

CITY OF COPPELL

LEGISLATIVE PRIORITIES 2018

With Talking Points

Local Control – The City of Coppell expressly opposes any measures that would limit, reduce, or remove the local control that municipalities have today regarding their respective abilities to govern, finance, or otherwise make decisions on behalf of the communities we serve. It is often said that the best government is that which is closest to the people. There is no level of government effort closer to the public than locally elected officials who represent municipalities and other local political subdivisions. What works for one municipality does not necessarily work in another. The locally elected mayors and city council members are best suited to make decisions on behalf of their respective communities.

1. Preemption of city regulation on numerous items is a red herring argument.
2. Cities have and do regulate many things that are municipal and specific to their respective community's culture and desire.
3. Cities have not over-reached to regulate things they were not authorized to do. When proven otherwise, regulation is overturned without the need for bad legislation.
4. The "liberty" argument is hollow, particularly when voters approve measures they believe are in their best interest.
5. Voters are capable of speaking for themselves. Locally elected representatives know best what their respective communities desire.
6. Local decisions should be left to local representatives.
7. Get this one thing right and many of the other issues go away.

Property Tax Caps– The City of Coppell opposes all efforts to implement ad valorem property tax caps.

The well documented and undeniable property tax inequities that occur because of these types of measures alone should be reason enough to oppose this type of legislation. In addition, these types of measures that have been adopted in other states have severely limited the ability of municipalities and counties to maintain infrastructure, programs and services, the very things that the public expects from its government.

Property tax caps have known unintended consequences that result in major inequities over time regarding the property taxes paid by different individuals in similarly situated homes.

1. Legislation already exists that empowers the citizens to limit the growth in taxes through time-tested truth-in-taxation and effective tax rate laws.
2. While nobody really likes property taxes, much of the tax revenue in growing and mature communities is used to operate and maintain facilities, roads, parks and services that were previously voter approved – it does no good to build the fire station and not staff it, no good to build the library and not equip it.

3. At the end of the day, locally elected Mayors and City Council Members **listen to their citizens and** know what is best for their respective communities.
4. Cities and counties are not the reason why property taxes are high in Texas. The reason is the WAY we fund schools. Cities and counties are about 20% each and the schools are approximately 60% depending upon where you live.

Revenue Caps – The City of Coppell opposes any legislation or attempt to alter the manner in which municipalities in the State of Texas currently generate revenues or to require voter approval of revenue increases.

Voter approval of the budget actions of the Mayor and City Council is accomplished each time a member of the Council seeks re-election. The above discussion regarding how this type of measure limits the ability to maintain needed infrastructure, programs and services applies to the issue.

1. Texas municipalities are already a major source of funding for the state. Cities and counties receive virtually no state funding. Texas is one of only two states that treats cities and counties in this manner.
2. Cities and counties are the economic generators for the state and if their ability to raise local revenue is capped they will not be able to offer tax abatements to attract new businesses into the state. When that happens, the Texas economy will begin to decline, and we will be just like every other state in this country.
3. Leave our revenues alone; we do not want to find ourselves in the same position as independent school districts in our state, that being underfunded.
4. The growth of revenues other than property taxes provides the opportunity to keep property taxes from rising.
5. Simple formulas that cap revenue growth on inflation and population growth do not work. The implementation of a major program, such as a new recreation facility, fire station, library, etc, often are much more expensive than the revenue growth from one year would fund based on the previous year's population growth and inflation.
6. Any bill requiring voter approval of an increased level of revenue is fraught with problems due to the budget adoption cycle for Texas municipalities and the now limited number of dates that a municipality can hold an election.
7. At the end of the day any discussion regarding the belief that overall taxation in Texas is too high is failing to recognize that we have no income tax, something that we all agree is a bad addition to the tax revenue tool chest. Texas in fact has the 6th lowest overall tax burden in the entire country.
8. The Lieutenant Governor says its property tax reform. In truth, it would save the average homeowner about \$2.00 a month.
9. The problem is SCHOOL TAXES. They are about 54% of a tax bill and if you are Chapter 41 school district like CISD local taxpayers send money to the State. The State has historically underfunded schools and they are trying to divert the attention from the real problem and make it someone else's.

