

TAB's 2019 Legislative Priorities

Support — PROPERTY TAX REFORM legislation to provide meaningful property tax and appraisal process relief while protecting the ability of special purpose districts (MUDs, etc.) to continue to fund infrastructure going forward (**HB 2/SB 2**). Support bills to reduce the burden of the agriculture exemption claw-back tax on builders, developers and property owners. (**HB 163, HB 614/SB 894, HB 794, HB 1213, HB 1743, HB 3358, HJR 107, etc.**)

Oppose — EXPANSION OF THE LABOR SALES TAX TO RESIDENTIAL CONSTRUCTION AND REMODELING.

While our industry supports the various proposals to lower the property tax burden on homeowners and businesses, we are strongly opposed to any efforts to expand the sales tax base to include additional taxes on new or existing home construction, repair or remodeling, which could negatively affect housing affordability. Oppose legislative efforts to tax the repair or remodeling of existing residential structures or expand the sales tax to labor on new residential construction. (**Oppose HB 2915**)

Support — FLOODING INFRASTRUCTURE/HURRICANE DAMAGE FUNDING legislation to spend a portion of the Rainy Day Fund balance for recovery in areas affected by Hurricane Harvey.

Support separate efforts to create a statewide fund to assist in the funding of local flood infrastructure projects. Ensure that members of the builder and developer community are represented in any new state and/or regional planning and funding practices created legislatively.

(**HB 13, HB 478, HB 1010, HJR 4/81/SJR 51, SB 7, SB 8, SB 396, SB 397, SB 695, SJR 28**)

Support — ADDRESS LOCAL CODE PRODUCT MANDATES legislation aimed at curbing code adoption practices and development requirements mandating certain building products, which effectively result in the prohibition of approved products that meet or exceed industry standards and building code requirements. (**SB 1266/HB 2439**)

legislation aimed at curbing code adoption practices and development requirements mandating certain building products, which effectively result in the prohibition of approved products that meet or exceed industry standards and building code requirements. (**SB 1266/HB 2439**)

Support — CONSISTENT EMPLOYMENT REGULATIONS legislation to prevent local governments from dictating private employment policies and creating a patchwork of burdensome regulations that interfere with the employee-employer relationship and the economic policies that have made Texas the best state in which to do business.

legislation to prevent local governments from dictating private employment policies and creating a patchwork of burdensome regulations that interfere with the employee-employer relationship and the economic policies that have made Texas the best state in which to do business.

(**SB 15/HB 1654**)

Support — MUNICIPAL BUILDING PERMIT FEE CALCULATIONS legislation to ensure that municipal building permit fees are calculated in a manner consistent with the Texas Constitution. This includes legislation to end the widespread practice of using the valuation of construction projects as the basis for calculating municipal building permitting and inspection fees. (**HB 852/SB 855**)

legislation to ensure that municipal building permit fees are calculated in a manner consistent with the Texas Constitution. This includes legislation to end the widespread practice of using the valuation of construction projects as the basis for calculating municipal building permitting and inspection fees. (**HB 852/SB 855**)

Support — CRIMINAL PENALTIES FOR DISASTER SCAM ARTISTS by criminalizing violations of the disaster remediation contracts statute in order to protect those residents hit by disasters.

by criminalizing violations of the disaster remediation contracts statute in order to protect those residents hit by disasters. (**SB 985/HB 2856**)



Dear Texas Legislator:

Members of the Texas Association of Builders (TAB) have traveled from across the state to attend our 18th Legislative Rally Day at the Capitol to deliver TAB's legislative agenda directly to you. We appreciate the opportunity to visit with you and your staff on the important issues facing Texas' residential housing and land development industry.

Founded in 1946 and comprised of almost 11,000 builder, remodeler, developer and associated member companies from across the state, TAB is committed to addressing the housing needs of the people of Texas by advocating for housing affordability for all. This affordability issue is a grave one, as the Real Estate Center at Texas A&M University has estimated that for every \$1,000 increase in the cost of an average-priced home in Texas, roughly 22,000 households are priced out of the market.

While our top legislative priorities are outlined throughout this brochure, please note that burdensome regulations and fees, adequate infrastructure, workforce training and the unintended consequences of otherwise well-meaning legislation are only a few of the areas in which the residential construction industry is impacted by the decisions of policymakers at the local, state, and national levels. With our state's population growing at an unprecedented rate, the corresponding increase in the demand for housing, infrastructure, and a workforce to meet that growth must be carefully considered by policy makers. As we move forward, reasonable regulation and proven market-driven approaches will be an essential part of maintaining the housing industry as a leading economic driver of our great state.

