

## Tracking the Legislature

Visit [www.capitol.state.tx.us](http://www.capitol.state.tx.us) to access the Texas Legislature online, and stay informed about legislation that could affect you! This site makes it easy to follow a bill as it moves through the legislative process, search for legislation filed on a specific issue, or find a committee roster. You can even view House, Senate, and most committee proceedings via live video streams or access archived video of past meetings. To find more information, you can also visit [www.house.state.tx.us](http://www.house.state.tx.us) or [www.senate.state.tx.us](http://www.senate.state.tx.us).

## Speaking Engagements

I always enjoy discussing legislative issues with community groups in District 48. I have had the pleasure of meeting students, homeowners association residents, Municipal Utility District board members, and School Board members to name a few. Please feel free to contact my office at (512) 463-0631 if your organization would like to schedule a date and time.



Rep. Howard had the pleasure of celebrating our nation's independence by riding in the Rollingwood 4th of July Parade. Here she is pictured with two patriotic children and Steve Wertheimer, the owner of The Continental Club.

## Kids' House

The "Kids' House" is an interactive website designed to teach children of all ages about the people, the processes, and the places associated with Texas government. The site includes a video tour of the Capitol, ideas for class projects, and links to helpful websites. Please visit [www.kids.house.state.tx.us](http://www.kids.house.state.tx.us) to explore this valuable resource for engaging our children in the political process.

## Visit Your Capitol

Taking a free, guided tour is a great way to learn more about your state Capitol. Tours are generally 45 minutes in length and are offered every Monday through Friday between 8:30 am and 4:30 pm, Saturday between 9:30 am and 3:30 pm, and Sunday between noon and 3:30 pm. Groups of 10 or more should call Capitol Information and Guide Services at (512) 463-0063 to make reservations. Visitor parking is available at 1201 San Jacinto. Parking is free for the first two hours and \$.075 for each additional half hour. While you're here, please drop by my office and say hello!

## Honorary Page

Would you like to see how the legislative process works live and in person? If you are between the ages of 8 and 18, you can spend half a day as an Honorary Page. Pages work directly with the House Sergeant's office while the Legislature is in session and have the chance to experience what it's like for a member as they conduct the state's business on the House floor. Each member is limited to 10 pages per session, so requests will be filled on a first come, first served basis. If you are interested in participating, please send a letter to our office stating how you think you can benefit from the experience. It is an honor to meet young people who wish to learn more about our government, and I look forward to the opportunity to share my time on the floor with you!

## Contact My Office

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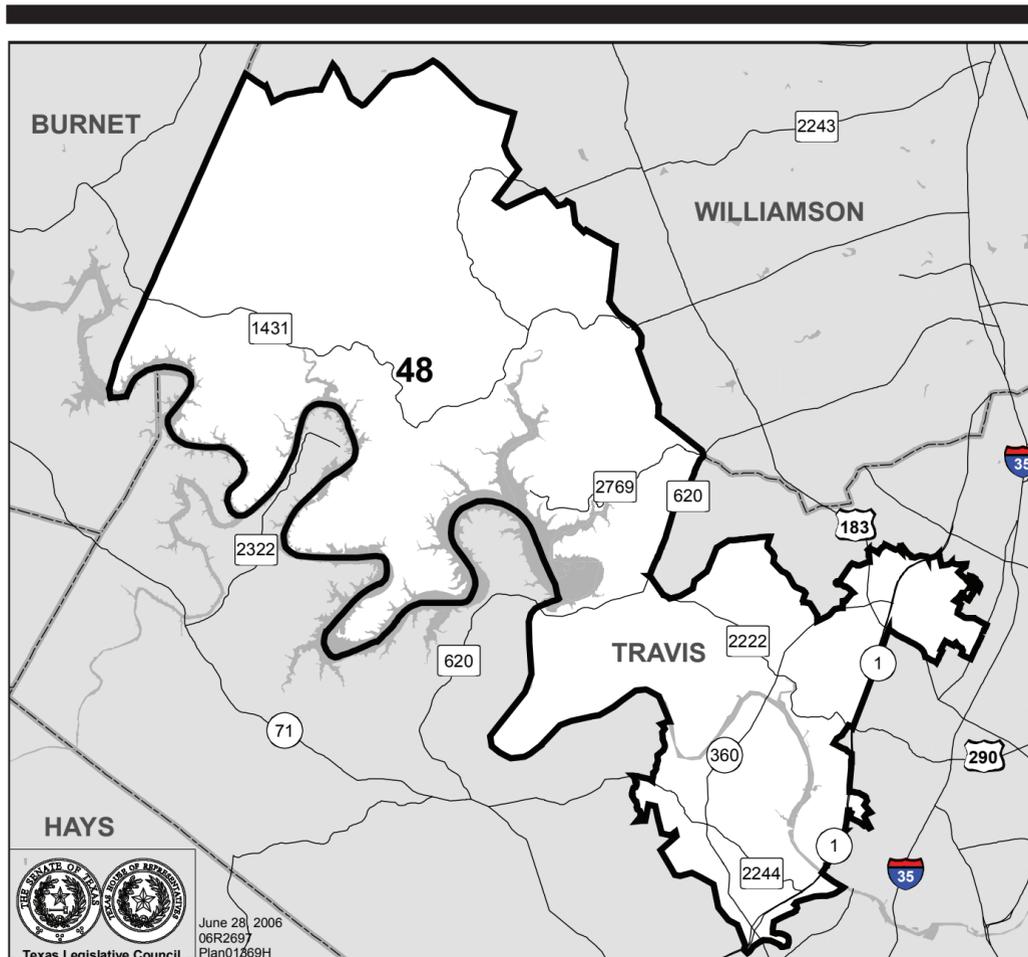
State Representative

