



HOU IN ATX:

★ **88**TH



Texas Legislative Session
Summary

LETTER FROM THE CEO



Dear members,

As the region’s primary business advocate, the Greater Houston Partnership is pleased to share this end of session summary of legislative outcomes for the 88th Legislative Session.

During the 2023 Texas Legislative Session, the Partnership prioritized issues foundational to Houston’s strong, diverse economy and successfully advanced legislation strengthening the region’s economy and expanding opportunity for all.

Leading up to this session, the Partnership’s Board of Directors and Public Policy Steering Committee worked to develop a legislative agenda that would address the most pressing issues facing the business community and the greater Houston region. Our agenda included four executive priorities – economic development, higher education funding, flood mitigation, and energy transition.

I am pleased to report the Legislature passed bills that will positively impact the region, including establishing a new economic development incentive program, increasing investment in workforce development and higher-education funding, and prioritizing flood mitigation dollars in the state’s budget.

While the Partnership also worked to advance legislation to position the Houston region and Texas to lead the development of carbon capture, use, and storage (CCUS) technologies, a key step in advancing the global energy transition, the bill unfortunately failed to pass. We look forward to working with lawmakers in the coming months on these important issues.

In addition to our executive priorities, the Partnership worked alongside members of the Houston delegation on important issues of concern to the region’s business community, including, among many others, public education curriculum, workforce development, funding for our infrastructure needs, increasing our criminal court capacity, and addressing the digital divide through the expansion of broadband access.

On behalf of the Partnership’s members and staff, 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 as we strive to make the Houston region the best place to live, work and build a business.

Regards,

Bob Harvey
BOB HARVEY
 President and CEO

ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT INCENTIVES

House Bill 5

SIGNED BY THE GOVERNOR

House Author: Representative Todd Hunter (R-Corpus Christi)

Senate Sponsor: Senator Charles Schwertner (R-Georgetown)

- Ensures a competitive business climate and fosters growth by developing a new, transparent, and accountable economic development program for Texas.
- Makes the state attractive to emerging industries and ensures long-term competitiveness.
- A state-wide economic development incentive program is critical to attracting businesses that invest in local communities and provide high-quality jobs. After the expiration of the Chapter 313 economic development program last session, Texas was in need of a new school property tax abatement program as a competitive economic development tool.

Texas has long been a national leader in securing large capital-intensive investments and attractive to businesses looking to relocate on nearly all measures companies consider. However, Texas often falls short on property taxes, and the lack of a new school property tax abatement program could cause it to fall behind other states in landing new businesses.



What They're Saying:

“We’re no longer competing with [other] states across the nation. We’re competing worldwide... This is basically going to be an economic development tool to continue to attract investments to Texas.”

REPRESENTATIVE TODD HUNTER
 (R- Corpus Christi)

“House Bill 5 targets competitive industry sectors, with a goal of attracting the types of innovation and investment we want to advance in Texas. This bill puts in place a program to help our state lead in economic growth, infrastructure, and national security.”

SENATOR CHARLES SCHWERTNER
 (R-Georgetown)

After the last session, when the Texas Legislature allowed Chapter 313 to sunset, the Partnership and other business organizations began working on its replacement. Leading up to this session, a coalition of supporters conducted statewide polling, finding that Texans overwhelmingly support utilizing economic development tools to attract businesses.

The Partnership also partnered with statewide business organizations to mobilize regional partners to support House Bill 5, resulting in the collection of over 250 signatures from chambers of commerce and economic development organizations across the state on a letter of support for the creation of a new program.

Why it Matters:

House Bill 5, the Texas Jobs, Energy, Technology and Innovation Act, establishes a new, more transparent economic development tool for Texas that enables the state to continue to compete on a global scale for large-scale projects and bring investments to local communities. Responding directly to the shortcomings of the previous incentive program, the new plan puts in place strong transparency provisions, keeps companies accountable for promises made during the application

process, treats schools fairly, and gives the tools necessary for the state to compete for and win new projects.

While initially missing a procedural deadline which would have caused the bill to fail, in an unlikely move, both chambers suspended the procedural rules to ensure the passage of House Bill 5 hours before the end of session.

HIGHER EDUCATION FUNDING

TEXAS UNIVERSITY FUND (TUF)

**House Bill 1595/House Joint Resolution 3
SIGNED BY THE GOVERNOR**

House Author: Representative Greg Bonnen (R-Friendswood)

Senate Sponsor: Senator Brandon Creighton (R-Conroe)

- Establishes a \$3.4 billion research endowment for the University of Houston, Texas Tech University, University of North Texas, and Texas State University.
- Performance-based allocations of up to \$100 million annually for each university.

House Bill 1595 establishes the Texas University Fund, a permanent endowment that will appropriate billions of dollars to four of the state’s public universities, including Houston’s flagship university, the University of Houston.

This transformational investment will strengthen Texas’ higher education institutions by providing the necessary funding to improve Texas universities’ national rankings, which will help the state attract top talent and reduce “brain drain.” The fund will also provide long-term financial certainty, allowing for forward-thinking projects and innovation. Finally, it will help Texas schools compete for federal research grants, secure private research funding, drive increased alumni support, and position Texas as a top destination for premier higher education.

The TUF will also bolster the state’s economy by making Texas more attractive to business. There will now be a true ecosystem of institutions engaged in high-level research and development, strengthening Texas’ talent pipelines.



What They’re Saying:

“The University of Houston is important for anyone who lives or works in Houston... or is even thinking about moving to Houston... When we invest in our communities and

institutions like the University of Houston, we are investing in our city and in our future.”

RENU KHATOR
President, University of Houston

Why it Matters:

