

87TH TEXAS LEGISLATIVE SESSION

2021 Session Summary

GREATER HOUSTON **PARTNERSHIP.**



Leadership

Executive Leadership

Amy Chronis | **Chair**

Thad Hill | **Vice Chair**

Marc Watts | **Chair, Public Policy Steering Committee**

Bob Harvey | **President and CEO**

2021 Public Policy Advisory Committee Chairs

Earl Hesterberg, President and CEO, Group 1 Automotive | **Business Issues**

Geraldine Slattery, President, Operations Petroleum, BHP | **Energy**

Dr. David Callender, President & CEO, Memorial Hermann Health System | **Health Care**

Thad Hill, President and CEO, Calpine Corporation | **Higher Education**

Scott Silvas, Texas Market President, Fifth Third Bank | **Immigration**

Donna Sims Wilson, Chief Operating Officer, Kah Capital Management | **Public Education**

Jay Brown, President & CEO, Crown Castle | **Sustainability**

Leslie Duke, President and General Manager, Burns & McDonnell, Inc. | **Transportation and Infrastructure**

Partnership Public Policy Division Staff

Taylor Landin, Chief Policy Officer, Public Policy

Linda Garcia, Executive Assistant, Public Policy

Chase Kronzer, Vice President, Public Policy

Lindsay Munoz, Vice President, Public Policy and Advocacy

Ben Melson, Director, Public Policy

Kaitlyn Murphy, Director, Public Policy

Sophia Guevara, Manager, Public Policy

Steven Will, Manager, Public Policy

Jessica Ruland, Coordinator, Public Policy

Letter from the CEO

Dear Members,

As President of the greater Houston region's primary business advocate, I am pleased to share this summary of outcomes from the Partnership's impact agenda for the 87th Legislative Session.

The 2021 session was certainly unlike any other as the state and nation navigated obstacles created by the COVID-19 pandemic and the impacts of a statewide winter storm just weeks after the legislature convened. Despite these setbacks, the Partnership successfully advanced important legislation that supports continued economic growth across Texas.

In advance of this session, the Partnership's Board of Directors and Public Policy Steering Committee worked to develop a legislative agenda that addresses the most pressing issues facing the business community and the greater Houston region – these being broadly categorized as **access** and **energy competitiveness**.

In working to advance equitable access to the institutions that power a strong, diverse economy and create true opportunity for all, the Partnership focused on legislation related to equitable access to public education, digital connectivity, and health care. I am pleased to report that several bills addressing public education funding, school accountability, a statewide broadband plan and telemedicine all received favorable consideration from the legislature and await the Governor's signature.

Related to energy competitiveness, the Partnership worked to advance legislation that positions the Houston region to lead the development of carbon capture, use, and storage (CCUS), a key step in advancing the global energy transition. And after six years of negotiations, the legislature passed comprehensive eminent domain legislation that will create certainty for industry while benefiting the public.

In addition to our executive priorities, the Partnership worked alongside members of the Houston delegation to advance business community priorities focused on workforce development, legal liability protections, transportation infrastructure and economic development.

On behalf of the Partnership's 900 members, I want to extend my sincere appreciation for your support throughout the legislative session. I look forward to continuing to work alongside each of you to advance this work.

Regards,



Bob Harvey
President and CEO

Legislative Session Agenda

A thriving business environment that fosters economic development is critical to making Houston greater. In order to advance the Houston region, the Partnership supports policies that create a business environment attractive to leading global companies and skilled talent. In preparation for the 87th Texas Legislative Session, the Partnership developed this impact agenda to address the most pressing issues facing the business community and the Houston region.

Access

The Partnership supports policies related to equitable access to education, digital connectivity and health care. The business community believes all Texans should have equitable access to the institutions that power a strong, diverse economy and create true economic opportunity for all.

Public Education A strong public education system is vital for the long-term prosperity of our region and state. In 2019, House Bill 3 significantly increased the state's investment in public education and directed considerable funding toward transformational initiatives many of which were directed toward underserved student populations. It is critical to protect these programs and maintain a well-funded, accountable and equitable public education system that serves all children and strengthens our talent pipeline.

Higher Education The Partnership supports policies that protect higher education funding and innovative programming options in the Houston region while increasing educational attainment rates, particularly in high-demand fields. The Partnership will also pursue policies that lead to more equitable access and attainment across the regional higher education ecosystem.

