



Recap of the 88th Legislative Session

Another Texas legislative session has come to an end. On Labor Day night, May 29th, the 88th Legislature gaveled out Sine Die after 140 days. The following day, the Legislature headed into Special Session. The good news, nothing during the Special Session is expected to directly impact the Fund and its business. Even better news, there were no bills passed during the regular session that are likely to be detrimental to the Fund.

Davis Kaufman serves as the Fund's legislative consultant. Davis Kaufman helps the Fund track and monitor bills that are potentially problematic to the Fund. Special thanks to Lisa Kaufman for her work throughout the session and her insights and efforts on addressing bills potentially unfavorable to the Fund. Fund staff also meets regularly with staff of other risk pools and their legislative consultants throughout the session to monitor and address bills.

The bills with the greatest potential threats to the Fund related to workers' compensation. It's been approximately 30 years since the Legislature implemented the changes which make-up the current workers' compensation system. Very few people that currently serve in the Legislature understand why the changes were made in the late 1980's and early 1990's and the importance and delicate balance of "the grand bargain." With this in mind, we began the 88th legislative session with the task of preserving the system and fighting to make sure this delicate balance was not upended. Despite all the bills filed that would have had negative consequences, all but one was defeated. The exception was HB 2468 regarding lifetime income benefits (LIBs) which we were able to negotiate to acceptable language. Further, the LIBs afforded under HB 2468 only applies to first responders which means no real exposure to the Fund.

From a more global perspective, the session was predicted to be a historic one with a budgetary surplus of \$32.7 billion and promises to fund numerous state priorities that had gone unaddressed in prior sessions. This session did prove to be historic, just not in the ways we expected. At the beginning of the session, the Big Three (Governor Abbott, Lt. Governor Patrick, and Speaker Phelan) seemed to be on the same page with respect to the top priorities: property tax relief, infrastructure improvements, teacher pay raises, and school and border security. Abbott and Patrick also called for school choice (vouchers) while Phelan focused on mental health funding and championed other member-driven priorities (e.g., broadband and 12-month eligibility for Medicaid to new mothers) as well. Energy/grid reform was also front and center with the state's growing need for electricity to meet climate demands and population increases. With this unprecedented surplus, the legislature was poised to address these issues with the revenue to do so.

For us old-timers in this business, the current assessment is Texas is suffering from its past successes. The so-called "Texas Miracle" (where companies flock to Texas and our economy is booming) only occurred because of long fought battles over successful

economic development tools, low utility costs, a stable workers' compensation system, tort reform, and a predictable regulatory climate. Many of the legislators currently serving have no memory of the days when Texas was unable to successfully compete to attract business development or when our workers' compensation and civil justice systems were imploding.

Unfortunately, with success has also come neglect. Instead of ensuring that the "Texas Miracle" continues to make the state the envy of the nation with pro-business and economic priorities, attention in both chambers shifted to satisfying the insatiable appetite for passing bills that addressed conservative social and cultural issues. More attention was placed on issues like banning kids at drag shows (SB 12), banning gender affirming care for minors (SB 14), prohibiting participation by trans women in college sports (SB 15), limiting professorial tenure (SB 18), banning diversity, equity, and inclusion (DEI) practices (SB 17) than on making sure the traditional "bread and butter" issues like property tax relief got across the finish line.

Despite these challenges, there were some high points too. The revenue boom (HB 1 appropriating over \$300 billion) enabled the Legislature to fund much-needed infrastructure projects like water (SB 28/SJR 75) and broadband (HB 9/HJR 125). The Legislature also extended Medicaid eligibility to 12 months for post-partum mothers (HB 12), cracked down on fentanyl poisoning (HB 6), shored up the electricity grid (HB 1500), established a new economic development incentive program (HB 5), and endowed another fund for higher ed research institutions (HB 1595).

Finally, this session will also be remembered for the work of the House General Investigating Committee, which is charged with investigating ethics violations and official misconduct. Two major cases have thrust the Committee into the limelight. The first resulted in the expulsion of a member, Bryan Slaton, for inappropriate conduct with a 19-year-old staffer. The second case involves the impeachment of Attorney General Ken Paxton by the House of Representatives after the Committee found that Mr. Paxton engaged in 20 counts of official misconduct (and possible criminal conduct as well). Over 120 members of the House voted for the motion to impeach Paxton. On Memorial Day, the Speaker named a bipartisan panel of 12 Impeachment Managers who will conduct the trial in the Senate. The Senate also had a bipartisan panel that is currently formulating rules for the impeachment trial, which will take place in the Senate sometime this year. Stay tuned!

Last, but not least, special thanks and appreciation to Davis Kaufman, the Fund's legislative consultant, for production of much of the content of this article.