**DONNA HOWARD**

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DISTRICT 48

State Representative

**DONNA HOWARD**

Capitol Report  
District 48



Dear Friends,

In my first session as your State Representative, I was honored to serve you and your families, and I thank you for the opportunity to provide a voice for District 48.

My first few months in office have been very exciting! I was sworn-in on March 2nd, Texas Independence Day, in a public ceremony on the floor of the House. I opened my Capitol office the same day, and by the end of the month had hired three terrific staffers who are devoted to serving you. We immediately began to prepare for the special session holding meetings with two key groups - community business owners and our superintendents in HD 48.

Until the regular session next January, I will serve on the House Committee on Judiciary as well as the Committee on Culture, Recreation, and Tourism. In May, I attended my first committee hearing and heard testimony on issues affecting the future of our state parks. I have also attended meetings as a member of the Capital Area Metropolitan Planning Organization and will continue to study transportation issues over the next several months.

I feel fortunate to have had the opportunity to participate in a special legislative session, and I know the experience has prepared me to tackle the challenges facing Texas' 80th Legislature head on. The support I received from my colleagues in the House has been gratifying, and I look forward to continuing to cultivate the relationships we have begun to develop.

This newsletter is designed to give you an overview of the key issues addressed in the special session and to explain how I believe we can build upon what we have accomplished. I am the first to admit that the legislation passed was far from perfect, and I appreciate all of you who took the time to share your comments about the bills under consideration. I hope you will find this newsletter informative, and I look forward to our continuing dialogue about the issues of importance to the citizens of House District 48.

Sincerely,

*Donna Howard*

Donna Howard



Representative Howard takes the oath of office with her husband Derek and children Blake, Logan, and Shane by her side.

# Key Issues

## *The Supreme Court's Ruling:*

Last October, the Texas Supreme Court ruled our state's school finance system unconstitutional and gave the Legislature until June 1, 2006 to fix it. Their decision stated that local school districts had lost "meaningful discretion" when setting tax rates. Too many districts were forced to tax at or near the \$1.50 cap to raise enough revenue to cover their maintenance and operations budget leaving them without any funds to provide programs to enrich the education of their students beyond minimal state and federal mandates. In short, Texas had a defacto statewide property tax.

## *Reversing the State-to-Local Funding Ratio:*

While the Legislature as a whole was faced with the overarching goal of answering the Court's mandate, I entered the session with a goal of my own... **To reverse the state-to-local funding ratio to ensure the state pays its fair share of the cost of public education.** Before the special session, the state's contribution to education was at an all time low of 36%. We cannot expect Texas children to compete in the global market if the state will not make a serious investment in our schools. Increasing the amount of state revenue flowing into the system lessens the burden on property owners, decreases the need to redistribute wealth to maintain equity, and provides a more level playing field in regard to tax burden. Though the bills we passed weren't perfect, they were a good first step toward achieving this goal.