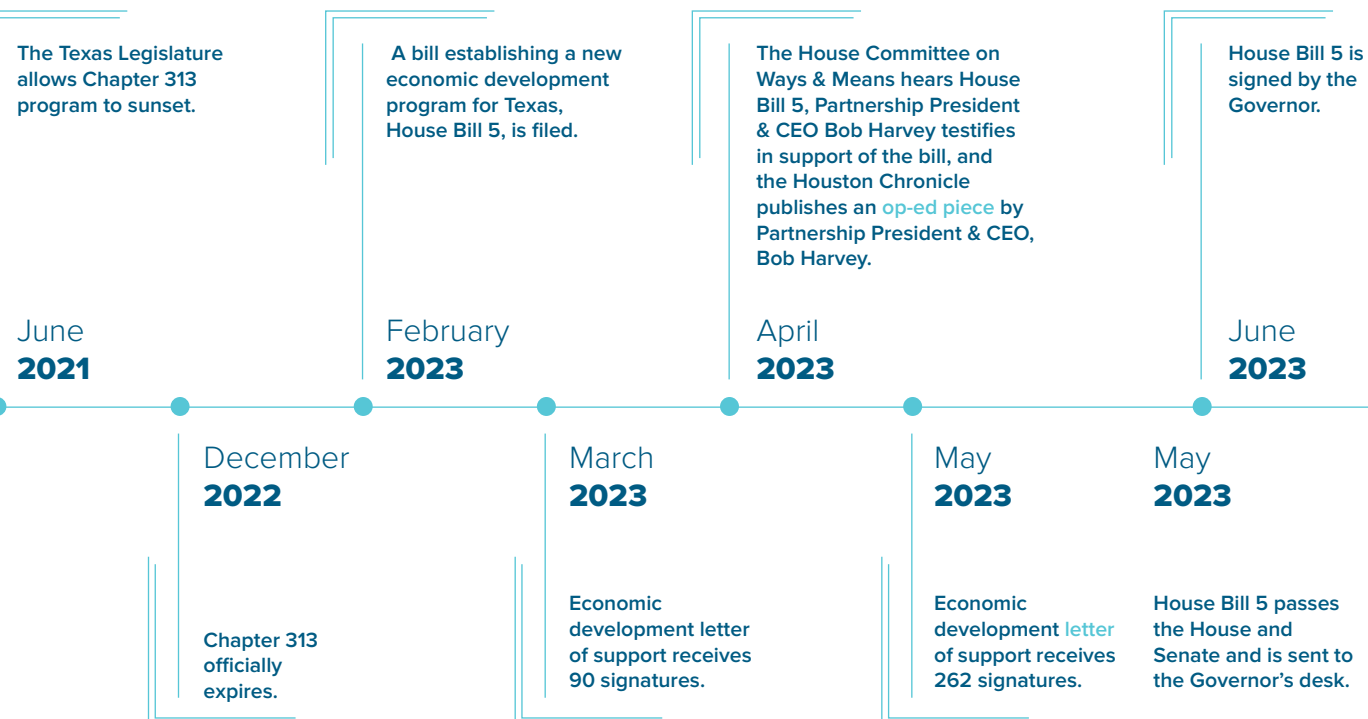
Texas currently has only two universities ranked in the national top 50 of public universities: the University of Texas (#10) and Texas A&M (#26). As a result, there is a shortage of available seats for the thousands of qualified Texas students that would like to attend a top

50 university. This lack of elite options restricts Texas’ ability to attract high-caliber students, professors, and researchers. It also negatively affects Texas’ ability to win competitive research and funding opportunities.

Advocacy Highlights:

- 250+** The Partnership and the Texas Association of Business led a grassroots coalition effort to encourage over 250 chambers of commerce and economic development organizations throughout the state to sign onto a letter calling upon the Legislature to create a “new, transparent, and accountable economic development policy.”
- 81** Representatives signed on as co-authors of the proposed House Bill 5, with 15 from the greater Houston-region.
- 30** Houston-area Members voted in favor of the final version of House Bill 5.

Timeline:



HIGHER EDUCATION FUNDING

COMMUNITY COLLEGE FINANCE REFORM

House Bill 8

SIGNED BY THE GOVERNOR

House Author: Representative Gary VanDeaver (R-New Boston)

Senate Sponsor: Senator Brandon Creighton (R-Conroe)

- Overhauls the state's method of financing community colleges, shifting toward an outcomes-focused, industry-aligned model.
- Increases college affordability by creating new scholarships to support high-demand industries.
- Improves college capacity by providing funding for student support and inter-institutional shared services, to better serve the state as its population grows.

Currently, Texas' community colleges are funded by combination of property taxes, tuition, and enrollment, meaning they remain fully funded regardless of student outcomes. A strong economy is supported by its workforce talent pipelines and strong community college graduates drive the talent pipeline. Therefore, student outcomes should be part of the equation on how community colleges are funded.

House Bill 8 provides for a transformational change by moving towards an industry-led, outcomes-based funding model, while also increasing college affordability and capacity. Community colleges will also work with employers to ensure they are producing the type and caliber of workers needed for the future economy.

The Partnership is proud to have supported the development of House Bill 8 by promoting industry voices at the Texas Commission on Community College Finance hearings, which was charged with studying how community colleges are funded and making recommendations to the legislature for improvement.

Why it Matters:

House Bill 8's passage means that thousands of Texas students will be guided into high-demand careers with good pay and upward mobility, and employers will have access to a pipeline of skilled workers. Through House

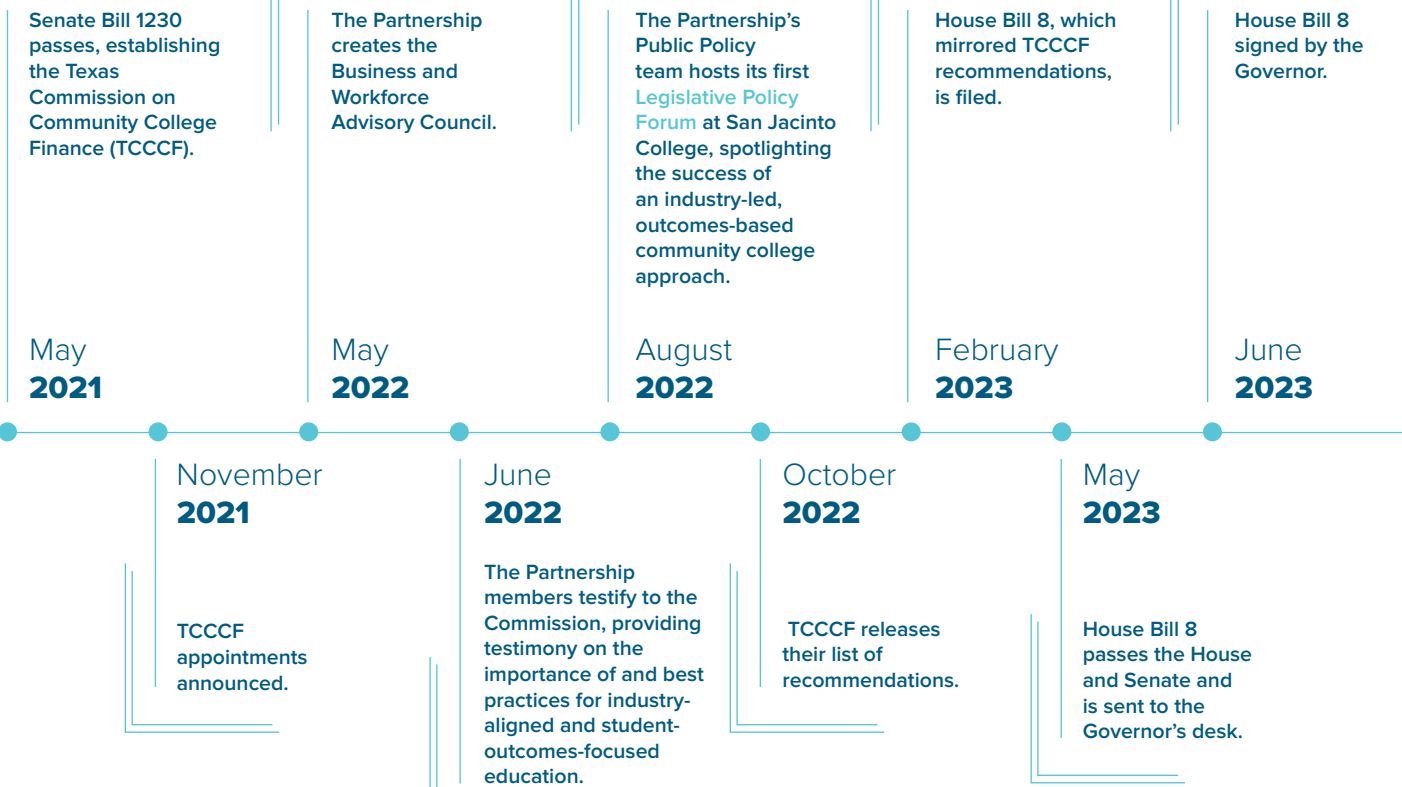
Bill 8, Texas becomes the first state in the nation to fully align community college funding with student outcomes, providing a competitive advantage for Texas businesses.



