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# HOUSE RESEARCH ORGANIZATION

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## daily floor report

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Tuesday, April 01, 2025  
89th Legislature, Number 36  
The House convenes at 10 a.m.

Four bills are on the General State Calendar and two resolutions are on the Constitutional Amendments Calendar for second reading consideration today. The table of contents appears on the following page.

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Gary VanDeaver  
Chairman  
89(R) - 36

## HOUSE RESEARCH ORGANIZATION

Daily Floor Report

Tuesday, April 01, 2025

89th Legislature, Number 36

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- SUBJECT:** Prohibiting a tax on securities transactions or occupations
- COMMITTEE:** Ways & Means — favorable, without amendment
- VOTE:** 12 ayes — Meyer, Martinez Fischer, Bernal, Button, Capriglione, Gervin-Hawkins, Hickland, Muñoz, Noble, V. Perez, Troxclair, Vasut
- 0 nays
- 1 absent — Turner
- WITNESSES:** For — Bill Lauderback, TXSE Group Inc (Texas Stock Exchange);  
(*Registered, but did not testify:* Daniel Hodge, Texas Stock Exchange)
- Against — (*Registered, but did not testify:* Fran Rhodes, True Texas Project)
- DIGEST:** HJR 4 would amend the Texas Constitution to prohibit the Legislature from imposing an occupation tax on a registered securities market operator or a tax on a securities transaction conducted by a registered securities market operator.
- A registered securities market operator would mean certain entities to the extent they were regulated by the United States Securities and Exchange Commission or the United States Commodity Futures Trading Commission, including:
- a self-regulatory organization, financial institution, broker, dealer, clearing agency, or transfer agent;
  - a national securities exchange;
  - an alternative trading system, board of trade, commodity pool operator, derivatives clearing organization, electronic trading facility, or organized exchange;
  - an affiliate, subsidiary, or facility of one of the above entities; or
  - a trade reporting facility.

The resolution would not prohibit the change of a tax rate in existence on January 1, 2026, or the imposition of:

- a general business tax measured by business activity;
- a tax on the production of minerals;
- a tax on insurance premiums;
- sales and use taxes on tangible personal property or services; or
- a fee based on the cost of processing or creating documents.

The ballot proposal would be presented to voters at an election on November 4, 2025, and would read: “The constitutional amendment prohibiting the legislature from enacting a law imposing an occupation tax on certain entities that enter into transactions conveying securities or imposing a tax on certain securities transactions.”

**SUPPORTERS  
SAY:**

HJR 4 would protect the earnings of Texas investors and boost the Texas economy by amending the state Constitution to prohibit taxes on securities transactions and occupations. As the Texas Stock Exchange is in the process of being established and other national stock exchanges consider moving to the state, it is important to prevent taxes that would have a detrimental effect on the Texas economy. Financial-transaction taxes raise transaction costs, which can lead to decreased trade volume, lower asset prices, less efficient markets, increases in the cost of capital, and increases in the cost of consumer goods. HJR 4 would benefit Texas taxpayers and investors that Texas is committed to providing a low-tax, business-friendly environment.

**CRITICS  
SAY:**

HJR 4 would make it harder for future legislatures to make tax policy by including a prohibition on securities transaction taxes in the state constitution. The state may experience an economic downturn and could benefit from having a securities transaction or occupation tax to raise revenues at that time.

**NOTES:**

According to the Legislative Budget Board, HJR 4 would have no anticipated cost to the state other than the cost of publication, which would be \$191,689.

- SUBJECT:** Amending the Constitution to prohibit capital gains taxes
- COMMITTEE:** Ways & Means — favorable, without amendment
- VOTE:** 10 ayes — Meyer, Button, Capriglione, Gervin-Hawkins, Hickland, Muñoz, Noble, V. Perez, Troxclair, Vasut
- 2 nays — Martinez Fischer, Bernal
- 1 absent — Turner
- WITNESSES:** For — (*Registered, but did not testify:* Peyton Schumann, Texas and Southwestern Cattle Raisers Association; Drew Fuller, Texas Farm Bureau; Julia Parenteau, Texas Realtors)
- Against — (*Registered, but did not testify:* Shannon Halbbrook, Every Texan; Fran Rhodes, True Texas Project)
- On — (*Registered, but did not testify:* Nicholas Souza, Comptroller of Public Accounts)
- DIGEST:** HJR 6 would amend the Texas Constitution to prohibit the Legislature from imposing a tax on the realized or unrealized capital gains of an individual, family, estate, or trust. The resolution could not be construed to prohibit the imposition of a property, sales, or use tax.
- The ballot proposal would be presented to voters at an election on November 4, 2025, and would read: “The constitutional amendment prohibiting the imposition of a tax on the realized or unrealized capital gains of an individual, family, estate, or trust.”
- SUPPORTERS SAY:** HJR 6 would encourage economic growth and contribute to Texas’ pro-business environment by prohibiting capital gains taxes in the state. While the state Constitution currently prohibits an income tax, it does not explicitly prohibit a tax on capital gains. Capital gains taxes can discourage investment, slow economic growth, and reduce job creation. If Texas were to impose a capital gains tax, many businesses may choose to