Digital Divide All Texans should have equitable access to digital connectivity that empowers their education, employment, health care, and the economy. The Partnership supports the creation of a statewide broadband plan that addresses the unique needs of communities across the state and establishes the framework to provide every household with the broadband connectivity required in the twenty-first century.

Health Care The Partnership believes in building a healthier Houston region by protecting public health and improving our health care safety net. A healthier region is supported by policies that increase patient resources, secure sustainable funding and provide greater access to preventative care.

Energy Competitiveness

The Partnership is committed to ensuring that the Houston region plays a key role in the global energy transition to a more efficient, sustainable, lower-carbon future and to accommodate global demand growth. Permitting, regulatory and energy infrastructure solutions are needed to strengthen Texas' energy competitiveness. To advance the energy transition, legislation should position the Houston region to lead the development of carbon capture, use, and storage (CCUS).

Permitting Texas' competitive advantage depends on the state addressing permitting issues hindering private investment in the energy economy.

Regulation The Partnership supports legislation to strengthen regulatory certainty and attract economic development in the industry, including policies related to CCUS projects.

Energy Infrastructure The Partnership supports policies that position the Houston region to develop technology and construct the infrastructure needed to advance the region's position as the Energy Capital of the World.

Economic Development

The Partnership believes competitive economic development tools, including the Chapter 313 property tax abatement program, are critical to bringing new businesses to the region and growing our economy, and it should be reauthorized.

Flood Resilience

The Partnership supports the state's ongoing role in improving Texas' flood resilience, leveraging the \$2 billion appropriation made during the 2019 legislative session to fund critical flood mitigation infrastructure.

Legal Liability Protections

The Partnership supports policies to address the concerns many business owners and health care professionals have about operating in a COVID-19 environment without appropriate legal liability protections.

Workforce Development

Qualified and skilled workers are vital to the success of the region's industries. The Partnership supports reskilling or upskilling workers and improving access to the workforce for Texans without a college degree.

Review all the Partnership's policy activity throughout session

[Weekly legislative updates](#)

[Podcasts](#)

Racial Equity and Justice

The Partnership believes Texas has a responsibility to address racial inequities and systemic racism by reforming broken systems, building up communities, offering support and removing barriers to success.

Transportation

Economic prosperity relies upon the ability to efficiently move goods and people. The Partnership believes in maintaining transportation funding options.

Eminent Domain

The Partnership supports an agreement on eminent domain statutes that respects the rights of private landowners while meeting the infrastructure needs of the Texas energy industry.

Methane Emissions

The Partnership supports developing industry-led solutions for addressing methane emissions and flaring.

Executive Priority: Access

Throughout the 87th Legislative Session the Partnership actively supported policies related to equitable access to the institutions that power a strong, diverse economy and create true opportunity for all including education, digital connectivity and health care.

Several bills that advance the funding and quality of as well as access to these institutions were sent to Governor Greg Abbott to be signed into law and will enhance opportunity and quality of life for millions of students and residents across Texas.

Education

School Finance

Senate Bill 1 - PASSED INTO LAW

Senate Author: Senator Jane Nelson (R-Flower Mound)

House Sponsor: Representative Greg Bonnen (R-League City)

- **\$3.1 billion increase in state funding for public schools, fully covering the cost of enrollment growth over the next two years.**
- **Ensures funding continuation of all public education reform measures created in HB 3, the landmark public education legislation passed during the 86th Legislative Session.**
- **\$60 million for supplemental special education services.**
- **\$664 million for targeted programs to help students and schools affected by the pandemic.**
- **Increases to the state's contribution rates for the Teacher Retirement System (TRS).**
- **\$900 million to maintain current health insurance premiums and benefits for retired teachers.**

The state Legislature demonstrated their continued dedication to the prioritization of our students and teachers across the state throughout the 87th Texas Legislative Session. In the final week of session the House and Senate approved the conference committee's agreed upon changes to SB 1, the state's biennial spending plan for 2022-2023. Included in the state's overall \$248 billion budget is an increase of \$3.1 billion in state funding for public schools, fully covering the cost of enrollment growth over the next two years. The state budget also provides

sufficient funding to ensure that all public education reform measures created by HB 3, passed during the 86th Legislative Session, remain in place and are fully funded.