Advocacy Highlights:

- 8 Partnership members signed on to the Business and Workforce Advisory Council.
- 30+ legislative offices participated in the Partnership's Legislative Policy Forum on Community College Finance reform.
- 2 Partnership Board Members served on the Commission on Community College Finance.
- 4 letters submitted to policymakers in support of House Bill 8.

Timeline:



ENERGY TRANSITION

CARBON CAPTURE USE & STORAGE: COMPREHENSIVE REGULATORY FRAMEWORK

House Bill 4484/Senate Bill 2107

FAILED TO PASS

House Author: Representative Greg Bonnen (R-Friendswood)

Senate Author: Senator Robert Nichols (R-Jacksonville)

- Affirms surface owner owns pore space, recognizes the mineral estate, and establishes a process for pore space integration.
- Creates an ongoing stewardship program and addresses transferability of long-term liability.

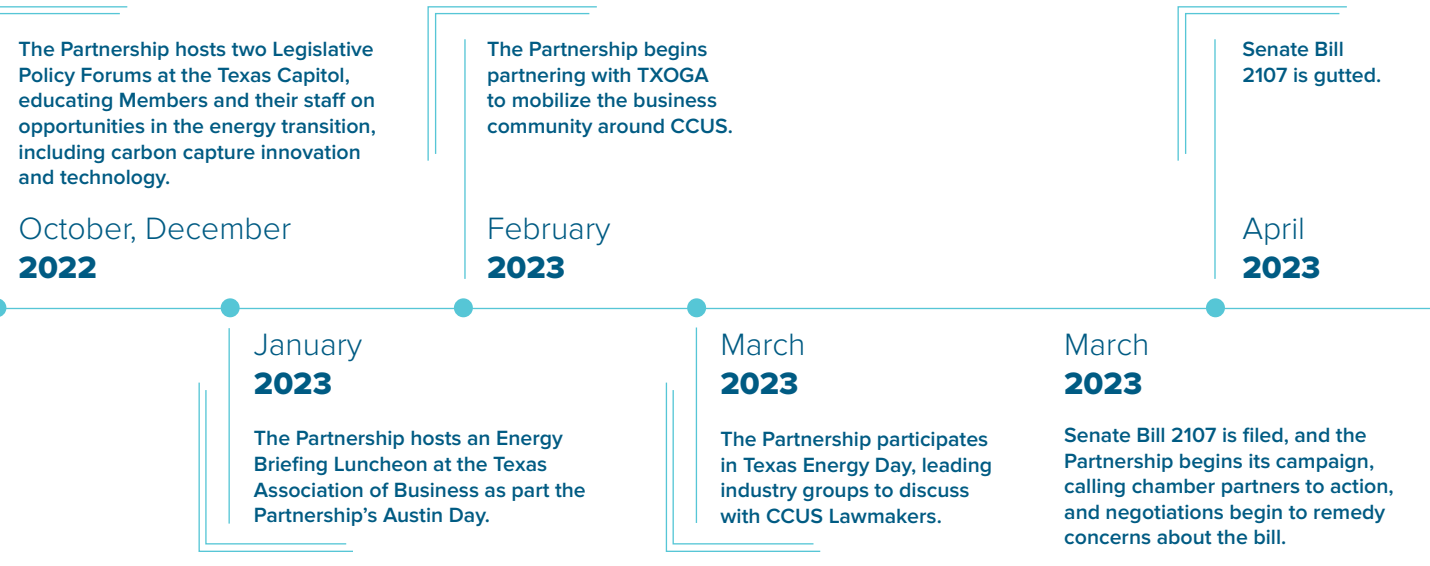
Leveraging Texas’ comparative advantage and remaining competitive in the multi-trillion-dollar carbon capture use and storage (CCUS) industry is a top Partnership priority. After successfully advocating for the state to seek primacy from the Environmental Protection Agency (EPA) over Class VI carbon injection storage wells last session, which is currently pending EPA approval, it was important to shift to addressing the regulatory and legal uncertainty hindering CCUS.

The Partnership joined a broad coalition to support a comprehensive CCUS framework to resolve significant legal complexities posing the biggest barrier to CCUS while offering explicit protections for the mineral estate, providing additional revenue opportunities for landowners, and going above and beyond every other state to ensure potential wins for all parties.

The base bill was effectively gutted after an unproductive committee hearing filled with mischaracterizations and misinformation by opposition groups over a fundamental aspect of the bill – integration – a process required to combat immense hurdles CCUS developers face trying to assemble the web of fragmented property rights needed for expansive deep underground pore space storage.

Work on this priority legislation began long before the legislature convened, with a series of policy summits in Austin to educate legislative staff. Ahead of the bill’s legislative hearing, the Partnership mobilized companies, spearheading a letter-writing campaign, and amplified the message in Austin.

Timeline:



What’s Next:

Looking ahead to 2025 much more must be done to educate lawmakers on the intricacies of CCUS. Expanding CCUS is a win for economic growth, the

environment, and landowners, and the Partnership remains committed to ensuring Texas becomes the national leader in CCUS.

FLOOD MITIGATION

FLOOD INFRASTRUCTURE FUND

House Bill 1

SIGNED BY THE GOVERNOR

House Author: Representative Greg Bonnen (R-Friendswood)

Senate Sponsor: Senator Joan Huffman (R-Houston)

- Allocates more than \$70 million in general revenue for the Texas Water Development Board (TWDB) to hire more staff for the implementation of the Flood Infrastructure Fund (FIF).

Senate Bill 30

SIGNED BY THE GOVERNOR

Senate Author: Senator Joan Huffman (R-Houston)

House Sponsor: Representative Greg Bonnen (R-Friendswood)

- Allocates nearly \$625 million in one-time general revenue funds to replenish the Flood Infrastructure Fund (FIF) prior to the state flood plan due September 2024.

Following Hurricane Harvey, the Partnership advocated for the creation of the Flood Infrastructure Fund (FIF) during the 2019 legislative session to address the need for adequate relief from flooding and protection from future severe weather events across the state.

As of February 2023, the greater Houston region received more than \$159 million of the initial \$793 million FIF appropriation, meaning Houston received 20% of the original funding for flood mitigation projects.

In late 2022, the Texas Water Development Board (TWDB), the state agency charged with oversight of the FIF, signaled that the fund is oversubscribed and would soon be exhausted.

This session, the Partnership prioritized the effort to replenish the FIF. As a result, the Texas Legislature invested more than \$1.3 billion in flood prevention and resiliency work. The FIF received nearly \$625 million in one-time general revenue funds in Senate Bill 30—a first for the fund as it was originally funded by a one-time infusion from the Economic Stabilization Fund. Additionally, House Bill 1 provided more than \$70 million in funding to the TWDB for more staff to implement the substantial investment in the FIF.