relocate to a jurisdiction with more favorable tax policies. HJR 6 would provide long-term certainty in tax policy for businesses and investors and would give them confidence that Texas is committed to low taxes and a business-friendly environment.

The resolution would eliminate all capital gains taxes, including the franchise tax on business trusts, which could be considered a capital gains tax.

CRITICS  
SAY:

HJR 6 would be unnecessary since there is currently no capital gains tax in Texas, and no bills have been filed this session proposing one. The bill also could restrict future legislatures from accessing this source of revenue for the state.

The resolution could reduce tax revenue and encourage business entities to organize as business trusts to avoid paying franchise taxes. Under HJR 6, the current franchise tax on business trusts that sell assets for a gain would be considered a capital gains tax and would no longer be constitutional.

NOTES:

According to the Legislative Budget Board, the resolution would have a negative impact of about \$304,000 to the Property Tax Relief Fund for fiscal 2026-27. The estimated cost to the state for publication of the resolution would be \$191,689.

- SUBJECT:** Adding certain school district property tax information to public database
- COMMITTEE:** Ways & Means — committee substitute recommended
- VOTE:** 10 ayes — Meyer, Martinez Fischer, Button, Capriglione, Hickland, Noble, V. Perez, Troxclair, Turner, Vasut
- 0 nays
- 3 absent — Bernal, Gervin-Hawkins, Muñoz
- WITNESSES:** For — Missy Bender, Texas School Coalition (*Registered, but did not testify*); Tricia Cave, Association of Texas Professional Educators; Marty De Leon, Pecos Barstow Toyah ISD; Kelsey Kling, Texas AFT; Colby Nichols, Texas Association of Community Schools, Fast Growth School Coalition, TASA; Kyle Mauro, Texas Association of Property Tax Professionals; Julia Parenteau, Texas Realtors; HD Chambers, Texas School Alliance; Lynn Boswell)
- Against — None
- BACKGROUND:** Tax Code sec. 26.17 requires the chief appraiser of each appraisal district to create and maintain a publicly available property tax database. The database is required to include certain information for each property listed on the district’s appraisal roll, including the property’s identification number, market value, and taxable value.
- DIGEST:** CSHB 195 would require certain property tax information for school districts with local revenue in excess of entitlement to be added to the appraisal district database under Tax Code sec. 26.17. For every school district in which each property on the appraisal roll was located, the bill would require the database to include the following information, if applicable:
- the estimated percentage of maintenance and operations (M&O) taxes imposed by the district for the current tax year that the district

was required to pay to purchase average daily attendance credits for the school year beginning in the current tax year; and

- the estimated percentage of M&O taxes imposed by the district for the current tax year that the district was not required to pay to purchase average daily attendance credits for the school year beginning in the current tax year.

The bill also would require the database to include a statement that for the current tax year, the school district was estimated to pay (percentage the district was required to pay) of local property tax collections to the state as recaptured local taxes and (percentage the district was not required to pay) was estimated to remain in the school district for maintenance and operations.

The bill would apply only to property that was located in one or more school districts that had a local revenue level in excess of entitlement, and that, for the school year beginning in the current tax year, had taken measures to reduce the district's local revenue level in accordance with state law.

The bill would take effect January 1, 2026.

**SUPPORTERS  
SAY:**

CSHB 195 would provide greater property tax transparency for taxpayers in school districts with local revenue in excess of entitlement that pay into the state's recapture program. Many taxpayers are unaware of how their taxes fund local education efforts and property-poor school districts. The bill would provide taxpayers with more clarity on how their tax dollars were spent, promote informed decision-making by voters, and ensure more accountability within the school finance system. The bill would not incur any additional costs for the state because it would use the existing appraisal district database.

