Local Freedom – Rowlett Decisions by Rowlett Citizens

The 86th session of the Texas State Legislature is currently underway. This month I, along with your City Council, staff and other City leaders, will be actively engaged with our state legislators during our Rowlett Legislative Days in Austin. Legislative sessions occur only every two years and the decisions made by our lawmakers are critical, so it is imperative that local governments communicate clear priorities in order to maximize their impact. Although we have many legislative priorities, our specific focus this session will be on maintaining local decision-making. Our citizens should have a voice in matters that impact our community and should not be subject to one-size-fits-all decrees from Austin lawmakers. We are concerned that many of the proposals being brought forward will impair our City’s ability to invest in needed infrastructure improvements, and most troubling, they could diminish our ability to provide appropriate levels of public safety.

Our concern is the State of Texas eroding the ability of Texans to have a voice in developing local solutions to the local issues that affect our neighborhoods and community. Our goal is to ensure we continue to make our own decision about what matters most - our hometown!

Mayor Tammy Dana-Bashian

My husband, Barry, and I had a great time at the Rowlett Chamber of Commerce Annual Awards Banquet.
In November 2018, the Rowlett City Council unanimously adopted a resolution formally establishing its 86th Legislative Session priorities and opposing any measures that would limit, reduce or remove the current level of local control regarding the ability of city officials to govern, finance or otherwise make decisions on behalf of the community.

### 86th Texas Legislative Session
#### Rowlett Supports...
- ...the I-30 improvements from Bass Pro Shop to Hunt County, including inclusion in the current Mobility 2040 Transportation Plan.
- ...legislation to amend the Texas Tax Code to remove Rowlett’s exemption for having the municipal judge supervise court staff.
- ...legislation that would allow for greater flexibility by cities to fund local transportation projects; amend or otherwise modify state law to help cities fund transportation projects; or provide municipalities with additional funding options and resources to address transportation needs that the state and federal governments are unable or unwilling to address.
- ...legislation to require toll authorities to reimburse local governments for the value of services provided to help toll roads operate safely.
- ...the Economic Development Sales Tax, utilized in support of projects that focus on primary job creation and community development investments, and improving the capacity for economic development.
- ...legislation to require representation of customer cities on water boards and districts.
- ...legislation that would discontinue the diversion of transportation revenues to nontransportation purposes and appropriate all revenues from highway user fees and taxes to fund transportation.
- ...legislation that would provide funding to the Texas Recreation and Parks Account (TRPA) and Urban Account accounts.

#### Rowlett Opposes...
- ...legislation that would reduce the annual property tax appraisal cap or that would impose a revenue cap of any type, including a reduced rollback rate, mandatory tax rate ratification elections, lowered rollback petition requirements, limitations on overall city expenditures, or exclusion of the new property adjustment in effective rate and rollback rate calculations.
- ...legislation that would impose new property tax exemptions that erode the property tax base.
- ...legislation that would erode municipal authority or otherwise undermine the City’s sovereign immunity, or municipal annexation and zoning powers.
- ...legislation that would erode municipal authority over the management and control of its rights-of-way or decreasing the authority of the City to be adequately compensated for such use.
- ...legislation that would erode municipal authority in any way, imposes an unfunded mandate, or otherwise be detrimental to cities.
- ...legislation that erodes municipal authority to participate in utility rate cases.
- ...legislation that limits or prevents law enforcement from continuing to use asset forfeitures as one of the most effective weapons against those who profit from criminal activity.
The dramatic growth in jobs and population in Texas cities in recent decades is indisputable proof that the decisions Texans have made at the local level have produced the kind of communities where people want to live, work, and do business. Year after year, Texas towns and cities lead the nation in the number of companies and people moving here. The success Texas cities have had in attracting people and businesses is the envy of the nation. But that success comes with challenges such as traffic congestion and the need for more police officers, firefighters, water and sewer lines, trash collection, and all the local services we depend on. In Texas, state government provides no funding for city services aside from some small grant programs, so it is up to local municipalities to find ways to pay for the state’s growing needs.

As Texans, we’re proud that our state is unlike any of the others and the same holds true for our pride in our hometown. The unique character of Rowlett is shaped by the priorities and values of the people who live here. Rowlett residents don’t want to be told they have to conform to one way of thinking or one way of living – whether it comes from Washington or from Austin. Our citizens don’t care whether people in other communities make decisions that differ from the ones we make here, we all want to continue making our own decisions about our own home towns.