SB 1 also provides \$60 million for supplemental special education services, \$664 million for targeted programs to help students and schools affected by the pandemic, and nearly \$900 million (an increase of \$39.5 million) to maintain current health insurance premiums and benefits for retired teachers.

Senate Bill 1365 - PASSED INTO LAW

Senate Author: Senator Paul Bettencourt (R-Houston)

House Sponsors: Representative Harold Dutton (D-Houston)
Representative Dan Huberty (R-Kingwood)

- **Ensures the continuation of the state's accountability system and enhances intervention and sanction measures for perennially failing campuses and public school districts.**

One of the primary concerns of the Partnership and the Texas business community is ensuring all students have access to a high-quality public education. A robust statewide accountability system is a critical tool used to measure student progress and identify school districts, charter schools, and campuses where student outcomes are not sufficient.

The validity of the state's accountability system came into question following a ruling by a state appellate court in 2020. Because of this ruling, Senator Paul Bettencourt authored legislation to clarify existing state statute and the authority of the Commissioner of Education to intervene in instances of multi-year failures.

SB 1365, which was signed by the House and Senate on the final day of the legislative session, ensures the continuation of the state's accountability system and enhances intervention and sanction measures for perennially failing campuses and public school districts.

Key provisions of the legislation include the clarification of the investigative authority of the Commissioner of Education and the Commissioner's ability to issue sanctions, appoint a board of managers, and provide support services. The bill clarifies the definition of a D-rated campus as it relates to potential sanctions or intervention measures. A rating of D is now considered unacceptable performance under the accountability system.

Finally, the legislation allows for all public school districts and charter schools not to be held accountable for campus and district ratings during the 2021-22 school year due to the extreme impact of the pandemic on students' learning loss. Campuses and school districts will still be rated on the A-F accountability scale, but sanctions and interventions required under this law for multiple years of failure will not go into effect until the 2022-23 school year.



Future of Texas Podcast

Class is in Session for Public Education

Education

Broadband Access and the Digital Divide

House Bill 5 - PASSED INTO LAW

House Author: Representative Trent Ashby (R-Lufkin)

Senate Sponsor: Senator Robert Nichols (R-Jacksonville)

- Establishes the Broadband Development Office charged with closing the digital divide in Texas.

Following the first confirmed case of COVID-19 in the greater Houston region in March 2020, our public schools were forced to close their doors for the final two months of the Spring semester. From a standing start, school district leaders rushed to establish online distance learning platforms so that students could continue their education from home. It quickly became evident that student and teacher access to reliable broadband internet is severely limited across our region. Statewide, well over 2 million Texas students lack a device, internet connectivity, or both, meaning that two out of five Texas students did not have the ability to access their online learning platform.

In November 2020, the Partnership was a founding member of a statewide coalition called Digital Texas. The 35-member coalition, consisting of organizations from across the state, supported the omnibus statewide broadband bill, HB 5 by State

Representative Trent Ashby (R-Lufkin) by highlighting the critical components of a successful statewide broadband plan: robust infrastructure, access to devices, affordability of service and digital literacy.

The bill establishes a statewide broadband office, called the Broadband Development Office, within the Texas Comptroller of Public Accounts. This office is charged with the creation of a broadband development program, distribution of grants to local entities charged with expanding access to high-speed internet services, building a broadband development map to be updated yearly, and the establishment of a statewide broadband plan within one year of the bill becoming law. The Partnership will continue to advocate for closing the digital divide by working directly with the Broadband Development Office.



Future of Texas Podcast

Broadband Access Takes Center Stage in Policy Discussions

School Accountability Reform

House Bill 1525 - PASSED INTO LAW

House Author: Representative Dan Huberty (R-Kingwood)

Senate Sponsor: Senator Larry Taylor (R-Galveston)

- \$2 billion to address student learning loss during COVID-19 and Winter Storm Uri.
- \$464 million in increased grant funding for students with dyslexia, autism, and students experiencing homelessness.
- Funding for the Teacher Incentive Allotment, created in HB 3, which incentivizes higher performing teachers to teach in low performing schools through salary increases.

