



From the Desk of
Representative
Dan Flynn



The Flynn Report

June 24, 2005

Greetings constituents, supporters and friends:

On June 18th in what many consider a surprise move, Governor Rick Perry vetoed the entire Texas Education Agency budget and an additional \$1.7 Billion in other appropriations. This bold action required the calling of a Special Legislative Session that began on Tuesday June 21st to work out a school-funding plan. The plans passed by the Texas House and State Senate died in a House/Senate Conference Committee during the last days of the regular session of the Texas Legislature. In addition to addressing the school funding challenge, Gov. Perry asked the legislature to pass meaningful property tax relief. The special session can run for 30-days.

The Governor offered a plan of rather than doing things the same old way, he is proposing new incentives to reward teaching excellence and reduce administrative costs. His plan calls for a cut in taxes while protecting working families and their jobs. The plan is financed in part by savings made available by vetoing unnecessary expenditures in the regular session as well as changes to the tax structure. He wants stronger taxpayer protections that will provide a lower threshold for rollback elections and a lower signature requirement.

He wants to reduce the cap on school taxes from \$1.50 per \$100 valuation to \$1.20 the first year and \$1.15 the second - and he proposes to compliment that with a \$7,500 boost in the current \$15,000 homestead exemption to \$22,500.

Below is a listing of the plan as presented:

- (1) A net tax cut of \$300 million for the people of Texas.
- (2) \$7 billion in property tax relief the largest property tax cut in Texas

history with a 20% school property tax cut in 2006, and a 23% reduction in 2007 that includes a \$7,500 increase in the homestead exemption.

(3) Closure of franchise tax loopholes with no new business taxes.

(4) Proportion of taxes paid by businesses and consumers remains virtually the same.

(5) Increases sales taxes by 7/10 of a percent.

(6) Dollar increase in cigarette taxes.

(7) Establishes a cap on local enrichment property tax increases at 2 cents a year, with a total of 12 cents, with voter approval.

The House Public Education Committee made quick work this week of the review of *House Bill 2* voting it out of committee, intending to get the bill to the floor possibly by Tuesday and off to conference committee as quickly as possible. It offers some new and improvements and is the version passed by the House and given to the conferees to discuss with the Senate in the final days of the regular session. The bill accepts some Senate language and keeps House language in other areas where the two bodies could not agree on a compromise during the final days of the session. House Bill 3 did not have the votes to move it out of the House Ways and Means Committee this week paving the way for consideration of the Governors plan this coming week.

Many believe the Governor's plan recognizes that we cannot stifle economic growth with new taxes. The plan does not create new taxes or a business activity or wage-based tax. It appears to be a good economic middle ground and yet still will be generating revenue without harming Texans and Texas business.

It is disappointing what opponents are saying but I believe in spite of what they are saying Chairman Grusendorf and Senator Shapiro are bringing out legislation that will make Texas schools better for children, parents, teachers and taxpayers. It must be remembered the Texas Supreme Court is in the process of making decisions on several key school finance cases. Their decisions and the manner in which they address the current problems in the system could control the fate of millions of Texas school children. I believe the Governors plan provides a good starting point for successful negotiations between House and Senate leaders and I trust the business community and the education lobby will work in good faith to solve these challenges for the good of all Texans.

The Texas' economy is the strongest economy in the United State and we

intend to keep it that way. The state is facing these challenges because; a district court judge in Austin mandated that the state provide "adequate" funding to result in a "quality" education for all Texas children. During the 79th Legislative Session the House earmarked almost \$4.5 billion in new dollars for Public Schools. Educators have been demanding a pay increase, which was included in the new money. Homeowners are demanding property tax relief since most school property tax rates are maxed out at \$1.50 per hundred. If agreed upon it will cost a substantial amount of money. That means of course, that the money has to be made up somewhere else. The Legislature has kept the tax bill revenue neutral and it will remain so.

If an agreement can be reached on education and tax reform, I feel the Governor will consider opening up the special session for considering a pay raise for District Judges that is desperately needed along with addressing Tax Revenue Bonds for our Universities. Both issues died during the closing days of the regular session.

A major concern on the federal level after the United States Supreme Court ruling that takes away individual property rights. I am joining many legislators asking Governor Perry to add the condemnation issue to the agenda of the special legislative session now under way so that a proposed constitutional amendment can appear on the November ballot. The proposed amendment would limit a local governmental entity's power of eminent domain, preventing them from taking away and kicking residences off their private property in favor of private developers.

You can reach our office located in the Capitol extension: E1.324. Mailing address: P. O. Box 2910, Austin, TX, 78768 phone number 512-463-0880. District offices in Canton and Greenville phone numbers 903-567-0921 and 903-455-0971 respectfully. Email: dan.flynn@house.state.tx.us.

Visit our web site www.daflynn.com and click on the links that will allow you to view previous Flynn Reports and updates on news, issues and photos. If you know someone who is not receiving our report please forward this email to them and let them know they can be added to our list.

God bless you and God bless Texas,

Dan Flynn
State Representative, District - 2

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