Houston in Focus:

House Bill 1 also included \$50 million in funding for the Lake Houston Dam Improvement Project, a priority flood prevention project for the region, as it will enable the rapid lowering of lake levels in advance of a flood, while

also extending the life of the dam. The Partnership will continue to advocate increased investment by the state in resiliency projects for Houston.



Timeline:

June
2019

The Texas Legislature establishes the Flood Infrastructure Fund (FIF), with the passage of Senate Bill 7, by Senator Brandon Creighton (R-Conroe). The Partnership was a critical **advocate** for the establishment of the FIF. Additionally, Senate Bill 500 passes, which provided \$793 million in Rainy Day Funds to FIF.

2020–2021

TWDB receives more than 280 applications requesting an estimated \$2.3 billion.

July
2022

The Partnership testifies to the **House** committee in support of FIF and the Texas Water Development Board.

October
2022

FIF is oversubscribed \$50 million.

December
2022

The Partnership hosts its Future of Texas event with Senator Brandon Creighton (R-Conroe) as the keynote speaker. The replenishment of FIF is among the many topics discussed.

February
2023

The Partnership participates in Water Day at the Austin Capitol, advocating for flood funding and water infrastructure.

February, March
2023

The Partnership testifies to **House** and **Senate** committees in support of FIF funding.

May
2023

Senate Bill 30 passes the legislature, which provided nearly \$625 million to replenish the FIF. Senate Bill 30 is signed by the Governor.



FLOOD MITIGATION

COASTAL TEXAS PROGRAM

House Bill 1

SIGNED BY THE GOVERNOR

House Author: Representative Greg Bonnen (R-Friendswood)

Senate Sponsor: Senator Joan Huffman (R-Houston)

- Allocates nearly \$600 million in general revenue to the Gulf Coast Protection District for the state's contribution to begin construction on the coastal spine project.

House Bill 2416

VETOED BY THE GOVERNOR

House Author: Representative Dennis Paul (R-Houston)

Senate Sponsor: Senator Carol Alvarado (D-Houston)

- Creates the Gulf Coast Protection Trust Fund.

The Coastal Texas Program, also known as the Coastal Spine, will protect the Houston region from flooding and storm surges caused by catastrophic weather events like Hurricanes Ike and Harvey. The barrier floodgate and levee system's development will require significant investment (65% Federal and 35% State/Local), making its funding a priority for the Partnership.

This session, the Legislature voted to establish the Gulf Coast Protection Trust Fund with the passage of House Bill 2416. On June 17th, House Bill 2416 was vetoed by Governor Greg Abbott for technical reasons.

Why it Matters:

Although the Trust Fund was not established this session, the Texas Legislature's investment in the Gulf Coast Protection District will remain, providing for the state's portion of the state-local match requirement for the Coastal Texas Program. Funding was required to

begin constructing the \$13-17 billion gate system, which will serve as a dual surge protection and flood mitigation mechanism. House Bill 1, the General Appropriations Act, also provides nearly \$600 million to the GCPD to fulfill the state and local match requirements.



PUBLIC EDUCATION

CURRICULUM

Ensuring Grade-Level Curriculum in Public Schools (House Bill 1605)

SIGNED BY THE GOVERNOR

House Author: Representative Brad Buckley (R-Salado)

Senate Sponsor: Senator Brandon Creighton (R-Conroe)

- Provides “high quality instructional material” that is certified to be on grade level as well as parent access to classroom materials.
- Eases teachers’ workloads by providing ready-to-use instructional materials and lesson plans.
- Provides funding to acquire new instructional materials and to train teachers on new materials.

Today, many Texas schoolchildren are being taught lessons that are below their grade level. Notably, only 19% of Houston Independent School District (HISD) students receive classroom materials on grade level. This often results in children earning good grades for regular coursework but failing STAAR and other standardized tests.

House Bill 1605 aims to address this problem by providing school districts with optional “high-quality instructional material (HQIM)” that has been vetted by the State Board of Education and Texas Education Agency and guaranteed to be on grade level. Districts opting into the HQIM will receive additional funding for implementation and support.

The HQIM will also be available online for parent access. This way, parents can see exactly what their children are being taught in class at any time.

House Bill 1605 also aims to lighten teachers’ workloads by providing ready-to-use lesson plans. During this bill’s committee hearings, several witnesses testified that teachers are often overburdened with non-teaching activities, including finding and developing instructional materials.

Why it Matters:

By increasing the rigor of Texas schoolchildren’s coursework, Texas ensures that its future workforce will be competitive with any other state’s. Furthermore, the additional funding and teaching materials will ensure that schools and

teachers are fully resourced and that student outcomes will be the primary focus. Because of House Bill 1605, Texas children will be more knowledgeable, skilled, and prepared to drive the economy of the future

GO DEEPER:

Read the Coalition for Education Excellence’s testimony supporting House Bill 1605.

ENERGY & ENVIRONMENTAL REGULATION

WATER RECYCLING

Produced Water Consortium (Senate Bill 1047)

SIGNED BY THE GOVERNOR

Senate Author: Senator Charles Perry (R-Lubbock)

House Sponsor: Representative Carl Tepper (R-Lubbock)

- Provides funding for two pilot projects under the Texas Produced Water Consortium.

Water is Texas’ most precious resource, and this session, the Legislature advanced a bill that would authorize two pilot projects under the consortium. The first utilizes technology to clean water at existing produced water collection sites, treating at least 500 barrels a day from the Midland and Delaware basins. The second will test more novel technologies and field testing of treated water on rangeland, non-food and food crops.

Senate Bill 1047 garnered support from both chambers and Governor Greg Abbott signed the bill into law, effective immediately. A report on the results of the pilot program is due to the legislature in October 2024.

Go Deeper:

In 2021, the Partnership supported the creation of the Texas Produced Water Consortium. The consortium of industry, agricultural, environmental, and other interests will be housed at Texas Tech University to study the economic and technological feasibility of transforming

millions of gallons of oil and gas wastewater into viable, clean, and potable water. In addition to benefiting future water supply, recycling produced water would also reduce induced seismicity earthquakes.

BUILDING THE CIRCULAR ECONOMY

Advanced Recycling (House Bill 3060)

SIGNED BY THE GOVERNOR

House Author: Representative Ed Thompson (R-Pearland)

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

- Updates existing statute to support advanced recycling.

House Bill 3060 modernized and updated the current advanced recycling statutes to include two new technologies and remove barriers to widespread adoption. The law would also legislatively recognize advanced recycling as a necessary technology to increase the number of recycled materials and authorizes the Texas Commission on Environmental Quality (TCEQ) to identify third-party verification systems to validate the quantity of certified-circular plastics generated.

Why it Matters:

Advanced recycling is a critical component of the circular economy as it diverts waste from landfills by converting hard-to-recycle plastics into new products.

LOCAL CLIMATE & ENERGY ORDINANCES

Preemption of Local Greenhouse Gases (Senate Bill 784)

SIGNED BY THE GOVERNOR

Senate Author: Senator Brian Birdwell (R-Granbury)
House Sponsor: Representative Brooks Landgraf (R-Odessa)

- Grants the State exclusive jurisdiction over the regulation of greenhouse gas emissions and prohibits a municipality or other political subdivision from enacting or enforcing a measure directly regulating greenhouse gas emissions.