In addition to the state budget, several critical public education funding measures were included in HB 1525 by Representative Dan Huberty (R-Kingwood). HB 1525 was originally intended to include minor statutory updates following the implementation of HB 3 from the 86th Legislative Session. This is a typical process following the passage of sweeping reform legislation, such as what was passed in 2019.

As the legislature began to learn more about the dramatic negative impact the pandemic had on student learning and various other critical classroom needs, Representative Huberty and his

colleagues amended the legislation to include over \$2 billion for the purposes of addressing student learning loss during COVID-19 and Winter Storm Uri. HB 1525 also includes an additional \$464 million for increases to several formula funding elements and student allotments, including increases to grant funding for students with dyslexia, autism, and students experiencing homelessness. Finally, HB 1525 provides funding for the Teacher Incentive Allotment, created in HB 3, which provides salary increases for the highest performing teachers and incentivizes them to teach in the lowest performing schools.

Federal Funding for Texas Public Schools

- Releases \$11.2 billion in federal Elementary and Secondary School Emergency Relief (ESSER III) funding to Texas public schools.
- \$2.4 billion in ESSER III funding estimated for the 20 largest school districts in the Houston region with economically disadvantaged students receiving significantly more funding per student

During the final weeks of session, Governor Greg Abbott and Commissioner of Education Mike Morath announced the release of \$11.2 billion in federal Elementary and Secondary School Emergency Relief (ESSER III) funding to Texas public schools. This one-time federal relief funding is in addition to the public education funding provided by the state in the 2022-23 budget.

School district leaders have until fall 2024 to fully expend the relief funds, and the U.S. Department of Education requires that each district

that receives funding must utilize a minimum of 20 percent of the funds to address student learning loss through evidence-based interventions. It is estimated that the 20 largest school districts in the Houston region stand to receive approximately \$2.4 billion of Texas' ESSER III funding. School districts with significantly higher percentages of economically disadvantaged students will receive more relief funding per student. Houston ISD is expected to receive the most funding in our region, with an allotment of approximately \$804 million.

Workforce Development

House Bill 3767 - PASSED INTO LAW

House Author: Representative Jim Murphy (R-Houston)
 Senate Sponsor: Senator Paul Bettencourt (R-Houston)

- Establishes the Tri-Agency Workforce Initiative strengthening the current work of the Texas Education Agency, Texas Higher Education Coordinating Board and Texas Workforce Commission.

Texas' workforce has endured prolonged shocks and stressors as a result of the COVID-19 pandemic. We must make sure state agencies over-seeing workers' success are collaborating, by providing transparent data and optimizing workforce and educational funding. HB 3767 supports workforce development in the state by making permanent the temporary collaborative work of the Tri-Agency Workforce Initiative, a collaboration between the Texas Education Agency (TEA), Texas Higher Education Coordinating Board (THECB) and Texas Workforce Commission (TWC). Key provisions of HB 3767 that strengthen and enhance the current work of these three agencies include:

- Improve the Texas longitudinal data systems to identify and analyze key trends in education and workforce through the Unified Workforce Data Repository.
- Assist the state in managing and driving accountability by measuring the performance of the collective work of the three agencies

through the State Workforce Development Goals and Strategies.

- Coordinate and identify valuable careers and skills to assist individuals as they navigate the changing nature of work and identify high-value reskilling and upskilling opportunities

Under this initiative, the Tri-Agency Workforce Initiative is required to:

- Identify statewide workforce goals, including goals for the attainment of living wage jobs. This will hold the state accountable and keep all agencies focused in the same direction.
- Designate career pathways for occupations aligned with current workforce needs and for forecasted high-growth careers and skills.
- Evaluate career education and training programs across Texas based on the workforce outcomes of program participants to ensure transparency and accountability in how the state spends its workforce dollars.

Senate Bill 1102 - PASSED INTO LAW

Senate Author: Senator Brandon Creighton (R-Conroe)
 House Sponsor: Representative Tan Parker (R-Flower Mound)

- Establishes the Texas Reskilling and Upskilling through Education (TRUE) Program.
- Grant program designed to put Texans back to work in high-demand occupations.
- Accelerates ability for collaboration between higher education and business partners to provide training programs and credentials for displaced and underemployed workers.

SB 1102 establishes the Texas Reskilling and Upskilling through Education (TRUE) Program.