10. Not only would a lower rollback rate not produce significant property tax relief, the cumulative effect would be to reduce funding for everything the City provides.

“Dark Store” Taxation – Big box stores have been challenging property tax assessments based on the “true cash value” which is significantly below the assessed value. Their argument is that the building was built for a sole function and has little value for other purposes. This is detrimental to local communities as well as to the State of Texas. We urge the state to expand the definition of special purpose properties to include retail buildings of greater than 50,000 sq. ft. to require assessments of value using the “cost method” not “comparable”. If a store is 10 years or less in age, “the sale of a comparable property may not be used in determining the assessment of the comparable property if it has been vacant for more than one year, has significant restriction on its use, was sold and is no longer used for its original purpose, or was not sold in an arm’s length transaction.”

1. This is another ploy used by large commercial property owners intending to lower the property tax on their respective properties.
2. Granting this type of evaluation model would severely lower taxable values which in turn would harm not only local taxing entities but also the state due to the school funding implications.
3. Various construction techniques can be applied to large commercial properties to subdivide a once large building into more than one commercial use.
4. The use of comparable properties should not be used to determine the taxable value given the very arguments being used by the industry; ie: their uses are so specialized

Expenditure Limitations – The City of Coppell opposes any legislation that would limit the elected Mayors and City Councils of Texas municipalities from adopting budgets that they deem appropriate for their respective communities or that would require voter approval for increases in expenditures.

The City of Coppell employs a very open budgeting process during which there are multiple opportunities for the citizens to participate. Texas citizens are protected by the current truth-in-taxation and tax rate roll-back provisions. Once again, voter approval of the actions of the Mayor and City Council is accomplished each time they seek re-election.

1. Whenever the state passes along a mandate it causes local property taxes to go up. That is why the state per capita tax burden is so low. It is because the state passes along so much of the burden to the local governments.
2. Communities should be left to decide for themselves the level of funding they deem appropriate and they do this by participating in community visioning processes, budget processes, voting on capital improvements
3. Formulas that allow for the growth in debt service funding but not operations and maintenance funding to requisite levels to program and maintain the capital improvements are counterintuitive. Once again, it does no good to build it, even if voters

approve if the revenues that are necessary to operate and maintain the improvement are not available.

4. Any bill requiring voter approval of an increased level of expenditure is fraught with problems due to the budget adoption cycle for Texas municipalities and the now limited number of dates that a municipality can hold an election.

Sales Tax Sourcing Legislation – The City of Coppell opposes any further changes in the sourcing of sales tax remittance from the current origin of sale method to any method that would include destination as the manner in which sales tax remittance is calculated. The City of Coppell participated in a compromise position developed by several cities in a previous legislative session that was ultimately adopted by the legislature regarding storefront sales verses warehouse sales.

The City of Coppell has long had an economic development policy designed to attract business-to-business and warehouse users. The shift from origin to destination-based sales tax sourcing would result in the loss of millions of dollars in revenue annually from Coppell and send those dollars to municipalities that put forth no effort in the support of the very business that generated the tax. Several cities on both sides of this issue proposed compromise language during a previous legislative session that protects the business-to-business sales tax that is important to cities situated as we are while also protecting the sales tax generated at traditional storefronts that is important to other cities. This language was ultimately adopted by the legislature.

This is a very confusing issue that potentially could lead to many unintended consequences. Most cities do not know what will actually happen to them if either sales tax sourcing in Texas is changed to destination-based from origin-based or the national Streamline Sales Tax Initiative is adopted.