**CRITICS  
SAY:**

No concerns identified.

**SUBJECT:** Establishing the Texas Interoperability Council

**COMMITTEE:** State Affairs — committee substitute recommended

**VOTE:** 14 ayes — King, Hernandez, Anchía, Darby, Y. Davis, Geren, Guillen, Hull, McQueeney, Metcalf, Raymond, Smithee, Thompson, Turner

0 nays

1 absent — Phelan

**WITNESSES:** For — Jordan Ghawi, BCESD2; Stephen Sample, Bexar County; Tom Oney, Lower Colorado River Authority; Jeremy Mazur, Texas 2036; Mikal Watts (*Registered, but did not testify*: Isaac Albarado, Kelly Sadler, American Electric Power Texas; Mark Bell, Association of Electric Companies of Texas; Caroline Messer, AT&T; Melissa Shannon, Bexar County Commissioners Court; Jeff Bonham, CenterPoint Energy, Inc.; Carrie Rogers, City of Austin; Adam Haynes, Conference of Urban Counties; Elisa M. Tamayo, El Paso County; Scott Hutchinson, Entergy Texas; Cyrus Reed, Lone Star Chapter Sierra Club; Mindy Carr, Oncor; Katherine Yoder, Parkland; Michael Lozano, Permian Basin Petroleum Association; Sloan Byerly, RapidDeploy; Michael Ruggieri, Southwestern Elec. Power Co. (SWEPCO); J Pete Laney, State Firefighters' & Fire Marshals' Association; Kelly Rasti, Texas Association of School Boards; Julia Harvey, Texas Electric Cooperatives; Monty Wynn, Texas Municipal League; Ben Utley, Texas-New Mexico Power (TNMP); Elisa Hernandez, University Medical Center of El Paso; Damon Withrow, Xcel Energy)

Against — None

On — Nim Kidd, Texas Division of Emergency Management

**DIGEST:** CSHB 13 would establish the Texas Interoperability Council to develop and implement a statewide strategic plan for governing the interoperability of emergency communication equipment and infrastructure, develop and implement emergency alert systems, and incorporate communication

technologies into the state's emergency communication network. The Council also would administer a grant program to help local governments acquire interoperable emergency communication equipment and construct infrastructure for effective emergency communication among first responders.

**Council organization.** The Council would be composed of the chief of the Texas Division of Emergency Management (TDEM) as presiding officer and six other members, including two each appointed by the governor, the lieutenant governor, and the speaker of the House of Representatives. Appointed members would serve staggered six-year terms. The bill would establish that certain state laws related to open meetings requirements and administrative procedures for state agencies would not apply to the Council, and the bill would exempt information held by the Council from public disclosure under the Public Information Act.

**Strategic plan.** The Council would be required to develop a statewide strategic plan to govern the interoperability of emergency communication equipment and infrastructure, including plans:

- for the construction of communication infrastructure, including the acquisition of land as necessary;
- to ensure that first responders were equipped with interoperable communication equipment throughout the state; and
- to ensure that any new equipment and infrastructure could be adapted to or integrated with existing equipment and infrastructure.

The plan also would have to include training programs to ensure that state and local governments had the skills and resources needed to access and use available emergency communication equipment and infrastructure.

The bill would require the Council to consider including in the plan the use of outdoor warning sirens, an emergency alert system capable of alerting persons in an area affected by fire through messages sent to communication devices, and broadband service as part of the state's emergency communications network.

**Grant program.** The Council would have to establish a program to provide grants to local governments to purchase and construct emergency communication equipment and infrastructure and to train employees in effective use of the equipment during an emergency. The Council would be required to establish procedures to administer the program, including eligibility criteria, guidelines for grant amount, and procedures for submitting and evaluating proposals.

The Council would have to enter into a contract with each grant recipient that included performance requirements and would be required to monitor and enforce the contract's terms. The bill would authorize the Council to require as a condition of a grant award that the recipient's officers or employees completed certain training programs and the recipient adopted standardized procedures for incident command or management. The Council could delegate grant program administration to a state agency. The bill also would establish authorized uses and sources of grant program funding.

The bill would take effect September 1, 2025.