Rep. Howard and Rep. Terry Keel discuss the effects of pending legislation. Both members represent parts of Austin, Eanes, and Marble Falls ISD.



Rep. Howard takes her turn as Speaker aided by parliamentarian Denise Davis.

## *Addressing Equity:*

**House Bill 1 - HB 1 will lower local property tax rates to \$1 per \$100 valuation by 2008.** To comply with the Court's mandate, this bill allows school boards to add 17 cents of local enrichment to the tax base. After the first four cents, districts must obtain voter approval to access the remaining pennies. Additionally, the first four cents are not subject to the state's recapture system and another two cents will become exempt from recapture in 2008-2009.

The decision to exempt this money from recapture, triggered a debate on equity. To "equalize" funding, the state must increase the minimum number of dollars it has to raise to ensure that every school district's penny of local property tax will benefit the highest possible percentage of students. Under the current system, "equalized" public school funding covers about 74% of Texas students. This session, we raised that percentage for the additional four cents to 94% which means that all districts will see an increase in dollars per student. If we continue to enact positive changes such as this one, we can create a more secure future for our children.

**Teachers in addition to students will benefit from HB 1 in the form of \$2,000 across-the-board pay raise.** They will also receive the option to reserve a portion of their salary tax-free to cover health insurance. The bill bolsters college preparation, requiring four years of math and science instruction for all high school students, and aligning public school curriculum with college standards. Finally, HB 1 sets the fourth Monday in August as the uniform start date for all districts and increases transparency by requiring schools to make budget summaries - including information on per student spending - available to the public online.



Rep. Howard and Speaker Craddick with Ron Ragsdale, Director of Adult Education, at Westlake Hills Presbyterian Church. Rep. Howard was honored to introduce Mr. Ragsdale to serve as Pastor of the Day on May 10, 2006.

One critical question not fully addressed in HB 1 concerns seniors and persons with disabilities who currently enjoy a tax freeze. Representative Elliot Naishtat offered an amendment to ensure that these specific groups would fully benefit from reductions in the local school district tax. The Naishtat language remained in the version of HB 1 sent to the Governor, however it cannot take effect unless separate legislation amending the Constitutional provision instituting the tax freeze is also passed.

The House passed House Joint Resolution 26 which would have authorized the November ballot measure necessary to implement the Naishtat language. The Senate, however, did not take action on this or any other bill providing for public approval of this proposition. Reinstating tax freezes after property tax rates are lowered is one of the issues we must revisit in the next regular session.

## *Providing Property Tax Relief:*

House Bills 3, 4, and 5 work collectively to provide a stable funding mechanism to sustain the property tax reductions implemented in HB 1. All three were included in the plan put forth by the Texas Tax Reform Commission, a bipartisan group of private sector leaders chaired by former Comptroller John Sharp and charged with modernizing our tax structure. Over the past decade, growth in our economy has not been matched by growth in our tax base forcing the state to depend more and more on revenues from local property taxes to finance education. Revision of our archaic tax system will help Texas maintain a balanced ratio of state and local funding for our schools.

**House Bill 3 -** reforms the franchise tax to grow with the economy and give us the fiscal capacity needed to provide lasting and meaningful property tax relief. The new tax closes loopholes that have allowed many businesses to

avoid paying their fair share of the cost of education; lowering the tax rate and broadening the tax base. HB 3 gives Texas businesses an incentive to provide benefits and pensions to their employees for the first time ever. This bill exempts small businesses that gross less than \$300,000 a year to protect "Mom and Pop" operations and give start-ups time to get established. Exemptions are also given to sole proprietorships or general partnerships - companies for which a business tax is also an income tax. The Legislature may not increase the franchise tax rate without statewide voter approval.

**House Bill 4 -** creates a way for county tax collectors to fairly and evenly tax the sale of used cars and is projected to raise \$202 million over the next five years. The bill allows a tax collector to assess taxes on the value reported by the purchaser as long as that value is within 80% of the standard value assigned by the Texas Department of Transportation. HB 4 requires Texas Department of Transportation to maintain current information on the standard presumptive value of commonly purchased motor vehicles and makes this information available to the public. Purchasers who disagree with the value assigned to their car or truck can seek recourse via an appeals process.