~~Streamline Sales Tax Initiative only makes sense if the United States Senate and House of Representatives actually pass legislation that dramatically alters the way in which internet sales are taxes. Do you really believe that any of those elected officials want to be known as the one's that decided to "tax the internet." In fact, they have been much more likely over the years to place a much longer term moratorium on taxing the internet.~~

Texas has long been an origin-based sales tax state. Cities have intentionally designed their economic development, community development, and other programs following current law.

1. Many communities, Coppell included, have revenue bond indebtedness that relies on current law and resulting revenues to make the debt service payments. The move to destination-based sales tax collection would devastate some and certainly harm all such cities.
2. The City of Coppell stands to lose between \$4,000,000 and \$9,000,000 annually if any of the changes are made as currently proposed.

Streamline Sales Tax Initiative - The City of Coppell opposes any attempt to adopt the Streamlined Sales Tax (SST) measure as has been discussed in past sessions unless the State of Texas maintains origin sourcing.

The potential revenue the state would receive should Congress choose to tax the internet fully is just that, potential revenue. It remains to be seen whether the elected members of the House of Representatives will pass companion legislation to the Marketplace Fairness Act, legislation that is more favorable to origin-based sales tax states like Texas that has already been passed by the senate or offer different legislation that would enable full sales taxation of internet sales. Without that action, the state will not have access to appreciably more revenue from this sales tax source.

Changing the sourcing laws prematurely in expectation of such a move at the federal level will only redistribute sales tax revenues from one Texas city to another. The compromise on retail storefront sourcing that was enacted several years ago should be given time to work. Before any additional measure are considered, a formal and thorough impact analysis should be conducted that fully discloses the impact that a broader SST adoption would have on the municipalities and other taxing jurisdictions, such as transit agencies.

We have estimated that up to 20% of total General Fund and other revenues would be lost if a more comprehensive SST adoption like what has been discussed in recent years were to pass.

1. The State of Texas should pass legislations that allows municipalities to take advantage of the South Dakota vs Wayfair which requires sales tax be collected for online purchases.
2. Any legislation considered must keep Texas sales tax point of origin based.
3. See talking points above regarding sales tax sourcing.

Education Funding – The City of Coppell supports efforts that would more adequately fund education from state revenue funds that would also decrease the amount of recapture currently required of districts such as the Coppell Independent School District. The percent of total state funding per pupil for public education has been continually decreasing. The legislature should turn attention to developing measures that would adequately fund education in our state, or at least fund education at historic levels.

1. While not a municipal issue on its face, the continued underfunding of public education is unacceptable.
2. The voucher issue takes even more money from public education under the guise of making it possible for the average citizen to choose private schools when the average person cannot afford private schools even with the voucher payment.
3. School choice wherein parents could choose to send their children to any school of their choice would over-run quality districts from a classroom space perspective while the State is funding an even less percentage of the total cost for those quality district to remain such.
4. Additional state funding for public education is necessary if true property tax relief is to be seen by property owners in Texas.

5. The state funding as a percent per pupil of the total continues to decline noticeably even though public education funding is one of 4 or 5 major issues the state should be doing.

Transportation – The City of Coppell supports the Regional Transportation Council’s legislative agenda. Making real, meaningful progress on transportation initiatives is vital as our state continues to grow rapidly. More specifically, the DFW region continues to grow at a rate that is simply overwhelming the transportation system. The building of additional highway capacity is essential if the region is to continue to thrive as a very important economic engine for the entire State of Texas. Mass transit via rail must also become a reality in a much larger scale than currently exists as the continuation of sprawl becomes at some point unsustainable. This issue should be near the top of the priority list of items the requiring legislative attention.

1. The RTC and Rail North Texas initiatives are vital if the region is to maintain the economic generator status that the state needs from the north Texas area.
2. State funding for transportation projects in the Dallas/Ft. Worth area is vital.
3. Ensuring TxDot and NTTA perform as expected is important. Make them keep their promises.
4. Coppell supports regional rail initiatives, including the Cotton Belt DART line.
5. Fund projects with dollars as first intended. Do not co-mingle funds from one TxDot district with another unless the various stakeholders agree.
6. Support all tools necessary for successful construction of transportation projects including toll roads, tolled managed lanes, design build, concessions and any other financing avenues available.