Legislative Oversight of Local Climate Action Plans (Senate Bill 1860)

SIGNED BY THE GOVERNOR

Senate Author: Senator Bryan Hughes (R- Mineola)
House Sponsor: Representative Tom Craddick (R-Midland)

- Requires legislative approval for proposed municipal climate charters and defines "climate charter" as any overarching or comprehensive ordinance, rule, or other policy statement that addresses climate change or environmental impact on areas such as water, energy, and emissions.

Prohibits Local Mandates Based on Fuel Sources (Senate Bill 1017)

SIGNED BY THE GOVERNOR

Senate Author: Senator Brian Birdwell (R-Granbury)
House Sponsor: Representative Brooks Landgraf (R-Odessa)

- Prevents ordinances, orders, regulations, or similar measures which would limit access to specific fuel sources or prohibit the sale of engines based on their fuel source.

Summary of Bills:

This session, lawmakers passed a series of bills aimed at “preventing a patchwork” of rules and ordinances relating to climate change, greenhouse gas emissions, and local control. The Partnership and its member companies worked closely with the City of Houston on its Climate Action Plan in 2020. Under

the newly enacted law, both the City of Houston and Harris County will need to verify if they will need legislative approval to continue working on their climate plans prior to September 1, 2025.



ENERGY TRANSITION

CARBON CAPTURE USE & STORAGE

Franchise Tax Credit (House Bill 4983/Senate Bill 2203)

FAILED TO PASS

House Author: Representative Stephanie Klick (R-Fort Worth)
Senate Author: Senator Kelly Hancock (R-North Richland Hills)

- Establishes a carbon capture project franchise tax credit program.

Tax Exemption (House Bill 3355)

FAILED TO PASS

House Author: Representative Brooks Landgraf (R-Odessa)

- Provides carbon capture projects a property tax exemption through the existing Tax Relief for Pollution Control Property Program.

Texas Emissions Reduction Plan Qualification (House Bill 1158/Senate Bill 2243)

FAILED TO PASS

House Author: Representative Drew Darby (R-San Angelo)
Senate Author: Senator Nathan Johnson (R-Odessa)

- Makes carbon capture projects explicitly eligible for funding through the Texas Emissions Reduction Plan.

Encouraging CCUS Development (House Bill 4557)

FAILED TO PASS

House Author: Representative Drew Darby (R-San Angelo)

- Prohibits the application of “public nuisance” lawsuits against carbon storage projects to deter frivolous, costly, and time-consuming lawsuits aimed at strangling industry.

Summary of Bills:

As of 2020, it was estimated carbon capture use and storage (CCUS) can cost between \$50 and \$100 per metric ton, leading many other state governments and the federal government to enact plans that would reduce financial roadblocks to scaling this technology and provide a signal to encourage more capital investments.

In Texas, the Partnership supported a similar effort spearheaded by the Carbon Neutral Coalition. The slate of bills put before the legislature was intended to reduce the hefty price tag associated with CCUS. Unfortunately, with both key conservative-leaning and key democrat-leaning groups opposed to the measures, these bills ultimately failed to reach Governor Abbott’s desk.

HYDROGEN INFRASTRUCTURE

Texas Hydrogen Infrastructure, Vehicle, and Equipment Grant Program (HB 4885)

SIGNED BY THE GOVERNOR

House Author: Representative Brooks Landgraf (R-Odessa)

Senate Sponsor: Senator Brian Birdwell (R-Granbury)

- Establishes the Texas hydrogen infrastructure, vehicle, and equipment grant program as part of the Texas Emissions Reduction Plan. Authorizes \$8 million to fund the buildout of hydrogen infrastructure.

Texas Hydrogen Production Policy Council (House Bill 2847)

SIGNED BY THE GOVERNOR

House Author: Representative Drew Darby (R-San Angelo)

Senate Sponsor: Senator Kevin Sparks (R-Midland)

- Grants that the Railroad Commission of Texas (RRC) has primary jurisdiction over all pipeline transportation and underground storage of hydrogen. Establishes the Texas Hydrogen Production Policy Council to study and make recommendations relating to the RRC for hydrogen energy development.

Summary of Bills:

Currently, Texas is home to more than 60 percent of U.S. hydrogen pipelines and 30 percent of the world's hydrogen pipelines. This session, the state took a significant leap forward to build upon its progress and kickstart the diversified use of hydrogen. The U.S. Department of Energy (DOE) made it clear that hydrogen will be a transformative

fuel of the future, and the Partnership applauds the Texas Legislature for setting Texas up for success. Together, these bills provide the investment, regulatory certainty, and pathway needed to boost Texas' three regional hydrogen hub applications vying for \$7 billion from the DOE, including two from the Houston area.



GEOHERMAL

Geothermal Property Rights (Senate Bill 785)

PASSED

Senate Author: Senator Brian Birdwell (R-Granbury)

House Sponsor: Representative Drew Darby (R-San Angelo)

- Creates a clear definition of geothermal estate ownership in Texas by providing the landowner owns all geothermal energy and associated resources below the land. Protects mineral estate.

Streamlining Geothermal Permitting (Senate Bill 786)

SIGNED BY THE GOVERNOR

Senate Author: Senator Brian Birdwell (R-Granbury)

House Sponsor: Representative Drew Darby (R-San Angelo)

- Places jurisdiction of closed-loop injection wells under the Texas Railroad Commission to provide a more business-friendly, streamlined shopping approach for permitting and regulatory governance for geothermal energy.

Repurposing Orphaned Wells for Geothermal (Senate Bill 1210)

SIGNED BY THE GOVERNOR

Senate Author: Senator Cesar Blanco (D-El Paso)

House Sponsor: Representative Bobby Guerra (D-McAllen)

- Allows orphaned oil and gas wells to be repurposed for geothermal energy production.

Summary of Bills:

Texas is ideal for geothermal energy development due to its vast geothermal resources, favorable geological conditions, and strong energy infrastructure. This session, lawmakers advanced a series of bills that will improve regulatory certainty and signal to the investment community

that Texas is open for geothermal business. These measures sailed through both the House and Senate chambers with nearly unanimous support. Geothermal will play an important role in accomplishing the energy-abundant, lower carbon goals of the energy transition.

TRANSPORTATION & INFRASTRUCTURE

HIGHWAY FUNDING

Transfers to State Highway Fund (Senate Bill 1232/ Senate Concurrent Resolution 2)
SIGNED BY THE GOVERNOR

Senate Author: Senator Robert Nichols (R-Jacksonville)
 House Sponsor: Representative Terry Canales (D-Edinburg)

- Postpones the end of funding transfers from the state’s Rainy Day Fund to the State Highway Fund (SHF), consistent with Proposition 7 from 2015.

Senate Concurrent Resolution 2 allows for the extension of Proposition 7, a constitutional amendment supported by the Partnership in 2015, which provided funds from certain state revenue streams to the SHF. This provision diverts portions of tax revenue which would have gone to the Economic Stabilization Fund (ESF), also known as the Rainy Day Fund, to be moved to the SHF. This prospective move comes as the ESF Fund is expected to reach its cap.