**SUPPORTERS  
SAY:**

By establishing the Texas Interoperability Council to plan and fund efforts to make emergency communication equipment interoperable throughout the state, CSHB 13 would help ensure that first responders in Texas can effectively communicate during emergencies. Lack of communication and interoperability has been a leading problem hindering effective response to emergencies like the devastating 2024 wildfires in the Texas Panhandle. Research suggests that wildfire season may get longer and affect a greater portion of the state in coming years, and seamless communication among first responders will be essential to saving lives and preserving property.

Multiple first responder entities are involved in combatting major disasters, but these entities often use incompatible communication systems that operate on different radio frequencies. The Council that would be established by CSHB 13 would improve coordination during emergencies by creating a statewide plan to provide emergency responders with the equipment and training necessary to communicate with each other across state agency and local government lines. The grant

program under CSHB 13 would help entities with limited resources, such as volunteer fire departments, leverage the buying power of the state to enhance their emergency communication capabilities while ensuring that first responders were trained to use new equipment effectively.

CRITICS  
SAY:

No concerns identified.

NOTES:

According to the Legislative Budget Board, the bill would have a negative impact of \$5,750,781 to general revenue related funds through the biennium.

- SUBJECT:** Requiring PUC and RRC to jointly address electrical hazards at well sites
- COMMITTEE:** State Affairs — committee substitute recommended
- VOTE:** 14 ayes — King, Hernandez, Anchía, Darby, Y. Davis, Geren, Guillen, Hull, McQueeney, Metcalf, Raymond, Smithee, Thompson, Turner
- 0 nays
- 1 absent — Phelan
- WITNESSES:** For — Michael Lozano, Permian Basin Petroleum Association; Kamil Cook, Public Citizen Texas; Craig Cowden, James Henderson, Joe Leathers, Texas & Southwestern Cattle Raisers Association; Jason Abraham; Mikal Watts (*Registered, but did not testify*: Samantha Omev, ExxonMobil; Jimmy Carlile, Fasken Oil and Ranch; Cyrus Reed, Lone Star Chapter Sierra Club; Travis McCormick, Panhandle Producers and Royalty Owners Association; Walt Baum, Powering Texans; Katie Coleman, Texas Association of Manufacturers; Charlie Leal, Texas Farm Bureau; Rob Hughes, Texas Forestry Association; Ryan Paylor, Texas Independent Producers & Royalty Owners Association (TIPRO); Jennifer Owen, Texas Land & Mineral Owners Association; Tulsi Oberbeck, Texas Oil and Gas Association; Mance Zachary, Vistra Corporation)
- Against — None
- On — Mark Bell, Association of Electric Companies of Texas; Natalie Dubiel, Travis Baer, Railroad Commission of Texas (*Registered, but did not testify*: Connie Corona, Public Utility Commission of Texas; Chuck Allen, Texas State Fire Marshal’s Office)
- BACKGROUND:** Natural Resources Code sec. 91.019 requires an oil and gas well operator to construct, operate, and maintain an electrical power line serving a well site or other surface facility in accordance with the National Electrical Code published by the National Fire Protection Association.

DIGEST:

CSHB 143 would require the Railroad Commission (RRC) to notify the Public Utility Commission (PUC) and the operator of an oil and gas well site or surface facility within three days if, during an inspection of the facility or on the receipt of a written notice by a landowner or lessee, RRC discovered a condition involving electrical equipment that:

- did not meet standards for construction, operation, and maintenance of electric lines in accordance with Natural Resources Code sec. 91.019; and
- posed a risk of causing a fire or injury to a person.

Notification to PUC would have to describe the condition and note whether the well was abandoned. To resolve the condition, RRC and PUC, in collaboration, would be required to:

- notify the landowner of the condition and the actions PUC and RRC planned to take to resolve it no more than 10 days after PUC received the notice;
- request that the state fire marshal or a local government authority inspect the conditions at the well site;
- require the operator to mitigate any dangerous conditions identified by the state fire marshal or local government authority;
- request that the electric utility providing service to the site investigate the condition and disconnect electric service if necessary; and
- take any other action they considered necessary and appropriate to resolve the condition.

If electric service was disconnected, the utility would be required to restore service upon receiving notice by RRC that the condition had been resolved.

The bill would amend Natural Resources Code sec. 91.109 to also require operators to construct, maintain, or operate an electric line according to standards from the Texas Administrative Code regarding reports on infrastructure improvement and maintenance, storm hardening, and

vegetation management if the operator was a utility engaged in maintaining an electric transmission or distribution system.

