

# Senate Committee on Natural Resources & Economic Development Thursday, February 1, 2018

The Senate Committee on Natural Resources and Economic Development met on February 1 to discuss the following interim charges:

"Hotel Occupancy Taxes: Study and make recommendations regarding the collection and use of hotel occupancy taxes to increase transparency in the imposition, rate, and use of such taxes.

Regulatory Barriers: Identify options to maintain our state's competitive advantage and make recommendations to remove or reduce administrative or regulatory barriers hindering economic growth, including permitting or registration requirements and fees."

The report below details discussions on these charges.

### **Opening Comments**

Sylvester Turner, Mayor of Houston, TX

- Biggest take away from Harvey
  - Citizens helping each other
  - o Still have over 4,000 people in hotels
  - o Thousands of people still in need of home repairs and flood remediation
- Regional problems:
  - Hurricane effects appear minimal from outside viewpoint
  - Still many repairs needed inside homes
- Chair Craig Estes- commended Mayor Turner on his leadership throughout this event
  - Noted that flood mitigation funds will be necessary from the legislature moving forward
- Sen. Rodriguez- hopes that funding will be made available in the next session to help rebuild the Houston area
- Sen. V Taylor- 80% of the aviation fuel refined in the country is refined in the Galveston bay area, is that correct?
  - That is correct
- Taylor- if a storm surge goes up the Houston ship channel, that would effectively remove the ability for the U.S. to refine its own aviation fuel? And how many years would it take to recover from that?
  - It would take years to recover from that
  - The costs would go up for all Americans if that happened
- Taylor- about half of the gasoline refined in the US is refined in the Houston ship channel?
  - That is about right
- Taylor- the success and safety of the Houston ship channel effects the entire state, and most Americans

Interim Charge #1: Hotel Occupancy Taxes: Study and make recommendations regarding the collection and use of hotel occupancy taxes to increase transparency in the imposition, rate, and use of such taxes.

Donald Dillard, Texas Comptroller's Office

• Gave brief history of the State Hotel Occupancy Tax (Hot Tax)



- Legislature first imposed tax in 1959 at rate of 3%
- Current rate is 6%
- Municipalities were authorized to impose a HOT in 1971
- Certain counties were authorized in 1981
- Municipalities are generally authorized to impose tax of up to 7%, with certain cities authorized at 9%
- Counties are generally authorized to impose tax of 7% but most are restricted to 2-4%
- Cities and counties can create a sports community venue project
  - Funded through various taxes including HOT up to 2%
  - Combined state and local hotel tax rate cannot exceed 17%
- Differences between state and local hotel tax:
- Jurisdiction
  - Local taxing jurisdiction administers its own hotel tax
  - o Comptroller's office administers the state HOT
- Qualifying rooms
  - O State HOT imposed on the rental of a room or space in a hotel costing \$15 a day or more
  - Local HOT imposed on a room normally used for sleeping costing \$2 or more per day
- Use of revenue
  - State tax revenue is deposited into the general revenue fund
  - ½% earmarked for tourism advertising
  - o 2% of HOT in certain coastal cities is returned to maintain beaches
  - o municipal tax can only be used to promote tourism and the hotel & convention industry
  - county tax usage differs from county to county and can be difficult to determine proper use based on statue

## Greg Conte, Texas Comptroller's Office

- Implementation of (85<sup>th</sup>) SB 1221- Relating to an annual report submitted to the comptroller by a municipality that imposes certain HOTs.
  - How a municipality will use the funds must be disclosed
  - o If municipality implements sports complex tax, must be reported
  - Reports can be submitted manually/directly or by posting to website and reporting the URL
- Reporting period: January 1- January 20
  - o currently 165 reports
  - o no requirement under SB 1221 for what the Comptroller's office does with the data, but planning on making it available to the public as the period closes
- Sen. Huffines- do you have any suggestions on how to make the tax more transparent?
  - Donald Dillard- not at present, although better ways of identifying counties and municipalities that have been bracketed in statute would be beneficial
- Huffines- what about transparency for the consumer to know what taxes they are paying and where those funds will go?
  - Donald Dillard- if a city is imposing a community venue tax is supposed to be separately stated