The TRUE grant program will help put Texans back to work in high-demand occupations following the COVID-19 pandemic by improving workforce development and coordination between the state's employers and community and technical colleges. This grant program will help higher education and business partners across the state collaborate to provide well-designed,

accelerated programs that teach high-demand skills and lead to valuable industry certification and credentials for displaced and underemployed workers. TRUE will invest funds to allow eligible higher education institutions to build capacity by expanding, accelerating and redesigning workforce programs vital to attaining the state's higher education goals and growing the Texas economy. Increased capacity is critical to attaining the state's higher education goals and boosting the economy.

Higher Education

Economic Impact Study for Top 50 Public University

Senate Bill 1 - PASSED INTO LAW

Senate Author: Senator Jane Nelson (R-Flower Mound)
 House Sponsor: Representative Greg Bonnen (R-League City)

SB 1 includes a budget rider, authored by Senator Joan Huffman (R-Houston), that directs the Trust- ed Programs Office within the Office of the Govern- or to conduct an economic impact study to mea- sure the future value of having an additional top 50 public university in Texas. The budget rider, which is similar to an amendment to a traditional piece of legislation, provides funding sufficient to conduct this study with the aim of evaluating the elevation of an existing ethnically diverse public university through formula funding mechanisms.

The Partnership will continue to support the efforts of our regional higher education leader- ship to ensure the study provides sufficient rec- ommendations for legislative action that fully take into account each institution located in our region. This study is a critical component to the evalua- tion and eventual enhancement of state formula funding elements that will provide the necessary investments in programs needed to meet the demand of a twenty-first-century workforce in a consistently changing global economy.



Is Greater Houston Getting a Fair Cut of Higher Education Funding?

Racial Equity

House Bill 88 – FAILED TO PASS

House Author: Representative Senfronia Thompson (D-Houston)
 Senate Sponsor: None

HB 88, more commonly referred to as the George Floyd Act, was the House omnibus bill that includ- ed reforms to law enforcement interactions with individuals in a community. More specifically, the bill would have addressed individuals detained or arrested on suspicion of the commission of criminal offenses, witnesses to the commission of those offenses and other members of the pub- lic, peace officer liability for those interactions,

and the confinement, conviction, or release of detained or arrested individuals.

The Partnership supported HB 88 as it was heard in the House Homeland Security & Public Safety Committee. Ultimately this bill, as well as separate bills filed for each of the major sections of HB 88, did not pass through the legislative process.

Health Care

Telemedicine and Telehealth

House Bill 4 - PASSED INTO LAW

House Author: Representative Four Price (R-Amarillo)

Senate Sponsor: Senator Dawn Buckingham (R-Lakeway)

- Codifies waivers used for telemedicine and telehealth
- Creates better access to health care for underserved and rural communities

While telemedicine and telehealth have been options for some time, the COVID-19 pandemic highlighted their value for both providers and patients, especially in rural and underserved areas. To enable the expanded use during the pandemic, temporary waivers helped ensure providers were paid for the health care provided through telemedicine. HB 4 codifies the waivers

used for telemedicine and telehealth during the COVID-19 pandemic and will provide greater access to health care for many underserved communities by allowing the state to reimburse providers for telemedicine and telehealth services. HB 4 was a priority of both the House and Senate, passing both chambers unanimously.

House Bill 1616 - PASSED INTO LAW

House Author: Representative Greg Bonnen (R-Angleton)

Senate Sponsor: Joan Huffman (R-Houston)

- Adds Texas to the Interstate Medical Licensure Compact
- Allows Texas physicians, and those outside of Texas, to better serve patients via telemedicine

HB 1616 adds Texas to the Interstate Medical Licensure Compact allowing physicians to become licensed in multiple states to help meet the demands of telemedicine growth. The COVID-19 pandemic accelerated the use of telemedicine as a viable health care delivery service for both patients and providers, which has cre-

ated the opportunity for more flexibility in providing care, even providing health care services across state lines. Texas also has a growing need for more physicians and as part of the compact, physicians can more easily apply for licensure in Texas to help meet the demands of Texas' growing population.