**House Bill 5 -** imposes a \$1 per pack increase in the cigarette tax and raises the tax on other tobacco products to 40% of the manufacturers list price (an increase of slightly less than 5%). The bill is projected to raise about \$432 million in 2007 and \$690 million in 2008. Studies have shown that similar measures in other states have attributed to significant decreases in youth smoking, and HB 5 could prevent an estimated 284,200 Texas children from ever starting to smoke.

**House Bill 2 -** creates the Property Tax Relief Fund and diverts all monies raised by the new franchise, motor vehicle, and tobacco taxes away from general revenue and into this fund. As the name suggests, money from the fund will be appropriated for the purpose of reducing property taxes. When property taxes reach \$1 per \$100 of valuation, two thirds of the Property Tax Relief Fund must be used to provide further relief while the remaining third shall be used to increase the level of equalization of education funding.



Rep. Howard passed House Resolution 687 recognizing the accomplishments of the Wildthings, a group of Eanes students who have volunteered their time and services to numerous animal rescue organizations around the county.



Rep. Howard and Rep. Bryan Hughes visit with students from Ms. Brooks' 4th grade class at Steiner Ranch Elementary School.

## *Using the Surplus:*

Many have asked why the Legislature did not use the entire \$8.2 billion surplus to fund property tax relief. Dedicating just under half of our surplus funds to compress the tax rate and increase teacher pay was the fiscally prudent choice. One need only consider the \$9.9 billion deficit the state faced in 2003 to understand the risks involved in using a one-time cash reserve to cover recurring costs.

In fact, much of our surplus exists as a result of the \$7.5 billion in budget cuts made during the 2004-2005 biennium to address the shortfall caused by an unexpected

economic downturn. Most of those costs were shifted to school districts, cities and counties, and in turn showed up in local property, sales, and hospital district taxes. Our current revenues exceed spending because cuts to programs like CHIP left us funding these programs at inadequate levels. To simply restore state spending to pre-2002 levels (per person, inflation-adjusted), the state needs \$10 billion more in General Revenue.

## *Looking Ahead:*

The Third Special Session of the 79th Legislature saw a larger degree of bipartisan compromise than we have had in years. Governor Rick Perry appointed former Comptroller John Sharp to lead the committee charged with stabilizing our tax structure. House Bill 3 gained support from an unprecedented coalition of political and business leaders. The House and Senate set aside past problems and came together in an effort to help our children receive the first-rate education they deserve.

I am proud to have been a part of a Legislature that finally found some common ground to stand on. However, I am well aware that our work is far from over. Our active teachers deserve a larger pay raise and our retired teachers are overdue for a cost of living adjustment to their pensions. The state's contribution to education cannot be allowed to slip below 50% again, and we need a mechanism in place to ensure this won't happen. We must continue to pump more resources into our public schools and fulfill the state's constitutional obligation to make a quality education available to every Texas child. It is my hope that the members of the 80th Regular Session will continue to search for common ground so we can continue

## **Bills Coauthored by Representative Howard\***

**HB 47 -** Prohibits mandatory participation by owners of livestock in a statewide animal identification and premises registration program for animal disease control.

**HB 57 -** Creates programs and procedures to increase college-readiness and reduce high school dropout rates. (Much of this bill was included in HB 1.)

**HB 73 -** Authorizes the state to add \$310 million to the Teacher Retirement System; an amount sufficient to fully fund the liability for all retirement and death benefits and maintain the actuarial soundness of the fund. Until the fund is actuarially sound, the Legislature is prohibited from providing a cost of living increase to TRS beneficiaries.

**HB 110 -** Places a \$100,000 limit on the total amount an individual can contribute to candidates, PACs, or political parties.

**HB 174 -** Directs the Health and Human Services Commission to develop and implement a child health plan program with eligibility requirements allowing children younger than 19 from families whose net income is at or below 200 percent of the federal poverty level to receive health benefits coverage.

**HJR 15 -** Proposes a constitutional amendment to require the state to pay at least 50% of the cost of our state's education system.

\*The governor did not open the call to address any of the above legislation during the special session, however this section provides a preview of some of the issues Representative Howard supports.