The bill would take effect September 1, 2025.

**SUPPORTERS  
SAY:**

By establishing new requirements for collaboration between PUC and RRC regarding safety conditions at oil and gas well sites, CSHB 143 would help prevent wildfires like those that destroyed over 1 million acres of the Texas Panhandle in February 2024. Most fires in the Texas Panhandle ignite due to electrical issues at well sites, and the largest and most destructive wildfires during the outbreak were caused by electrical equipment that had not been properly maintained. Cutting off power to wells upon determination of dangerous electrical conditions would prevent ignition and, consequently, prevent the loss of land, livestock, structures, and life associated with wildfires.

The bill would help close the regulatory gap between PUC and RRC by requiring collaboration between the two entities in addressing electrical hazards at well sites. Since PUC has jurisdiction over electric utilities and RRC has jurisdiction over oil and gas operators, collaboration between the two agencies to address such safety concerns is necessary.

In response to the February 2024 fires, PUC and RRC established a memorandum of understanding to limit fire risk by shutting off power to sites where RRC found electrical hazards. CSHB 143 would codify this memorandum, giving the agencies statutory authority to collaboratively request that an electric utility cut power. Past communication has been insufficient to address issues before wildfires ignited, and the bill would ensure that PUC and RRC continued to collaborate to address these issues in the future.

By directing PUC and RRC to ask electric utilities to shut off power to certain hazardous well sites, CSHB 143 also would allow the agencies to further penalize bad operators by cutting off a source of revenue.

**CRITICS  
SAY:**

CSHB 143 could do more to increase accountability and capacity for RRC and PUC to respond to safety hazards at well sites. Although RRC and PUC currently have a memorandum of understanding with provisions

similar to those in the bill, many violations of safety standards remain, raising concerns about whether the agencies have sufficient resources and capacity to address these issues.

In addition, the bill would require the responsible electric utility to investigate the well itself before disconnecting service. This additional investigation would be unnecessary because the initial RRC investigation should be sufficient to determine if power needs to be cut.

**SUBJECT:** Exempting exotic and game animals from state sales and use taxes

**COMMITTEE:** Ways & Means — committee substitute recommended

**VOTE:** 10 ayes — Meyer, Martinez Fischer, Button, Capriglione, Hickland, Noble, V. Perez, Troxclair, Turner, Vasut

0 nays

3 absent — Bernal, Gervin-Hawkins, Muñoz

**WITNESSES:** For — Petrus Wassdorf, Exotic Wildlife Association (*Registered, but did not testify*); Chris Paddie, Texas Deer Association; Drew Fuller, Texas Farm Bureau)

Against — (*Registered, but did not testify*): Sarah Berel-Harrop; Adam Cahn)

On — Shannon Brandt, Comptroller of Public Accounts

**DIGEST:** HB 135 would amend the Tax Code to add exotic and game animals, as defined under state law, to the list of agricultural items that are exempt from state sales and use taxes.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2025. The bill would not affect tax liabilities accrued before the effective date.

**SUPPORTERS SAY:** HB 135 would clarify that exotic and game animals are included in the sales and use tax exemption for farmers and ranchers, which is appropriate because these animals can produce food products for human consumption. Current law provides a sales and use tax exemption for the purchase and sale of certain animals that ordinarily produce food for human consumption. However, exotic and game animals are not explicitly exempt from this tax, which can create confusion among buyers and

sellers of these animals. The bill would address this by affirming that exotic and game animals also were exempt as food animals.

Exotic and game animals represent a significant industry in Texas, and the bill would help to reduce the burden on farmers and ranchers in this industry who have faced challenges recently due to droughts and wildfires. By clearly exempting exotic and game animals, the bill also could encourage entrepreneurship in the agricultural sector and reduce prices for consumers purchasing related products.

The bill aims to clarify the industry's understanding of the law and the comptroller's current practices rather than introduce a new exemption, so it would have no fiscal impact on the state. Since the current tax exemption applies to animals that ordinarily produce food for human consumption, even if the animal is not sold for that purpose, the bill would not create a broader tax exemption for exotic and game animals than for other animals that ordinarily produce food.

CRITICS  
SAY:

By exempting all exotic and game animals from state sales and use taxes, not only sales of such animals related to producing food for human consumption, HB 135 could reduce the state's tax base. This, in turn, could result in higher taxes in other areas and an increased financial burden on Texas residents.