Health Care Access

House Bill 133 - PASSED INTO LAW

House Author: Representative Toni Rose (D-Dallas)

Senate Sponsor: Senator Lois Kolkhorst (R-Brenham)

- Extends Medicaid coverage for new mothers in Texas from 2 months to 6 months to prevent maternal morbidity and other postnatal issues

A strong economy depends on a healthy workforce. Yet, Texas has one of the highest uninsured rates and number of uninsured in the nation. Even though most Texans without health insurance are employed, they are unable to access employer-based coverage, Medicare, Medicaid, or other subsidized individual insurance available to families with incomes over the poverty level. These individuals are uninsured because they earn too much money to access government safety-net programs but too little to purchase their own coverage, and thus fall into a coverage gap leaving them without a viable option to access health insurance. With limited options for accessing health care without insurance, a large population of Texans often go without health care services.

While the Texas Legislature did not make headway in addressing the coverage gap, steps were taken to help ensure those who need health

care the most can access health insurance more seamlessly and without unnecessary roadblocks. The Partnership was encouraged to see the passage of legislation addressing consistent and extended coverage for new mothers on Medicaid and children accessing coverage through Children's Medicaid.

HB 133 took the important step to allow new mothers to keep Medicaid insurance for up to six months after delivery. Prior to this bill, Texas mothers with low incomes were only eligible for Medicaid coverage while they are pregnant, and for only 60 days after delivery. However, one-third of maternal deaths in Texas occur between 43 days and one year after delivery. HB 133 follows the top recommendation of the Texas Maternal Mortality and Morbidity Review Committee by providing uninterrupted coverage to new mothers.

House Bill 2658 - PASSED INTO LAW

House Author: Representative James Frank (R-Wichita Falls)

Senate Sponsor: Senator Lois Kolkhorst (R-Brenham)

- Replaces multiple mid-year reviews of Children's Medicaid coverage with a single mid-year review to reduce mistakes leading to eligible children losing coverage

HB 2658 prevents children who receive health care coverage through Children's Medicaid from experiencing a lapse in coverage due to bureaucratic hurdles. Texas already has an effective and accurate system for determining a child's eligibility at the time of application and during an annu-

al renewal process. However, the current system adds four mid-year eligibility reviews which often creates confusion and mistakes leading to otherwise eligible kids inaccurately losing their eligibility. HB 2658 replaces the four reviews with a single mid-year review.

Health Research

House Bill 15 - FAILED TO PASS

House Author: Representative Senfronia Thompson (D-Houston)

Senate Sponsor: Senator Lois Kolkhorst (R-Brenham)

Houston has long boasted one of the most robust health care centers in the world and an epicenter for health care research and development. Leveraging Texas' strong history in health research, HB 15 by Representative Senfronia Thompson (D-Houston) would have established the Brain Institute of Texas, a program specifically focused on attracting the greatest brain researchers in the world to Texas. Just as Texas has invested in cancer research to great success through the Cancer Prevention and Research Institute, the Brain Institute of Texas would have taken a similar model and would have worked to leverage seed money attracting the best and brightest researchers to Texas, while also leveraging the expertise and resources of the public and private institutes of higher education in Texas and others to create a brain research collaborative.

There are few effective treatments or cures for hundreds of brain diseases and disorders affecting many Americans, such as Alzheimer's disease, dementia, multiple sclerosis, autism, stroke, depression, and substance abuse and PTSD. Further, these diseases and disorders have a significant economic impact, with nine of the most common costing the nation close to \$800 billion each year.

The Partnership supported HB 15 in both the House and Senate. The bill passed out of the House with a vote of 107 to 36 and while it passed out of committee in the Senate and was placed on the intent calendar, it never received a vote on the Senate floor.

Energy

Executive Priority: Energy Competitiveness

To ensure that the Houston region plays a key role in the global energy transition to a more efficient and sustainable, low-carbon future, the Partnership advocated for a series of measures during the legislative session aimed at energy competitiveness. Permitting and regulatory solutions – along with legislation positioning the region to lead the development of carbon capture, use, and storage (CCUS) – were part of this priority strategy.