On behalf of the leadership of the Texas Association of Builders and our builder, remodeler, developer and associate members statewide, thank you for your commitment to public service. We look forward to continuing to work with you and your staff during the remainder of the 86th Legislative Session. Please do not hesitate to contact TAB if we can provide you with additional information or assistance on any issue.

Sincerely,

M. Scott Norman, Jr.
Executive Director

Texas Association of Builders

Reduce and Prevent Burdensome Regulations

While market forces affect affordability, the opportunity for Texans to realize the dream of homeownership is also significantly dependent upon the actions of governmental regulations and fees. Per a study by the National Association of Home Builders, regulations imposed by government at all levels account for 25 percent of the final price of a new single-family home built for sale. One can see the harm that burdensome and unnecessary regulations have on the housing industry when you compound that with the fact that, according to the Real Estate Center at Texas A&M University, for every \$1,000 increase in the cost of an average-priced home, roughly 22,000 of Texas households are priced out of the market.

Prohibit cities from using building codes or other local ordinance powers to mandate the use of certain products in construction and result in the direct or indirect prohibition of other code approved products.

Cities should not be in the business of picking winners and losers in the competitive market if the products have been approved as safe for installation per consensus-based building codes and that the installation of these products adhere to nationally adopted codes and standards for construction. These activities create monopolies, increase the cost of construction and ultimately price thousands of Texans out of the housing market. **SUPPORT HB 2439 BY PHELAN/SB 1266 BY BUCKINGHAM**

Municipal Building Permit Fee Calculations.

The Texas Constitution requires that regulatory fees assessed by a municipality be proportional to the operating costs of the program for which the fee is charged. Fees that raise more than what it costs to run the program associated with the regulation are an unauthorized occupations tax. Support legislation to ensure that municipal building permit fees are calculated in a manner consistent with the Texas Constitution, including legislation to end the practice of using construction valuations as the basis for calculations of municipal building permit and inspection fees. **SUPPORT HB 852 BY HOLLAND/SB 855 BY FALLON**

Texas State Board of Plumbing Examiners Sunset Process.

Support the recommendations of the Texas Sunset Commission, which include transferring Board of Plumbing duties to the Texas Department of Licensing and Regulation. In addition, make the International Plumbing Code the sole state plumbing code of Texas. **SUPPORT SB 621 BY NICHOLS/HB 1670 BY LAMBERT AND SB 1106 BY BUCKINGHAM/HB 3622 BY PADDIE**

Support efforts to provide for consistent and judicious review of development permits. Addressing delaying tactics by certain local governments that block or restrict the approval of development applications will help keep Texas' residential development industry thriving and healthy. **SUPPORT HB 3167 BY OLIVERSON/SB 2370 BY HUGHES**

Tax Reform

Reducing the property tax burden on residential and business taxpayers and taking steps to improve the property appraisal system would give homebuyers of all ages more purchasing power in the communities of their choice and help to increase the availability of housing and employment opportunities that are greatly needed in our growing state. The legislature should act to provide meaningful property tax and appraisal process relief while protecting the ability of special purpose districts (MUDs, etc.) to continue to fund infrastructure going forward. **SUPPORT HB 2 BY BURROWS/SB 2 BY BETTENCOURT**

With sky-rocketing property tax burdens on property owners, the current application of the agriculture exemption rollback (or claw-back) tax has resulted in an ever-increasing barrier to our industry to develop and build neighborhoods for our fast-growing state. The legislature should pass bills to reduce the burden of the agriculture exemption rollback tax on land-owners, builders, developers and, most-importantly, future homebuyers. **SUPPORT HB 163 BY CANALES, HB 614 BY MURPHY/SB 894 BY CREIGHTON, HB 794 BY PHIL KING, HB 1213 BY HEFNER, HB 1743 BY TRACY KING, HB 3358/HJR 107 BY SANFORD, etc.**

While our industry supports the various proposals to lower the property tax burden on homeowners and businesses, we are strongly opposed to any efforts to expand the sales tax base to include additional taxes on new or existing home construction, repair or remodeling, which would negatively affect housing affordability. Oppose legislative efforts to tax the repair or remodeling of existing residential structures or expand the sales tax to labor on new residential construction.