Go Deeper:

Proposition 7 was set to sunset on August 31, 2032, unless a future legislature voted to extend it. Senate Concurrent Resolution 2 extends the provisions of Proposition 7 for 10 years. The SHF is a constitutionally dedicated fund for surface transportation projects. As the state’s roads and highways continue to age and the cost of

construction increases, funding sources such as the SHF are becoming more critical as routine paving and maintenance is not enough to keep road surfaces in good condition. Dividing the state oil and gas production tax revenue evenly between the ESF and the SHF supports the state’s growing transportation needs.

WATER INFRASTRUCTURE

Texas Water Fund (Senate Bill 28)
SIGNED BY THE GOVERNOR

Senate Author: Senator Charles Perry (R-Lubbock)
 House Sponsor: Representative Tracy King (D-Uvalde)

- Creates a state fund to support water infrastructure across the state by providing access to funding to replace, repair, or build new water systems.

Texas faces concerns about the expected water demands due to its rapid population growth, decline in existing water supplies, and its aging water system. Senate Bill 28 establishes the New Water Supply for Texas Fund, the Texas Water Fund, and the Statewide Water Public Awareness Account, all to be administered by the Texas Water Development Board (TWDB) to address these concerns. Senate Bill 30, by Senator Joan Huffman (R-Houston), provides \$1 billion for Senate Bill 30 to replace, repair, or build new water infrastructure across the state. The funding is contingent upon voter approval of the Funds per the Texas Constitution.

By the Numbers:

According to the most recent State Water Plan, the population in Texas is expected to grow by 73 percent from 2020 to 2070 while the water demands are projected to rise by approximately nine percent. However, the existing water supply is expected to decline by around 18 percent.

The result would be a crisis level water shortage of 6.9 million acre-feet per year by 2070. The creation of the new water supply funds will help to address these future shortfalls by enabling the state to take on new water infrastructure projects.

WORKFORCE DEVELOPMENT

WORKFORCE DEVELOPMENT FUNDING

Lone Star Workforce of the Future Fund (House Bill 1755)
SIGNED BY THE GOVERNOR

House Author: Representative Angie Chen Button (R-Richardson)
 Senate Sponsor: Senator Carol Alvarado (D-Houston)

- Provides grants to educational institutions and nonprofits engaged in administering performance-based workforce training programs.

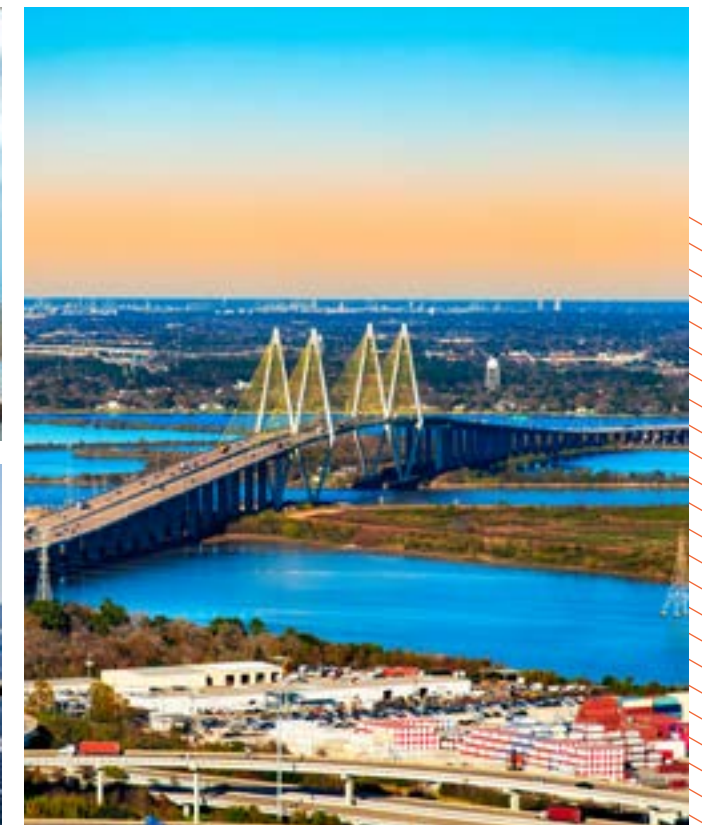
The skilled talent of Texas will be the foundation for the state’s success and more importantly, the foundation for the state’s future ability to attract business and industry. House Bill 1755 will create the Lone Star Workforce of the Future Fund (LSWFF) and a grant program to fund workforce training programs. The legislation seeks to fill the demand for a skilled workforce in Texas by providing the job training necessary to obtain sustaining, full-time employment.

The LSWFF will support educational institutions and nonprofit organizations that offer performance-based workforce training programs and derive at least 40 percent of funding from non-state sources. The supported entities must also coordinate with the Texas Workforce Commission and employer partners to ensure that the programs are tailored to the state’s workforce needs.

Why it Matters:

The LSWFF grant program creates and sustains a utilization-driven supply of qualified workers for entry-level to mid-level jobs in high-demand occupations in Texas and works to close the gap between the skills needed by workers and the current skills of the available

workforce in Texas. The fund will also strengthen the state’s economy by increasing the competitiveness of businesses in Texas and the recruitment of businesses to Texas.



ECONOMIC DEVELOPMENT

SEMICONDUCTOR INNOVATION

Texas CHIPS (House Bill 5174)

SIGNED BY THE GOVERNOR

House Author: Representative Greg Bonnen (R-Friendswood)
Senate Sponsor: Senator Joan Huffman (R-Houston)

- Establishes the Texas Semiconductor Innovation Consortium and the Texas Semiconductor Innovation Fund.

Recently, the U.S. Congress made a significant investment in research and development of the U.S. semiconductor industry. For Texas to maximize the opportunities presented in this federal CHIPS Act, the state needs a strategic long-term plan to take advantage of the competitive federal funding opportunities available for semiconductor innovation projects.

and the legislature and is charged with the development of a comprehensive strategic plan for semiconductor innovation. It will also look to sustain the leadership of the state in advanced semiconductor research, design, and manufacturing; attract investment in the state related to semiconductors; identify opportunities for workforce training; and establish a forum for stakeholders in the semiconductor industry. The fund will enable state entities and public institutions of higher education to access the funding needed as matching funds for the federal appropriations.

House Bill 5174 creates the Texas Semiconductor Innovation Consortium and the Texas Semiconductor Innovation Fund. The consortium will serve as an advisory panel to the governor



What They're Saying:

“To achieve our promise for the remainder of this century, we need to pass the Texas CHIPS Act...to ensure that Texas remains the national

leader in semiconductor chip manufacturing, development, and exports.”

TEXAS GOVERNOR GREG ABBOTT

SPACE ECONOMY

Texas Space Commission (House Bill 3447)

SIGNED BY THE GOVERNOR

House Author: Representative Greg Bonnen (R-Friendswood)
Senate Sponsor: Senator Joan Huffman (R-Houston)

- Establishes the Texas Aerospace Research and Space Economy Consortium and the Texas Space Commission.

Texas has been a leader in the U.S. space program for generations. However, Texas is facing strong competition as the country enters a new phase in space exploration and commercialization. House Bill 3447 is designed to provide the needed resources to maintain Texas’ leadership role in aerospace and space operations. The bill establishes the Texas Space Commission.