Eminent Domain

House Bill 2730 – PASSED INTO LAW

House Author: Representative Joe Deshotel (D-Beaumont)

Senate Sponsor: Senator Lois Kolkhorst (R-Brenham)

- **Creates improved transparency, clarity and structure around the eminent domain process**
- **Allows for the continued use of this critical tool in Texas' infrastructure growth while ensuring property owners' rights**

After six years of negotiations among industry trade groups, legislators and landowners, legislation passed this session to reform the eminent domain process in Texas. The Partnership supported legislative negotiations providing an equitable eminent domain process that ensured the protection of landowners' constitutional rights and allowed just compensation based on fair market value and the loss of property value. Additionally, the Partnership advocated for expeditious proceedings to protect all parties from unreasonable financial and legal burdens and processes that do not add unreasonable expenses, increased litigation, or changes to long-held judicial principles.

HB 2730 aligns with these principles and ensures the continued development of infrastructure in our state and region necessary to improve quality of life and drive economic growth. This

includes roads, railroads, ports, pipelines, power transmission and distribution systems, utility connections, communication networks, and drainage and flood control systems.

HB 2730 creates greater transparency, legal clarity, and structure when companies engage with landowners on eminent domain actions including the utilization of a standard easement form, special commissioner meetings, a clear bona fide offer process, and an ombudsman to resolve landowner complaints.

The final passage of this important bill improves the eminent domain process in a manner that satisfies affected parties and ensures future investments in critical infrastructure throughout the state and the region can be made with confidence while alleviating bottlenecks to growth.

Carbon Capture, Use and Storage

House Bill 1284 – PASSED INTO LAW

House Author: Representative Chris Paddie (R-Marshall)

Senate Sponsor: Senator Kelly Hancock (R-North Richland Hills)

- **Provides clarity on which agency maintains regulatory authority over Class VI injection wells**
- **Allows Texas to join with other energy competitive states in establishing primacy over Class VI wells, a key component in creating an environment conducive to CCUS development**

Advancing energy competitiveness within Texas and our region is a top Partnership priority. Key to those efforts is supporting policies that will help Texas maintain its competitive advantage to lead the global energy transition to a low-carbon future. The use of carbon capture, use and storage (CCUS), is recognized as one of the most significant components of the transition, however, there are some obstacles that need to be overcome to accelerate its implementation in Texas.

In working with stakeholders in the region, the Partnership identified that one of the primary obstacles needing to be addressed this session was the clarification of which state agency has regulatory authority over long-term underground storage of captured carbon, also called geologic sequestration, through injection wells classified as Class VI injection wells.

To date, state regulatory authority over sequestration wells has been split between the Railroad Commission (RRC) and The Texas Commission on Environmental Quality (TCEQ), and primary jurisdiction lies with the Environmental Protection Agency (EPA). With all these agencies to work with, obtaining approval for a Class VI well can be a long and cumbersome process, thus significantly delaying CCUS development and implementation in Texas. The state can seek pri-

mary jurisdiction over Class VI wells, known as "primacy," which would significantly speed up the process, but obtaining primacy from the EPA can take years or may not happen at all if it is not clear which state agency would be the regulating authority.

North Dakota and Wyoming are the only two states that have Class VI primacy, and Louisiana is currently seeking it. To stay competitive, Texas must also start on the path to primacy. HB 1284 does just that by clarifying that the Railroad Commission will have the sole regulatory authority over Class VI injection wells and directs it to seek primacy under this new authority.

The Partnership joined a broad consensus of support among industry and environmental groups to pass this critical piece of legislation. While other obstacles to fully realize all potential applications of CCUS in the state remain, the passage of HB 1284 cleared a pathway to position the region to lead in its development and implementation. The region's massive geologic storage potential, particularly within offshore state-owned lands, enables the region to take advantage of HB 1284 and be a national leader in the development and implementation of Class VI injection sites. This competitive advantage can drive the region's position as a leader in CCUS and in the overall energy transition.

Business Issues

Chapter 313

House Bill 1556 - FAILED TO PASS

House Author: Representative Jim Murphy (R-Houston)

House Bill 4242 - FAILED TO PASS

House Author: Representative Morgan Meyer (R-Dallas)

Senate Sponsor: Senator Brian Birdwell (R-Granbury)

In 2001 the Texas Legislature and Governor Rick Perry worked to establish a new economic development program designed to attract capital-intensive businesses, high-paying jobs and expand the property tax base. The program would offset Texas' high business property tax rates relative to other states by offering a 10-year limited abatement to school property taxes, which often comprise 50 percent of a local property tax bill. The program came to be known as Chapter 313, after the section of the tax code where it is located. It specifically targeted the manufacturing, R&D, power generation, computer centers and renewable power business sectors. Qualifying businesses received an abatement of their local school district maintenance and operation property taxes, while continuing to pay all other property and sales taxes. After the 10-year abatement period, the facility rolled onto the local tax rolls at the full rate.

