

# MEMORANDUM

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**TO: Regional Policy and Municipal Infrastructure Committee**

**FROM: Jennifer Wichmann, Director of Management Resources  
Nora Coronado, Project Coordinator**

**SUBJECT: State Legislative Consultant Contract Evaluation – FY2013**

**DATE: January 21, 2014**

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The City has contracted with HillCo Partners since FY2007 for representation at the state level. In August of 2010, after a request for qualifications was issued, a new contract was signed for a term ending September 30, 2012, with a two-year renewal option. Upon expiration of the initial term, the City renewed the contract and extended it until September 30, 2014.

In the current contract, the City pays \$7,500 per month while the Legislature is in Session or a Special Session which is related to the City and its interests, and \$6,500 per month for the remainder of the months. This is a reduction from the previous rates of \$8,000 per month during session and \$6,667 per month during the interim.

Although the State Legislature only meets for five months every other year, the work they do is intense, rapidly moving and potentially very harmful to local governments. While in session, City staff works closely with HillCo and the Texas Municipal League to ensure that the City's interests are protected and its initiatives are advanced. While the time that the Legislature is in session is of particular concern, the effort to monitor the work of the Legislature and its committees is a continual effort. While the Legislature is not in session, interim committees work to study key issues and develop recommendations for legislative changes in the upcoming Legislative Session. Additionally, the time between sessions is used by state agencies to create rules related to the legislation which has been passed by the Legislature.

City officials from across the state expected the 83<sup>rd</sup> Legislative Session would once again be very difficult for cities, and that certainly proved to be the case. Cities were forced to dedicate the vast majority of their efforts to opposing harmful legislation rather than promoting beneficial measures. Legislative proposals included erosion of municipal authority to generate needed revenue, efforts to make bond proposals much more difficult to be approved at the ballot box, and proposals that would have restricted the use of the Major Events Trust Fund to attract events, which benefit the state and local governments. Fortunately, all these efforts were defeated.

On a more positive note, the legislature did not face the dire revenue picture that existed two years earlier which caused cuts to municipal programs. As a result, some of the 2011 cuts were reversed, and revenue (at least in part) was restored.

Throughout FY2013, HillCo fulfilled its contractual obligations including weekly updates and regular communications with staff. They also provided expertise and logistical assistance to City Council and staff in their work on a variety of state government related issues. An evaluation of the work completed and assisted by HillCo is contained within this document. Appendix A highlights the results for various state legislative agenda issues as well as successful defenses against harmful legislation. Appendix B includes information about some of the gains made in state funding.

**Appendix A**  
**State Lobbyist Report Card**

<b>Legislative Issue</b>	<b>Results/Actions Taken</b>
Major Events Trust Fund/ Event Trust Fund	<p>SB 398 expanded METF to include NCAA football playoff games.</p> <p>SB 1678 relating to eligibility requirements was enacted, but harmful and limiting provisions were removed or expanded from the initial proposal.</p> <p>Successfully defended the creation of an oversight committee for the METF.</p>
Travel and Tourism	<p>HB 1908 caps the combined hotel-motel occupancy tax rate imposed by all sources to 17% but the City successfully lobbied to exclude trolley or Public Improvement Districts from the cap.</p>
Transportation	<p>HB 1 and SJR 1 passed during the 3<sup>rd</sup> Special Session to increase funding for future transportation infrastructure projects which will go before voters in November 2014.</p>
Drinking and Driving	<p>Neither sobriety checkpoints nor ignition interlock device initiatives developed any momentum.</p>
Other Public Safety Initiatives	<p>An omnibus bill that would assist with enforcement against synthetic drug formulas passed the Senate but was killed in the House.</p> <p>HB 625 passed and reinstated the penalty for failure to display a front license plate.</p> <p>HB 912 imposes restrictions on law enforcement agencies on the use of unmanned aircraft systems and requires biennial reporting by law enforcement agencies to the legislature.</p>
Water Planning and Funding	<p>Legislation was passed and voters approved a proposition in November 2013 to use \$2 billion from the state's Rainy Day Fund to establish the State Water Implementation Fund for Texas to assist with implementing the State Water Plan.</p>
Local Elections	<p>Successfully defended the elimination of all uniform election dates except the November date.</p>
Supporting Quality Education	<p>SB 1 increased education funding by \$3.9 billion, partially offsetting the \$4.5 billion cut in 2011.</p>
Other Initiatives/ Local Bills	<p>HB 1772 increased utility shut-off notices to tenants of all-bills-paid apartments.</p> <p>SB 1837 to allow the appointment of directors for the Viridian Municipal Management District by City Council similar to other boards and commissions failed.</p>

Additionally, efforts resulted in successfully defending the City against legislation that would undermine local control including:

- Requirement for greatly expanded ballot language for bond propositions
- Reduction of the property tax rollback rate from 8% to 5% and elimination of the need for a petition to call for a rollback election
- Reduction in the ability of cities to participate in utility rate cases or to exercise original jurisdiction over gas rates
- Prevention of the county and state from refusing to register motor vehicles for owners who are delinquent in paying red light camera fines
- Restriction of cities' authority to regulate drilling
- Required compensation to property owners when a city restricts gas drilling
- Requirement for cities to pay monetary damages for violations of the permit vesting statute
- Preemption of municipal regulations relating to payday lenders
- Requirement for cities to pay for the relocation of billboards removed for state highway projects
- Restriction of cities' authority to regulate cutting of trees

**Appendix B**  
**FY 2014-2015 Appropriations**

Relative to the cities of other populous states, Texas cities receive very little financial assistance from the state. There are, however, a handful of state grant programs that benefit cities.

**Mixed Beverage Tax**

This is a state tax that is shared with local governments. The local share was reduced for FY2012-2013. For FY2014-2015, the funds were restored. Statewide, the local share will climb from \$246 million to \$307.3 million, an increase of 25%. For Arlington, the increase translates to approximately \$250,000.

**Library Resource Sharing**

This program was cut for FY2012-2013, but for FY 2014-2015, revenue will increase by 67%, from \$14.5 million to \$24.17 million. While the City will not receive direct funding, programs that are supported by this source, such as TexShare, will benefit.

**State Aid to Local Libraries**

This fund has been reduced every biennium in recent times. For FY2014-2015, the reduction is nearly 58%, from \$9.7 million to \$4.1 million. The City does not directly receive funding from this source.

**Local Parks Grants**

For FY2012-2013, this fund was almost completely eliminated; only \$881,000 was appropriated statewide. For FY2014-2015, however, funding was increased to \$16.4 million. This program is competitive and funding for the various categories for which the City is eligible is still being determined.

**Texas Commission on Law Enforcement Local Grants**

For FY2012-2013, this fund was zeroed out. For FY2014-2015, \$12 million was restored. From FY2007-2011, the Arlington Police Department received approximately \$42,000 per year through a formula-based appropriation for training funds. Funds were re-appropriated by the state.

**Homeless Housing and Services Program**

This program was initiated in state FY2010-2011. During that biennium, Arlington received a grant of \$1 million. For FY2012-2013, when the legislature faced a large budget shortfall, no funds were appropriated, but the governor was given authority to transfer funds from the Texas Enterprise Fund to the homeless program. For FY2014-2015, that authority remains intact. The City of Arlington received a grant of approximately \$578,690 for the period September 1, 2013 through August 30, 2015.