OPPOSE HB 2915 BY SPRINGER

Building Codes Work

After Hurricane Rita, the Texas Windstorm Insurance Association (TWIA) found that the newer, up-to-date building codes helped prevent property damage and that homes built to the current codes at the time resulted in far fewer claims. In the aftermath of Hurricane Ike, FEMA stated that, "Ike provided evidence that modern building and floodplain codes work when well-enforced." The report also found that "modern homes built to the 130 mph standard of the International Residential Code were still standing the morning after." Despite the massive damage from Hurricane Harvey, preliminary reports from FEMA again show that the newer homes built to the latest codes withstood Harvey's high winds and flood waters well.

Adequately fund flooding infrastructure.

With flooding a large component of the damage from Harvey, it is incumbent upon cities and counties to smartly enforce their current broad powers to regulate development in the floodplain. Support efforts to spend a portion of the Rainy Day Fund balance for recovery and infrastructure upgrades in areas affected by Hurricane Harvey. Support separate efforts to create a statewide fund to assist in the funding of local flood infrastructure products. Ensure that members of the builder and developer community are represented in the regional planning and funding process. **SUPPORT SB 7 BY CREIGHTON, SB 8 BY PERRY, SJR 28 BY PERRY, SB 396 BY PERRY, SB 397 BY PERRY, SB 695 BY CREIGHTON, HB 13/HB 478 BY PHELAN, HB 1010 BY PAUL, HJR 4/HJR 81 BY PHELAN/SJR 51 BY HINOJOSA**

2019 Legislative Issues

Protect disaster victims from scam artists.

Texas law currently prohibits certain contractors in disaster areas from taking up-front money unless they have held a physical business address in the county or adjacent county for at least one year. Unfortunately, when disaster hits, we all too often see con-artists, who generally are not even contractors, descend upon ravaged communities and take advantage of those in desperate need of help. This includes pressure tactics for upfront payments that result in no work and the scammers never to be seen again. Support legislation to enhance current penalties against disaster remediators, who travel outside their normal business area and violate state law prohibiting certain up-front payments by creating criminal penalties for those violators. **SUPPORT SB 985 BY KOLKHORST/HB 2856 BY MORRISON**

Government Involvement in Private Employment Policies.

Keep local governments from dictating private employment policies and creating a patchwork of burdensome regulations that interfere with the employee-employer relationship and the economic policies that have made Texas the best state in which to do business.

Texas cities have been increasingly pressured to pass local employment regulations that expand their regulatory scope and put government between private employers and their employees. This inconsistent patchwork of regulations hurts Texas' economic competitiveness and cities' ability to attract jobs by making it difficult for employers to do business in multiple jurisdictions. **SUPPORT SB 15 BY CREIGHTON/HB 1654 BY GOLDMAN**

Enhance Career and Technical Education & Workforce Training.

In order to supply the quality of homes families want at an affordable price and in the neighborhoods of their choice, the residential construction industry needs access to a trained, educated and reliable workforce. ***Please support the following bills that will help more Texans get trained for the jobs available in the Texas construction industry.***

SUPPORT SB 1 BY NELSON/HB 1 BY ZERWAS -TEXAS STATE TECHNICAL COLLEGE'S (TSTC) INCREASE IN FORMULA FUNDING, SB 774 BY CREIGHTON, SB 794 BY ALVARADO, HCR 13 BY WHITE, HB3 BY HUBERTY, SB 4 BY TAYLOR, HB 66 BY ROMERO, HB 341 BY CORTEZ, HB 580 BY THIERRY, HB 696 BY BLANCO, AND HB 966 BY DUTTON/SB 685 BY ALVARADO, HB 3450 BY KEN KING, etc.

Mechanic's Lien System Overhaul

Oppose a massive overhaul of the mechanic's lien system, which would be significantly detrimental to the construction and real estate market as a whole, and support a streamlining of the current system to cure redundancies and ambiguities. The current lien system—despite its convoluted structure—dependably works for owners, lenders, contractors, subcontractors, suppliers, and title companies; projects are regularly completed, workers are consistently paid, and lien claims are remedied on a regular basis. While there is certainly room for simplification, given the importance of real estate to the state's economy, TAB urges the legislature to be mindful of both the intended and potentially unintended consequences of any dramatic overhaul of the state's lien laws. **SUPPORT HB 3498 BY BURROWS**



Protect Infrastructure Tools Necessary To Meet Growing Housing Needs

Protecting the Municipal Utility District (MUD) process and allowing for fair and effective negotiation between developers and Certificates of Convenience and Necessity (CCN) holders are paramount to providing Texas a smooth and uninterrupted residential development process.