Legislation has been filed to prevent cities from raising the effective property tax collections by more than 2.5 percent without voter approval, a significant drop from the previous 8 percent. This plan might, in previous sessions, be referred to as a revenue cap. But that 2.5 percent figure — dramatically lower than similar proposals in recent sessions — is something else entirely by virtue of being so unreasonably low, lower even than inflation in many recent periods. There are plenty of unintended consequences to this 2.5 cap. Chief among them is ensuring that cities aren’t suddenly unable to afford police officers and firefighters, public safety is the largest expense for local governments at about 60 percent of the general fund budget. Cities don’t have “revenues” the same way that corporations or individuals do. Cities don’t take home any of their tax dollars as profit at the end of the day. Tax dollars that flow into city coffers flow right back out in the form of services.

The most important decisions we must make as a community involve the level of services we want and how much we are willing to pay for them. Those decisions should be made by YOU and the people you and your neighbors elect locally to lead your community - not legislators who live hundreds of miles away.

One size, across the entire state of Texas, does not fit all!

To increase beyond the 2.5 percent, the city must hold an election, so supporters of the plan say cities can just make their case to the voters. The problem with that is cities aren’t allowed to make their case to voters. It is illegal under state election law for cities to spend any resources to influence an election such as the one the plan would require.

Of course, we should do all we can to keep property taxes as low as possible. The question is what plan would best address lowering property taxes and have the biggest impact for taxpayers. Since school property taxes make up the largest portion of local taxes, we believe the state’s focus on reforming the school finance system in Texas would have a much greater impact on lowering property taxes. If local revenue growth was slowed, the state would have to pay for more public education. But state leaders have not said where that money will come from. And while lawmakers could provide more funding for education, there is no current mechanism for helping cities and counties with their budget needs.

Unfunded mandates are another way the state ties the hands of city leaders. When new state mandates cost money to carryout but don’t come with state funding, they act as state imposed local property tax increases. Too often, cities are forced to turn to local taxpayers to pay for these costly new programs required by the state.

There is also a proposal to limit a city’s ability to attract businesses with tax incentives, which could have a serious adverse effect on Rowlett’s future. Incentives are a tool used by all levels of government, including cities, states and federal agencies, to promote development and ensure high quality growth, diversification of their tax base, job creation and/or community amenities. Rowlett has taken a strategic approach that was developed as part of the Realize Rowlett 2020 community vision to target incentives as part of catalyst-type projects in identified growth areas. Job stimulus is also a priority - incentives for the creation and maintenance of jobs within the City of Rowlett include a grant payment for companies that create or relocate a minimum of 25 full-time jobs. That strategic approach has led to over $1.5 billion in private investment to date! While this may appear to be corporate welfare to some, every city competes with other cities to attract businesses or development – every city.

State leaders have filed property tax reform legislation, H.B. 2 and S.B. 2., which will drastically change the way cities are allowed to administer property tax collection and thus hinder your locally elected officials’ ability to represent the voice of citizens in the vital decisions affecting OUR community.

Locally elected officials will be limited to make decisions on behalf of the community by being denied the ability to collect more than 2.5 percent more in property tax revenue for maintenance and operations than they did the previous year.

This type of law is indicative of a larger attempt to erode a city’s ability to self-govern and would saddle growing cities like Rowlett with major challenges in providing needed public safety and other city services.
Rowlett Priorities - Local Freedom

Approving legislation to require representation of customer cities on water boards and districts.

Water is a complex issue. It is essential for the quality of life we enjoy in North Texas, is critical for businesses to operate and is necessary for public health and safety. The cost, however, continues to rise and estimates foretell that water will likely become the highest utility bill in our households.

Rowlett is a customer city of the North Texas Municipal Water District (NTMWD), a non-profit, wholesale water provider serving 13 “member” cities and 34 “customer” cities, communities and utility districts northeast and east of Dallas. Member cities appoint representatives to the NTMWD Board of Directors. Customer cities do not.