- Huffines- is there any requirement to show itemized list of the taxes and where is goes on the bill upon checkout of a hotel?
  - o Donald Dillard- will provide that information
- Huffines- why did the 83<sup>rd</sup> Legislature pick 17% as the cap?
  - Donald Dillard- Not advised
- Sen Hancock- what was the original intent of the HOT and how did the courts determine the funds were supposed to be used? (court case 1993)
  - o Donald Dillard- Not familiar with the court case
- Hancock- courts determined funds were to, "be specifically used only to promote tourism, convention and hotel industry."
  - Donald Dillard- That is the intent for the local HOTs
- Hancock- what is the list of things that the funds are being used for?
  - Donald Dillard- Sports events, sports fields, colosseums and multi-use facilities (portion
    of statue that authorizing municipalities to use HOTs for those activities are bracketed
    to certain cities
  - What they are reporting is not bracketed information
- Hancock- originally the intent was very clear and overtime we have ventured out of the original intent of the tax, is that an accurate statement?
  - Donald Dillard- cannot answer that
- Hancock- the uses must have a "direct connection" according to the court case, and later legislation have added things outside of that, is that an accurate statement?
  - Donald Dillard- cannot answer that

## Jennifer Brown, City of Sugar Land

- Reviewed written testimony regarding City of Sugar Land FY 2017 budget regarding use of HOT
- Local tax rate of 7%, implemented in 1995
- In 2000 Sugar Land had 4 hotels with roughly 400 rooms
  - Currently has 9 hotels with nearly 1400 rooms
- FY 2017, collected \$2.3 million in tax revenue from HOT
- Strictly limited on the use of funds, expressly prohibited from using funds on general city expenditures (police, public safety, etc.)
- Public/private investment of HOT revenue toward building conference center and associated parking garage
  - Operated by hotel
  - Addition revenue from hotel tax than debt for construction of facility
  - Additional tax revenue goes toward promoting tourism
  - Discussed other tax revue project for promotion of tourism
- Expecting to spend over \$558 thousand on tourism promotions in 2018
  - \$330 thousand is required by law (1% of collected tax revenue must be spent on tourism promotions)
- Discussed expenditures related to tourism and events
- Chair- asked for clarification related to dragon boat races held in Sugar Land
  - Held in October



Will be relocating to Brazos River Park upon completion

## Justin Bragiel, Texas Hotel and Lodging Association

- Tax code dictates revenue is to be used to promote tourism
- 2-part test to determine if tax funds can be used
  - o Puts "heads in beds"
  - Fits within 9 statutorily authorized categories
- Referenced 1992 court case, which upholds the 2-part test
- Legislature has expanded permissive uses of hotel tax
- Stressed every expenditure must promote hotel & convention industry
- Briefly discussed attempted abuse of tax revenue
- Suggestions moving forward
  - Creating omnibus bill for local bills by design
  - o Maximize on investment for each bill
- Hancock- has your group looked at any analysis regarding expenditures tied directly to "heads in beds"
  - Have asked the legislature to tie "heads in beds" to hotel revenue to maximize return on investment
- Hancock- imperative to make sure that we are not swapping dollars between counties and cities with Texas, but brining in tourism from outside of the state so it will be a state economic development tool
- Huffines- how many members are in your organization
  - o About 4,000 members
- Huffines- what percentage of hotel industry joined your organization?
  - o About 65%
- Huffines- do you know of any rules regarding disclosure of taxes and their uses to hotel patrons?
  - Typically, there are two line-items on the bill: state 6% occupancy tax and the local occupancy taxes
  - Some of these taxes are frequently combined on the bill
  - o Venue tax must be individually line itemed on the bill
  - Not necessary to identify where the revenue goes
- Huffines- does that information disclosed in the advertised rate?
  - Not typically, but the information is made available through the process
- Huffines- what does your industry think about the potential to surprise people with the 17% in taxes?
  - The hotel industry identifies these rates similar to how any other industry identifies "taxes and additional fees"
- Huffines- do you have any suggestions regarding better transparency with these taxes?
  - o More transparency on the expenditure of HOTs is where improvement could be made
  - Reporting requirements should be expanded to include all the 9 categories and to include how counties are using those taxes
- Huffines- what about on the consumer side?
  - People have access to the tax information already