The program was reauthorized and reformed in 2013, adding additional reporting requirements and oversight by the Texas Comptroller of Public Accounts. Qualification requirements were further strengthened to target those projects which otherwise would not have located in

Texas. Through September of 2020, Comptroller reports estimated the program brought over \$200 billion in capital investment and 56,000 direct and indirect jobs to Texas, including nearly 100 separate manufacturing projects in the Houston region. With the program set to expire on December 31, 2022, HB 4242 proposed a simple 2-year reauthorization with no changes to the program, so the legislature could better study the issue in the interim.

The Partnership worked with a statewide coalition, known as Keep Texas First, consisting of other chambers of commerce, businesses and economic development organizations to coordinate the reauthorization effort. Ultimately, all reauthorization legislation failed to pass. Chapter 313 is scheduled to expire in at the end of 2022. Without Chapter 313, Texas will have the fourth highest business property taxes in the nation for large, capital-intensive projects, putting our state at a severe disadvantage for recruiting new companies.

The Keep Texas First coalition is already coordinating ways to work with the Legislature to restore our economic competitiveness until a more permanent solution can be found.

Legal Liability Protections

Senate Bill 6 - PASSED INTO LAW

Senate Author: Senator Kelly Hancock (R-North Richland Hills)

House Sponsor: Representative Jeff Leach (R-Plano)

- Offers statewide liability protection for businesses, education institutions, health care facilities and government offices complying with posted government safety protocols, extending beyond COVID-19 to all pandemics

The COVID-19 pandemic exposed businesses to a quickly-changing set of regulations and recommendations from government and health care entities. Companies, particularly small businesses with limited resources, faced the very real prospect of being sued for not properly protecting employees or customers from contracting COVID-19, even if the companies were acting in good faith.

SB 6 provides explicit statewide liability protection for businesses, education institutions, health care facilities and government offices operating in good faith and in compliance with all posted government safety protocols. The bill extends beyond COVID-19 to all pandemics.

Efforts to enact nationwide liability protections remain ongoing in Congress, and the Partnership continues to work with our Texas delegation to achieve that outcome.

Transportation and Infrastructure

Coastal Barrier

Senate Bill 1160 - PASSED INTO LAW

Senate Author: Senator Larry Taylor (R-Galveston)

House Sponsor: Representative Dennis Paul (R-Houston)

- Creates the Gulf Coast Protection District for the coastal barrier project, enhancing protection for the greater Houston area and the Texas economy from the devastating effects of hurricanes and storm surges

The Partnership supports the construction of a coastal barrier to protect the Houston region from hurricanes and storm surge. At the federal level, we anticipate that the U.S. Army Corps of Engineers will release a Chief's Report this summer, after which Congress can authorize and fund the project. To receive federal funding, the state is required to designate a local sponsoring entity.

SB 1160 creates the local sponsoring entity - the Gulf Coast Protection District - for the coastal barrier project. The district will have the authority to issue bonds, impose fees and taxes not to exceed legislative limits, and exercise eminent domain to facilitate the construction of the project that would protect the Houston area and Texas economy from the effects of hurricanes and storm surges.

Transportation Budget

Senate Bill 1 - PASSED INTO LAW

Senate Author: Senator Jane Nelson (R-Flower Mound)

House Sponsor: Representative Greg Bonnen (R-League City)

SB 1, includes a 2.9 percent decrease, from \$31.1 billion last session to \$30.2 billion this biennium. This does not threaten or delay the state's commitment to the State Highway Fund, serving

transportation needs, and TxDOT's reductions primarily reflect the loss of one-time funding sources.



Future of Texas Podcast

How Key Legislation Brings Business Investment to Houston



GREATER HOUSTON
PARTNERSHIP

Making Houston Greater.

Partnership Tower

701 Avenida De Las Americas, Suite 900
Houston, TX 77010

Houston.org