State Water Resources – The City of Coppell supports efforts to ensure a safe and dependable water supply for years to come. This is one of the most important issues for the legislature to resolve. Anticipated growth will certainly challenge the adequacy of current water resources. The City of Coppell opposes additional tap fees that would be collected by municipalities to be forwarded to the state as additional state revenue without providing a direct benefit to the citizens of the municipality in which the fee was collected.

1. This item SHOULD be on the agenda. Instead the legislature is worrying about issues of local control that are not broken.
2. The challenges facing Texas regarding future water needs are basic supply vs need
3. The work done in previous sessions did not actually fund any water supply or infrastructure

Collective Bargaining – Oppose all efforts to mandate collective bargaining of any segment of municipal employees, be they public safety or otherwise.

A “one size fits all” approach to labor management does not work. There is little doubt that the public safety and general quality of life our citizens enjoy will be harmed rather than enhanced by any mandated collective bargaining as municipalities will be forced to cut services, potentially

even public safety services, to cover the expected increases in costs that are always associated with the collective bargaining process and the resulting more expensive labor agreements.

While our community wholeheartedly supports our public safety efforts, our citizens also enjoy the quality of life offerings that make our community what it is today. Forcing more and more expenditures to public safety efforts reduces the ability to maintain the overall quality of life our citizens now enjoy and demand.

1. We realize this will most likely be a mandate from the federal government, the arm of government most removed from the day-to-day lives of our citizens.
2. One size simply does not fit all.
3. There is no empirical evidence that suggests that the public is any better served by public safety organizations that have collective bargaining
4. There is plenty of empirical evidence that shows the costs of providing these services increases, often dramatically, when collective bargaining is imposed.
5. The increase in cost to provide the public safety services is almost always harms a municipalities ability to maintain other services at desired levels.
6. The State of Texas already has legislation that allows a community to adopt collective bargaining if the citizens want to do so.
7. The State of Texas should file suit against the federal government if they pass mandatory collective bargaining legislation.

Alcoholic Beverage Sales – Oppose any further loosening of the restrictions regarding the proximity to schools, parks, and churches where alcoholic beverages can be sold.

The community of Coppell has been built with families in mind. Our school system is one of the best in Texas. We have a very strong faith-based community and our municipal programs offer great kid-centric services to our families. Our ability to ensure safe and appropriate environments for these segments of our community is vital.

1. Leave these types of issues to the locally elected Councils to decide.
2. Current rules seem to be serving well.

Oil and Gas Wells – Support any efforts that would provide municipalities more ability to control the site of oil and gas wells as they relate to residential developments, any occupied buildings, and environmental sensitive areas such as creeks, rivers and drainage ways.

The proliferation of gas wells in the north Texas area has created concern regarding their proximity to residences, schools, parks, other occupied buildings and environmentally sensitive areas. The City of Coppell would support the expansion of our ability to apply greater distance requirements, noise mitigation standards and other control measures deemed necessary to protect our citizens from the problems caused by the gas exploration and production process. The associated air quality that has been well documented is also very important.

1. The exploration of the Barnett Shale in north Texas has led to much discussion regarding how communities can protect their citizens and business communities from the harmful effects of the drilling and operation of gas wells.
2. The rights of these companies to locate pipelines virtually any place they please is a frightening proposition.
3. Texas cities are to some degree severely hampered to regulate these activities due to current state law.
4. It appears that urban drilling was not contemplated when the legislation was passed. If it was contemplated, it was not done so effectively.

Red Light Cameras – Continue to support the current legislation allowing a municipality to operate red light traffic cameras for the purposes of enhancing public safety at major intersections. The city of Coppell also encourages the state to utilize the funding it receives from Red Light Camera citations for the purposes for which it was collected by the state, that being Trauma funding. Otherwise, the state should cease collecting revenue from cities generated by this mechanism.