For the past several years, the City of Rowlett experienced a 10 percent increase in the cost of water from the NTMWD (last year was 5 percent), and these increases will continue in the coming years. Like many such water wholesalers, the NTMWD has a “take-or-pay” provision that requires their customers (including City of Rowlett) to purchase a minimum amount of water based on the historical highest annual usage. For Rowlett, this amounts to 3.2 billion gallons annually, which was set after the drought of 2006. Rowlett residents are currently only using just over 2 billion gallons of water annually. So, over the past 13 years, Rowlett has paid $9.9 million to the NTMWD under the “take-or-pay” agreement for water we were unable to sell to Rowlett residents. This results in a higher per-unit cost to our residents as we must recover the cost of this $9.9 million paid to the NTMWD.

The NTMWD board requires a unanimous vote to enact certain changes, including altering their take or pay provisions. It is important for customer cities such as Rowlett to have a voice in obtaining fair pricing for this very valuable commodity in order to serve the best interest of the entire region - not just those of the member cities.

There are three main differences between member and customer cities:

| Member cities are the only guarantors for the District’s debt and are responsible for a proportional share of the debt issued while they are a member. | Member cities appoint representatives to the NTMWD Board of Directors. Customer cities do not. | Customer cities have a 5-cent markup on their water rates per 1,000 gallons. |

School Finance Reform

The largest portion of your annual property tax bill currently goes to your local school district. Ensuring our school district’s needs are met is imperative, so school finance reform is top of mind for stakeholders. The big question is: without increasing the burden on homeowners by raising taxes, where are they going to get more dollars?

Proposals include requiring the state to guarantee a set amount of money; updating the funding formulas to account for inflation and other variables; and allowing districts to keep a portion of local tax revenue that is recaptured and sent back to the state to fund poorer districts. A proposal to the state’s school finance committee authored by Nicole Conley Johnson, chief financial officer for Austin ISD—Texas’ No. 1 contributor to “recapture”—lists 13 ways to inject more money into public education. Some would impose no new taxes and ideas include using contingency funds, increasing the motor fuel tax, eliminating tax exemptions for certain businesses and imposing a 1 percent local option sales tax. One thing is certain: We determine our own fate by what we invest in public education.

For the first time in a long time, the Texas Legislature has a good chance this session of increasing funding for public education, which could help end the upward spiral of residential property taxes.

In the last three sessions, the conservative Legislature has cut state aid to education funding. That has enabled them to hold the line on higher education spending and enabled more funding to be diverted to charter and private schools.

But the result has been to push that spending responsibility down to local property owners. It is estimated that in 2010, the state paid for about 55% of the costs of operating Texas 1045 Independent School Districts. Today, that percentage is down to 33%.

Opponents say that not only does this force homeowners to pay more, but it also leads to more inequality among school districts, based on their level of taxable property. The state’s big cities are also tired of getting the blame for rising property taxes, as it’s largely school taxes that are driving that increase because the state underfunds our public education system.

Legislative Priorities Include:

State Support for Adequate, Equitable School Funding

- Enact the recommendation of the Texas Commission on Public School Finance Working Group for Outcomes 1-3
- All district property taxes used for public education rather than general fund
- State mandates to be fully funded
- Provide fair and equitable Weighted Average Daily Attendance rates between districts
- Increase the Basic Allotment
- Fund full day Pre-K program
- State funding for public school choice programs, including transportation costs
Rowlett Priorities - Local Freedom

Increasing local authority over the implementation of 5G technology.

Wireless technology has made extraordinary advances in just four decades. We are now on the verge of 5G – the fifth generation – of wireless communications. With development well underway, 5G networks are expected to launch across the world by 2020, working alongside existing 3G and 4G technology to provide speedier connections that stay online no matter where you are. Experts say with speeds up to 50 times faster than 4G, it will revolutionize the way it connects our world.

In the first generation of wireless technology, people were able to talk to each other on mobile telephones. In the second, they could text each other and leave voicemail messages. Then came the third generation, which gave mobile users global roaming and faster transmissions. Then the fourth, which allowed for video streaming.

At the simplest level, the biggest difference between 5G and previous generations of wireless technology is a matter of infrastructure. There were advances from generations one through four, but the architecture was fundamentally the same. Say you wanted to call a friend. Your device would contact a base station with antennae, saying it wants to make a call. Then the call would bounce over to another base station and, finally, the phone you’re trying to reach. This next generation of wireless network infrastructure will be built using small-cell networks employing 5G wireless technology - essentially cutting out the base station and facilitating machine-to-machine communication.