The commission, consisting of higher education institutions, will identify research opportunities for entities within Texas to strengthen the state's proven leadership in civil, commercial, and military aerospace activity, enhance its position in aeronautics research and development, space commercialization, and space flight infrastructure, and enhance the integration of the space, aeronautics, astronautics, and aviation industries into Texas’ economy. The legislation provided \$350 million in funding to administer the commission and provide research funding and grants.

Why it Matters:

The Texas Space Commission promotes innovation in the fields of space exploration and commercial aerospace opportunities, including the integration of

space, aeronautics, and aviation industries into the Texas economy.

LOCAL ISSUES

COURT INFRASTRUCTURE

New Harris County Criminal Courts (House Bill 3474)

SIGNED BY THE GOVERNOR

House Author: Representative Jeff Leach (R-Plano)
Senate Sponsor: Senator Bryan Hughes (R-Tyler)

- House Bill 3474 is the omnibus courts bill which addresses multiple aspects of the state’s court system.
- Included in the bill are six new criminal courts for Harris County.

Public safety is critical to the strength of the business community and the ability to do business, retain employees, and recruit new businesses to the region. Coming out of the COVID-19 pandemic, all major cities saw a rise in crime and a criminal court case backlog; however, Harris County was also struggling with the compounding impacts of Hurricane Harvey damage. Additionally, Harris County has seen dramatic population growth over the decades, yet its court system has not kept pace with that growth. Harris County has only added one court since 1984, back when the county’s population was 2.7 million. Today, the county boasts more than 4.7 million people.

While the Harris County Commissioners Court has taken steps to mitigate the felony case backlog, including adding visiting judges, associate judges, and infusing funding into the system, it has not been enough to address the structural deficits of the county’s court system. Harris County needs a significant number of new courtrooms.

By the Numbers:

In a recent analysis by the state’s Office of Court Administration, the recommended need for Harris County was 39 new criminal courts.

Due to cost, the County Commissioners Court approved a resolution asking the state to create six new courts in an effort to provide more capacity

to the court system. House Bill 3474 establishes the six new criminal courts for Harris County, with the first three courts will be set up on October 1 to align with the County’s budget. The Governor will appoint the new judges who will sit until the next election. The additional three courts will be up and running the following fall.

Business Courts (House Bill 19)

SIGNED BY THE GOVERNOR

House Author: Representative Andrew Murr (R-Junction)
Senate Sponsor: Senator Bryan Hughes (R-Tyler)

- Creates a new district court to hear business cases involving transactions of \$10 million or more.

Business cases, especially those valued in the millions, are often complex, take years to complete, and require a specific expertise in business law, however, these cases currently are addressed by either general law district courts or civil law district courts. Large business cases can delay a court’s docket and cause a severe backlog. House Bill 19 works to address these complexities and issues by creating a specialized business court.

This specialized court would have seven judges appointed by the Governor for two-year terms, and appeals would go before a newly created specialized appeals court. Establishing a new business court system would transform the state’s judicial process and help the district court system manage its caseload. Specialized business courts reserved for complex cases would have judges with expertise in business law to help provide consistent rulings on complex cases. Under the current system, these complex cases often overwhelm the general jurisdiction courts and can take multiple years to resolve.

LOCAL ECONOMIC DEVELOPMENT

Convention Center Funding (Senate Bill 1057)

PASSED

Senate Author: Senator John Whitmire (D-Houston)

House Sponsor: Representative Sam Harless (R-Spring)

- Allows the City of Houston and Houston First to receive funds for much-needed improvements to the George R. Brown Convention Center.

The George R. Brown Convention Center first opened its doors in the fall of 1987, and despite some notable renovations over the years, it has become clear that the convention center needs a significant modernization effort to remain competitive to attract large conventions. Senate Bill 1057 allows the City of Houston and Houston First to access portions of certain downtown hotel taxes. Other large cities in Texas, like Dallas and Fort Worth, have enjoyed the same opportunity through similar legislative action.

Why it Matters:

The additional funding provided by Senate Bill 1057 could be used to expand and modernize the convention center, create indoor/outdoor spaces, and fund projects for the downtown area supporting the convention center. An updated and expanded convention center helps to keep Houston competitive in attracting large-scale conventions and events which often bring visitors to Houston for the first time and can open doors

for economic development. Additionally, the new funding could be a boon to the proposed 30-acre cap park, which is part of the North Houston Highway Improvement Project, the reconstruction and relocation project for I-45 North. These projects have a huge potential in connecting downtown with the East End neighborhoods and spurring greater development and walkability around the convention center district.



BROADBAND INFRASTRUCTURE

Creation of Broadband Infrastructure Fund (House Joint Resolution 125/House Bill 9)

SIGNED BY THE GOVERNOR

House Author: Representative Trent Ashby (R-Lufkin)

Senate Sponsor: Senator Joan Huffman (R-Houston)

- Constitutional amendment creating the broadband infrastructure fund to expand high-speed broadband access and assist in the financing of connectivity projects.
- The proposed constitutional amendment would be submitted to the voters for consideration on the November 2023 ballot.
- Makes historic investments in the expansion of broadband infrastructure around the state.

House Joint Resolution 125 and its enabling legislation, House Bill 9, create the broadband infrastructure fund to assist in the financing of connectivity projects in the state. The legislation allocates \$1.5 billion to the newly created fund, providing transformational funding to close the digital divide in Texas. Voters will go to the polls this November to vote on creating the broadband infrastructure fund and making this significant investment in broadband for all Texans.

The Texas Broadband Infrastructure Fund along with the federal Infrastructure Investment and Jobs Act funding will provide an unprecedented amount of funding that the Houston region could compete for to bring funding to the local communities.

Why it Matters:

Equitable access to reliable, high-speed broadband is essential for students and the workforce, and provides economic opportunities to all Texans. The Partnership

has consistently supported long-term state investment in broadband to address the digital divide and serve local communities.

Expansion of Broadband Definitions and Services (Senate Bill 1238)

SIGNED BY THE GOVERNOR

Senate Author: Senator Robert Nichols (R-Jacksonville)

House Sponsor: Representative Trent Ashby (R-Lufkin)

- Updates 2021 broadband legislation to align with newly implemented federal guidelines.

Senate Bill 1238 ensures state statutes better align with federal guidelines so Texas can draw down funding from the federal Broadband, Equity, Access, and Deployment (BEAD) Program. The legislation also enables the state's Broadband Development Office to award grants, loans, and other financial incentives for broadband, while also providing critical definitions for "unserved" and "underserved" locations.

Go Deeper:

Last legislative session, the Texas Legislature prioritized broadband investments and passed a bill to expand broadband service in areas across the state which lacked basic broadband access.

In recent years, the federal government has also made historic investments in broadband funding available under the Infrastructure Investment and Jobs Act.

HEALTH CARE & LIFE SCIENCES

RESEARCH & ECONOMIC DEVELOPMENT

Inventory Tax Exemption for Medical and Biomedical Industries (Senate Bill 2289/Senate Joint Resolution 87)

SIGNED BY THE GOVERNOR

Senate Author: Senator Joan Huffman (R-Houston)

House Sponsor: Representative Greg Bonnen (R-Friendswood)

- Exempts the state’s pharmaceutical, medical device, and PPE manufacturers from inventory and equipment taxes.

Texas is home to the world’s most innovative centers for health care and health research. However, the state struggles to compete with medical and biomedical manufacturing centers in North Carolina, Massachusetts, Tennessee, Pennsylvania, and Illinois due to Texas’ burdensome inventory tax structure in relation to the equipment-intensive environment of the industry.