1. Despite testimony to the contrary, data does indicate that the number and severity of vehicle accidents taking place in intersections equipped with cameras has decreased.
2. This is not a revenue generator for Coppell. Year in, year out, total traffic citation revenue is very consistent in the 3%-4% range of total general fund revenues.
3. This has not changed substantially since red light cameras have been implemented.
4. Approximately 6% of violations are appealed.
5. Approximately 70% of appeals are upheld as valid violations.
6. Approximately 54% of all reviewed violations are eventually cited. The other 46% are not cited as being determined to be not an actual violation.

~~**Net neutrality**—Internet service providers and governments regulating the Internet should treat all data on the Internet the same, not discriminating or charging differentially by user, content, website, platform, application, type of attached equipment, or mode of communication. Internet traffic includes all of the different messages, files and data sent over the Internet, including, for example, emails, digital audio files, digital video files, etc. Service network neutrality is the adherence to the paradigm that operation of a service at a certain layer is not influenced by any data other than the data interpreted at that layer, and in accordance with the protocol specification for that layer.~~

- ~~1. The rapid innovation that brought us e-mail, the World Wide Web, interactive online services, and e-commerce depends on an Internet that provides reliable and effective transport for all types of traffic. This critical innovation at the edges of the network will be stifled if network providers are allowed to block or degrade traffic in the middle.~~
- ~~2. The Internet was designed to be open and available to everyone, which is why it has been so powerful and successful. The Internet was not intended to be under the control of any one party; its value is that it can facilitate communications and the free flow of information around the world. "Tollbooths and gatekeepers are the~~

- exact opposite of what the Internet is all about," said Michael J. Copps, a Democratic commissioner at the [Federal Communications Commission](#). "Down that route consumers can count on paying more and getting less — less content, fewer services and reduced innovation."
- 3. Cable and telephone companies have the ability and incentive to skew Internet use toward their own services. They are supposed to be transparent carriers of broadband services, as noted by Vint Cerf in a letter to Congressmen Joe Barton and John Dingell on November 8, 2005: "Telephone companies cannot tell consumers who they can call; network operators should not dictate what people can do online." Recently, however, a telephone company blocked its broadband customers from using VoIP telephone service because it could take revenue away from the company's phone services; b. a cable company ordered consumers working from home to stop using their broadband connection to log into their employer's virtual private network and tried to sell them a higher-priced alternative service; c. an Internet provider in Canada blocked access to a Web site run by the labor union involved in a dispute with the ISP; and d. the CEO of SBC told *Business Week* that companies such as Google, Yahoo, and Vonage would not be permitted to connect to SBC broadband customers without additional compensation to SBC.⁸

Drones - Support allowing local authorities to set local rules of use for unmanned vehicles, whether in the air, on the ground, or a combination of both. This would need to include specific locations where these vehicles would not be allowed to operate as well as areas where their use is encouraged.

Autonomic Vehicles - support allowing local jurisdictions to regulate the use of self-driving, driverless, or autonomic vehicles on public thoroughfares. While the State of Texas has passed legislation to allow the use of such vehicles, local jurisdictions should be given the ability to regulate such vehicles within their jurisdictions.

Power Grid Hardening - Oppose any attempt by the State to require hardening of the Texas power grid to protect it from EMP/EMC effects IF the costs of such hardening would be passed along to the consumer. (This would be an incredibly expensive undertaking and the current "plan" is to have the utility companies pass the cost along through rate increases)

Smart Cities - Support the legislature in efforts to incentivize and recognize the importance of smart cities and the application of technology solutions through grants, awards, and other means. Texas should encourage the deployment of and assist whenever possible, cities efforts to modernize. The legislature must however recognize that there is no one size fits all solution as cities are ultimately responsible to their citizens desires.