This kind of communication offers major advantages — not just for cell phones, but for self-driving vehicles, Smart Cities and even industrial equipment. Under 4G technology, it can take up to 50 milliseconds for one device to send information to another. 5G can cut that time down to as little as a millisecond. This can transform local economies. Research has suggested that Smart City solutions applied to the management of vehicle traffic and electrical grids could produce $160 billion in benefits and savings through reductions in energy usage, traffic congestion and fuel costs. These 5G attributes will enable cities to reduce commute times, improve public safety and generate significant smart grid efficiencies.

5G deployment will require telecommunications providers to install hundreds of thousands of small cells across the country to construct 5G networks. The vast majority of these sites will be located on locally-owned public rights-of-way, which requires providers to submit applications for local government review - essential to ensure small cell sites do not put public health and safety at risk during the construction and modification of broadcasting facilities. Due to the significant number of small cell sites needed to fully deploy 5G (10 to 100 times more antenna locations than 4G or 3G), close coordination between wireless service providers and local governments is critical during the siting process.

Implementation Challenges

One major point of contention is the newly mandated fee limitation of $250 localities are able charge providers to mount small cells on poles and other public infrastructure in Texas. It is important that cities are able to charge carriers market rate fees based on land values or the value of nearby private property. Cities incur construction management and permitting expenses for the installation of network nodes, along with potential liability expenses. Degradation costs result if mounted small cells lower the lifespan of infrastructure. Then there are opportunity costs representing what a pole might be worth in other uses.

The number of devices in the world could grow exponentially in the coming years, going from over 5 billion in 2017 to as many as 100 billion in 2020.

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Rowlett Priorities - Local Freedom

Increasing local authority over the implementation of 5G technology.

otherwise be used for, which is likely to become more relevant once smart sensors and other technologies command more real estate. These costs should not be supported by taxpayers.

Nearly 40 local governments in Texas are participating in a lawsuit against the state, arguing that the law violates the state constitution. The suit largely hinges on a provision in the constitution prohibiting the legislature from authorizing localities to grant public money or a “thing of value” to corporations. The cities say that a fee limitation of $250 per pole essentially represents a gift.

Cities have further expressed concerns over the way state laws pare their ability to regulate where and how small cells are installed. They over-look community decision-making and significantly impede local government’s ability to ensure public safety and well-being. As broadband providers push to deploy thousands of small cell sites in communities nationwide, local governments are tasked with evaluating every proposed site. This requires significant labor resources and administrative costs, which are offset through application fees. However, communication providers argue that local zoning authority aimed at remediating safety hazards is impeding on their ability to compete.

And finally, FCC regulations dictate that local governments cannot restrict the deployment of small-cell wireless infrastructure sites in ways that the FCC considers unreasonable and give a short clock of 60-90 days for consideration of small cell applications. This can place an unprecedented burden on staff because of the significant number of new cell sites needed - small cities such as Rowlett might not be able to handle the workload if they’re flooded with hundreds of applications at once.

5G is a technology important for the future of all cities, and we will need to work within the regulatory environment we are faced with. But local freedom means we need to be a part of the discussion regarding a 5G small-cell plan that works for our City and our residents.

Rowlett Legislative Days are February 26 - 28
Your City Council and City leaders will be in Austin sharing our Legislative Priorities with:

Our Texas State Senators

Bob Hall – Republican, Senate Member: 2015 – present
Senator Hall represents District 2 and serves Rowlett residents residing in Rockwall County.

Nathan Johnson – Democrat, Senate Member: 2019 – present
Senator Johnson represents the District 16, which comprises the northern part of Dallas County.

Justin Holland – Republican, House Member 2017 – present
District 33 serves Rowlett residents residing in Rockwall County.

Angie Chen Button – Republican, House Member 2008 – present
District 112 includes parts of Garland, Richardson, Rowlett, and Sachse in Dallas County.

Rhetta Bowers – Democrat, House Member 2019 – present
District 113 serves the majority of Rowlett, along with parts of Garland, Sunnyvale, Mesquite, Balch Springs and Seagoville.