8 will also create a special team to look for spending anomalies in the Medicaid and CHIP programs, which will help the state stay aware of new trends in fraud and abuse. “I was proud to be a co-sponsor of Senate Bill 8, said Representative Sheffield. “We need to insure that health care facilities are providing quality care with honest business practices.”



The house also passed House Bill 3201, a sweeping dental practice reform bill for Texas. This bill calls for parental rights for pediatric dental patient care, additional disclosure information for dental license renewal, and new disciplinary actions by the Texas Dental Board. The legislation will crack down on the millions of dollars in dental and orthodontic Medicaid fraud recently uncovered by investigative news reports and the Texas Attorney General’s office.

Another measure, House Bill 3556, will stamp out fraud committed by emergency medical service providers and ensure that these providers are engaged in the legitimate practice of emergency medical services. Among other protections, the bill increases licensing requirements on these providers to help weed out bad actors in the system. Additionally, the legislation specifically addresses a previous loophole in the system through which the owner of an emergency services firm under investigation could simply shut the business down and reopen a new version of the business through a friend or relative.

## **Drug Screening and Unemployment Benefits**

Progress was this session, made toward a goal of ensuring that state unemployment benefits are used as efficiently as possible. As part of this effort, legislators sought to ensure that taxpayer dollars are not used to subsidize illegal drug use and that recipients of unemployment benefits are prepared to enter the workforce where drug testing is common. To that effect, Senate Bill 21 requires drug testing for certain unemployment benefits. The legislation requires the Texas Workforce Commission to administer a non-invasive drug screening questionnaire as a part of the application for unemployment benefits. If a person's drug screening questionnaire comes back indicating the likelihood of drug use, the applicant must submit to a drug test. If the person fails the drug test, he is ineligible to receive benefits until a subsequent drug test is passed. The measure brings Texas into alignment with at least eight other states that have passed legislation regarding drug testing or screening for people seeking or applying for public assistance.

Legislators also took steps to ensure that unemployment benefits were proactively used to reemploy people who are seeking benefits. One such measure, HB 3005, helps unemployed persons by providing more tools to the Texas Workforce Commission (TWC) to fund innovative re-employment programs. This bill allows the state to take advantage of a Congressional Act, HR 3630, the Middle Class Tax Relief and Job Creation Act, which encourages the funding of re-employment projects in a manner that is cost neutral and potentially even cost saving. The measure gives the TWC authority to negotiate with the federal government regarding the use of unemployment compensation funds to assist people in getting back to work.

## **Defending Our Second Amendment Rights**

In response to the threat of new local and federal regulations on gun owners, legislators embarked on a mission to guard the Second Amendment rights of Texas citizens. Recently, some Texas counties have attempted to regulate firearms in ways that clearly contradict state law. In one such case, Travis County considered banning gun shows from being held in county buildings – an action that would have plainly violated state statutes. In response to this and other incidents, the legislature passed Senate Bill 987, which will help prevent these unlawful regulations by giving the Attorney General the ability to obtain a temporary or permanent injunction against a city or county that attempts to enforce these unlawful restrictions.

The legislature also passed a variety of measures to protect and encourage the lawful carrying of a concealed weapon. One such measure, Senate Bill 864, modernizes the requirements to obtain Concealed Handguns License. Among other provisions, the legislation reduces the number of required classroom hours necessary to obtain or renew a concealed handgun license. Another measure, Senate Bill 299, remedies ambiguity surrounding the proper concealment of a handgun by protecting a license holder from being penalized for accidentally displaying a handgun. These measures become effective September 1, 2013.

## **Pension Reform**

This session, legislators took bold steps to shore up the state's pension systems. Some of the state's pension plans required innovative solutions and thoughtful changes to ensure that the plans are actuarially sound.

House Bill 13 makes a variety of improvements to the public pension system and the administrative functions of the State Pension Review Board. The measure will provide for increased transparency to public pensions and will make it easier for the public to access reports from the pension systems.

Senate Bill 1458 makes several critical changes to the Teacher Retirement System (TRS). The legislation returns TRS to actuarial soundness by increasing state and employee contributions to the system and by making important adjustments to eligibility, among other changes. The measure also provides a three percent cost of living adjustment to all retired teachers and their beneficiaries - the first cost of living adjustment offered since 2001.

Senate Bill 1459 makes a variety of improvements to the Employee Retirement System of Texas (ERS). The legislation increases state and employee contributions and makes eligibility changes to the system. The bill also increases the transparency of the system, specifically by directing ERS to separate the accounting for assets and liabilities relating to civilian members and law enforcement members. This provision will help the state better direct funding to the highest-cost areas of the system.

## **Veterans Assistance**

House Bill 2254 will assist veterans in returning to the workforce, as it will allow veterans to credit their military service, training, and education toward similar requirements for an occupational license from a state agency.

Senate Bill 1476 requires the Texas Veterans Commission to establish and implement the Veteran Entrepreneur Program. The goal of the program is to promote entrepreneurship and business ownership for veterans of the Armed Forces. The program will, among other initiatives, reach out to veteran entrepreneurs to improve their awareness of available federal and state benefits and services, collaborate with federal, state, and private agencies to make use of those services, and provide guidance and training through conferences, seminars, and workshops.

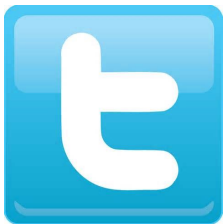
"A bill that I was proud to author was brought to my attention by Retired Air Force Colonel William T. Nance," said Representative Sheffield. House Bill 2485 adds the Air Medal and Air Medal with Valor awards to the list of Legion of Valor designated license plates. The bill will make the license plate designation more equal among the various branches of the United States Armed Forces. Currently, a number of other similar military honors, such as the Bronze Star, are included as Legion of Valor designations. "We need to ensure that all those that have served in the military are properly recognized for their service," said Sheffield. "I am proud that this bill has been signed into law."



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