Oppose measures that will have the unintended consequence of limiting the ability of Municipal Utility Districts (MUDs) to cost-effectively finance needed infrastructure.

MUDs are good for Texas. Unlike other local government entities such as cities and counties, MUDs serve a limited purpose—the construction, finance and maintenance of public utility infrastructure. Also unlike other local government entities, a MUD's ad valorem tax receipts are used to finance and maintain that utility's infrastructure, with the overwhelming majority of the MUD's tax rate dedicated to debt service rather than operations. Finally, MUD tax rates go down, rather than up, as the bonds required to reimburse the developer are paid off over time.

Defend Multifamily & Tax Credit Development

We support initiatives that remove burdensome obstacles in an effort to streamline the application and building process for multifamily tax credit development.

In order to develop quality housing for all Texans and in all areas of Texas, wherever housing is most needed, Texas needs a balanced approach to fair housing development. Support the removal of the local support letters required for points in the Qualified Action Plan (QAP) application through the Texas Department of Housing and Community Affairs (TDHCA). Provide better clarity, certainty and guidance on the property tax appraisal process for LIHTC developments, specifically regarding the appraisal districts' valuation of LIHTC properties. **SUPPORT HB 416 BY GUERRA, HB 1973 AND HB 2943 BY BUTTON, HB 2993 BY GEREN/SB 1830 BY ALVARADO, HB 4370 BY ERIC JOHNSON**

Support efforts to expand the use and viability of Land Bank Programs and other tax credit/affordable housing programs. **SUPPORT SB 1115 BY LUCIO/HB 834 BY HERMANDEZ, SB 1116 BY LUCIO, SB 1117 BY LUCIO, SB 1118 BY LUCIO, SB 1129 BY WEST, HB 2646 BY GUTIERREZ**

DID YOU KNOW?



Construction of a single-family home creates one permanent and three temporary jobs per year. — NAHB Housing Policy Department



The 2017 median **annual wage of homebuilding industry workers in Texas was \$38,890**; the U.S. median annual wage average was \$36,620. — U.S. Bureau of Labor Statistics



Texas is the 8th fastest-growing state in the U.S. In 2018, Texas increased its population 1.3% or by 379,128 residents. — Texas State Demographer



For every \$1,000 increase in the cost of an average-priced home in Texas, approximately 22,000 households are priced out of the market. — Real Estate Center at Texas A&M University

STATE ECONOMIC IMPACT:

63% of home builders experienced a labor shortage in 2017, up from 56% in 2016 and 52% in 2015

723,058 Jobs in Texas

\$67.5 billion in economic activity (Labor/Wages/COGS)

HOMEOWNERSHIP:

61.3% of Texans own their homes, slightly below the national average of 64.2%

43rd Texas' rank in homeownership (62.9%)

LOCAL IMPACT OF HOMEBUILDING:

\$28.7 million in local income*

\$3.6

million in taxes & other revenue for local governments*

394 local jobs*

*numbers estimated from one-year of building **100** single-family homes in Texas metro areas.

TAB 2019 Senior Leadership

Robert Wood, President (Lubbock)

Randy Bowling, First Vice President (El Paso)

Michael Biggerstaff, Vice President/Secretary (San Angelo)

Brett Martin, Treasurer (Houston)

Justin MacDonald, Immediate Past President (Kerrville)

Legislative & Governmental Affairs Staff

M. Scott Norman, Jr., Executive Director

Ned Muñoz, VP of Regulatory Affairs and General Counsel

J.D. Hale, Director of Government Affairs

Sloan Landre, Executive Administrative Assistant



**T E X A S
ASSOCIATION
— OF —
BUILDERS**

Our Mission & Members

The Texas Association of Builders (TAB) represents nearly 11,000 homebuilder, remodeler, developer, and associated members across Texas. TAB is committed to creating a positive business environment for the housing industry by addressing the housing issues of the people of Texas. Founded in 1946, TAB is an affiliate of the National Association of Home Builders with 27 local home builders associations across the state. TAB's state and local associations play a crucial role in providing housing for Texans.

YouTube: Texas Builders | Facebook: @TexasBuilders | Twitter: @Texas_Builders, #TABuilders, #TXLege, #TABRallyDay