



From the Desk of
Representative
Dan Flynn



The Flynn Report

March 5, 2005

Greetings constituents, supporters and friends:

The 79th Legislative Session after starting at a very slow pace jumped into high gear with both House Bill 2 and House Bill 3 being voted out of their committees and set to begin debate on the House Floor this week. HB2 the Public Education Bill and HB3 the Funding bill for Public Education were both met with much fanfare as the education lobby the business lobby and the hard working taxpayers moved forward to plead their case.

It suddenly reminded me of what I taught my children as they were growing up "Be careful of what you wish for you might get it". For years the education lobby and their followers have cried for more funding and a greater share to be carried by the state. Well HB2 offers more funding by the state and with it comes more responsibility and more accountability. HB3 offers property tax relief and a plan to close the loopholes with the Franchise tax and provides a broad based system that will require all to participate and pay their fair share.

I think it would be safe to say as I left Austin on Friday morning no one was happy and as I arrived in my district I found many unhappy there. Most because they did not believe the Legislature would really make any meaningful changes and many because they were afraid the Legislature would for the first time in a long time make meaningful change.

With both bills being scheduled for debate on the House floor this week I want to remind everyone how important it is to move the process forward. When HB2 is voted out of the House with amendments, it is only a step in the process. The Senate will bring up their version and finally a conference committee will be appointed to hammer out a final version. You are reminded there are opportunities all along the way to make changes to the bill. My staff and I have been listening and talking to many in the district to

determine the effects on our taxpayers and our school districts across House District 2. We will continue to provide updates as the process moves forward towards a final bill on public education in our state. I have said many times the members of the Legislature are working diligently to provide a plan that will be fair to students, teachers, businesses, taxpayers and property owners and still provide school districts with the funding needed to assure excellence and a quality education for our students and an environment that will attract outstanding teachers.

After HB2 was voted out of committee and after spending months and weeks without offering a substitute during the hearings, in a news conference the House Democrats came out with their plan. House Public Education Chairman Kent Grusendorf, viewed the plan as shortsighted and feels it would require a tax hike and it didn't explain how schools would be held accountable for their spending. He again said he would consider and welcome any constructive ideas for improving Texas schools.

In review HB2 contains 3 billion dollars more money for public education and contains incentives for good teaching performance, along with a broad range of reforms. As presented it contains a 1/3 cut in M+O tax rates for schools, has new distribution formulas for school funds, local enrichment, and many new ideas. The bill will move school board elections to the November General elections, which will assure more participation.

HB3 is the revenue bill that will reduce property tax rates and replaces the revenues from the tax with other sources. The bill will also have the language that cuts the M+O rates for schools by 1/3. It will cause a tax reduction of about 5.5 billion dollars, which will then be offset by other taxes that raise about 5.5 billion dollars. Therefore this is a revenue neutral bill. The new revenue will come from several sources and will eliminate the current franchise tax and replace it with some type of business tax it may be a modified payroll tax. In addition the bill will raise the sales tax and will increase some other taxes like the cigarette tax.

In addition there will be a bill that indexes the gasoline tax to inflation rather than the price of oil, which will have the net effect at this time of raising the gasoline, tax about 1/2 cent a gallon. This is a separate bill but it will also be on the floor next week since this will increase revenues both for highways and for schools. The bill does not change the Constitutional use of the fund, which has 75% to roads (and the Department of Public Safety) and 25% to schools.

As you can see this coming week will be long, tense, stressful, and very trying. There will be many important votes and much heated debate on both the school and the revenue bills. I am sure there will be many amendments that will be difficult. I do feel that HB2 will pass in some form

since it does not contain any of the Constitutional amendment issues however, there will be amendments as it goes to the Senate for their version. The revenue bill is more difficult but I do expect it will also pass. Everyone wants property tax reduction and a more broad based tax than the current franchise tax that too many businesses do not participate in.

I along with my many colleagues would appreciate being in your thoughts and prayers for God to provided us with wisdom and knowledge as we go about finding answers to the challenges that face our great state of Texas.

I was honored to host a large group from Rains County to celebrate Rains County Day in Austin. We enjoyed a wonderful banquet dinner, which my staff and I attended and had a wonderful time meeting and visiting and discussing issues important to Rains County and the state of Texas.

This week we will enjoy having Van Zandt County Day in Austin and once again we are expecting a large number from the district. My staff and I are looking forward to a great visit as we celebrate Van Zandt County Day.

We continue to welcome your input and your questions. Contact our office located in the Capitol extension: E1.324. Mailing address: P. O. Box 2910, Austin, TX, and 78768 phone number 512-463-0880. Email: dan.flynn@house.state.tx.us.

If you know someone who is not receiving our report please forward this email to them and let them know they can sign up to receive it.

God bless you and God bless Texas,

Dan Flynn
State Representative, District - 2

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