Senate Bill 2289 exempts tangible personal property used or produced by medical or biomedical manufacturers from property taxation with the goal of encouraging increases in capital investments and expansion of those industries in Texas.

By the Numbers:

Until this session, pharmaceutical, medical device, and PPE manufacturing in Texas was taxed on property, equipment, and inventory – ballooning the effective tax

rate for this industry to 28.3 percent. This is compared to a tax rate of no more than 13.5 percent in the state’s largest rivals.

Mental Health and Brain Research Institute of Texas (House Bill 15/House Joint Resolution 135)

FAILED TO PASS

House Author: Representative Senfronia Thompson (D-Houston)

Senate Sponsor: N/A

- Establishes the Mental Health and Brain Research Institute of Texas.
- Invests \$3 billion over 10 years to expedite innovative research to prevent, treat, and cure mental health and brain-related diseases and disorders.

During the 80th state legislative session, leaders in Texas recognized the unique challenges in treating and curing various forms of cancer and in response created the Cancer Prevention and Research Institute of Texas (CPRIT), which supports innovation and attracts talent to Texas through grant funding.

In a similar way, elected officials in Austin over the last few years have turned their focus on addressing the diseases and disorders of the mind and brain with multiple attempts to create the Mental Health and Brain Research Institute of Texas (MBRIT). This session, House Bill 15 would have created MBRIT to propel Texas forward as the leader in various areas of cerebral research as well as expand the resources available to Texans to receive innovative treatment and care. The institute would receive \$3 billion over 10 years to provide scientists with the necessary tools and funding to learn more about brain ailments and treat their root causes.

Unfortunately, after a successful run in the House, MBRIT failed to move in the Senate.

MATERNAL HEALTH

Expanding Postpartum Care (House Bill 12)

SIGNED BY THE GOVERNOR

House Author: Representative Toni Rose (D-Dallas)

Senate Sponsor: Senator Lois Kolkhorst (R-Brenham)

- Extends postpartum Medicaid coverage for new mothers to 12 months.

In December 2022, the Maternal Mortality and Morbidity Review Committee and the Department of State Health Services submitted a joint report that found 44 percent of maternal death cases in Texas occur within one year of pregnancy. Additionally, the report found 90 percent of those deaths could have been prevented.

To reduce the number of maternal deaths, House Bill 12 would extend state Medicaid coverage for postpartum women from two months to 12 months. Increasing the amount of time Texas mothers have access to state care will ensure women aren’t dying from patient, provider, facility, system, or community factors; often, these factors are preventable. Additionally, extending coverage will help address many of the racial disparities that currently exist during and following a pregnancy.

In the waning days of the 88th regular session, both chambers successfully passed House Bill 12, pushing the state to seek approval for an extension of postpartum Medicaid coverage again; however, now this effort will be aligned with research-based, stakeholder-advocated, and federally supported recommendations of providing 12 months of coverage to women.

Go Deeper:

Last session, the Legislature extended postpartum coverage from two months to only six months. However, when the Health and Human Services Commission, the state entity charged with its implementation, sought to obtain a waiver with the federal Centers for Medicare and Medicaid

Services to fully implement the change, the federal government rejected the request in August 2022, leaving Texas mothers in limbo and without an extension in coverage. The federal agency indicated it would only accept a 12-month waiver.

WORKFORCE

Nursing Education Grants (Senate Bill 25)

SIGNED BY THE GOVERNOR

Senate Author: Senator Lois Kolkhorst (R-Brenham)

House Sponsor: Representative Stephanie Klick (R-Fort Worth)

- Amends the Education Code to allow part-time nursing faculty to be eligible for loan repayment assistance.
- Removes the repayment from a cap of \$7,000 annually to a figure to be determined by the Texas Higher Education Coordinating Board (THECB).
- Extends Nursing Innovation Grant Program (NIGP) until 2027.

According to data gathered prior to the COVID-19 pandemic, Texas has a shortage of roughly 30,000 nurses; however, this number is not believed to reflect the true shortage post-pandemic. Additionally, Texas’ nursing shortage is expected to balloon to approximately 57,000 nurses by 2032.

The nursing workforce pipeline has endured many challenges, both in attracting talent and retaining it, over the last several years. The COVID-19 pandemic only exacerbated these issues. Senate Bill 25 relieves many of the bottlenecks in the nursing education pipeline to increase the number of graduates going into the workforce. The legislation would achieve this by awarding scholarships, offering loan repayment assistance to nurses acting as part-time faculty, and extending the Nursing Innovation Grant Program to 2027.

WORKFORCE SAFETY

Preventing Workplace Violence at Health Care Facilities (Senate Bill 240)

SIGNED BY THE GOVERNOR

Senate Author: Senator Donna Campbell (R-New Braunfels)

House Sponsor: Representative Donna Howard (D-Austin)

- Addresses rising workplace violence in health facilities by tightening preventative safety measures.
- Mandates health workers have access to the services and care they need following potential violent incidents.

Recently, there has been a steady rise in the number of reported violent acts targeting healthcare workers. These violations can range from verbal abuse to physical harm and have come from patients, their family members, and even coworkers. Senate Bill 240 requires all health facilities in the state to adopt, implement, and enforce a written workplace violence prevention policy as well as a written workplace violence prevention plan to protect health care providers and employees from violent behavior and threats of violent behavior occurring at the facility. Critically, the mandated violence prevention plan must come from an internal committee composed of a diverse cross section of the facility.



TECHNOLOGY

DATA PRIVACY

Texas Data Privacy and Security Act (House Bill 4)

SIGNED BY THE GOVERNOR

House Author: Representative Giovanni Capriglione (R-Southlake)

Senate Sponsor: Senator Bryan Hughes (R-Tyler)

- Establishes the Texas Data Privacy and Security Act.
- Relating to the regulation of the collection, use, processing, and treatment of consumers' personal data by certain business entities; imposing a civil penalty.

House Bill 4, the Texas Data Privacy and Security Act, is a comprehensive data privacy bill meant to establish a framework for how certain businesses process the personal data of Texas residents. The bill is intended to be a compromise weighing consumer privacy rights and minimizing compliance costs for Texas businesses. The legislation provides individuals with certain new online rights, including the ability to limit how companies collect - and in some instances, profit from - personal data.

Why it Matters:

There is an absence of robust federal regulations on the collection and use of consumer data. Therefore, states have taken on this issue to establish comprehensive regulations for the treatment of consumers' personal data by certain business entities. While California, Virginia, Colorado, Connecticut, and Utah already adopted their own data privacy legislation, Texas joins other states enacting legislation this year, including

Iowa, Indiana, Tennessee, and Montana. The legislation goes into effect on March 1, 2024, and will apply to corporations and individuals who conduct business in Texas or produce a product or service consumed by Texas residents and process the personal data of Texas residents. The legislation does not apply to a small business as defined by the U.S. Small Business Administration (SBA).

GO DEEPER:

During the 88th Legislative Session, the Greater Houston Partnership provided weekly updates from Austin. You can view more policy news and archives of our weekly updates [here](#).





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701 Avenida De Las Americas, Suite 900

Houston, TX 77010

Houston.org