- Huffines- do you think most of your members are in favor of the hotel tax?
  - o Many of the members would be happier if the rates were lower
  - On the other side, those taxes go toward promoting the hotel industry
- Huffines- what cap would your industry be happy with?
  - It depends on the community
  - People expect to pay higher rates in larger cities across the country
  - 17% rate is very high in smaller towns in Texas
- Huffines- there is a point where the rate can get too high and out of control. Do you have any data regarding how much of the revenue is paid by instate vs. out of state residents?
  - Not at present, will provide that information
  - Most travel is from within the state
- Sen. Garcia- is a venue tax a sports tax?
  - It is referred to that in Harris County
  - o In other areas in is referred to as a venue tax
- Garcia- most frequent complaint is not knowing the total price after taxes when booking a room. Would you be opposed to a clear statement upfront of price including taxes?
  - o FTC has not made determination on additional rules regarding this
  - If every operator is doing this the same way there is not a competitive advantage
  - If rates change from town to town, which they do, there could be a perceived competitive advantage
- Garcia- is there anything that would prohibit a law like that from being passed?
  - o The legislature can pass a bill regarding that
- Garcia- is there any federal limitations to Texas passing legislation of this nature?
  - Not to his knowledge
- Garcia- do you have a breakdown of cities which impose each of the tax rates?
  - Can provide that information
- Sen. Rodriguez- you have several proposed guidelines for legislation in your written testimony, legislation should include transparency in how the local hotel tax is used, we would need to pass new legislation to do that?
  - o SB 1221 to a first stab at this issue
  - SB 1221 creates structure for transparency in reporting
  - o There could be more information included in the report
- Rodriguez- you also reference defining the return on investment, which is already required for sports facilities, do you think that should be expanded to include any investment made?
  - o I think that is a helpful criterion for any proposed new tax or use of the hotel tax
  - Specifically related a story regarding Marfa, TX and a proposed airport to help bring in additional tourists
- Huffines- it seems like the hot tax, is an industry that is promoting a tax to promote itself
  - The hotel tax revenue brought in is determined how to be spend by the local government
  - The tax is required to benefit from the tax



- Huffines- the industry is benefiting from this tax to make more money, but they do not want to
  disclose the dollar amount of the tax in relation to posting the room rate so it doesn't make the
  room rate look higher, is that fair?
  - o Not entirely, we support that the revenue be dedicated
  - We have never offered a bill which would raise the tax rate
- Huffines- would you be in favor of getting rid of the tax?
  - o eliminating the tax... not prepared to answer that
  - There is already a lot of infrastructure being built that would requires that tax to be in place and it would be detrimental to eliminate the tax altogether at this point
- Huffines- how about making it a level playing field, every jurisdiction has the same tax rate?
  - You may find a negative impact for large communities which are competing with other large cities across the country for conferences and conventions

#### Ann Graham, Texans for the Arts

- Represents 300 members
- Many members distribute HOT funds
- Goal is to grow tourism through the arts
- HOT is the most economically significant source of funding for the arts in the Texas
- Arts were added to the HOT tax in 1977
- Study was completed by Americans for the Arts in the Houston area
  - o For every \$2 that a local individual spent, a tourist spent \$7
- SB 1221 was initiated by Texans for the Arts
  - Working to increase transparency moving forward
- Chair- described a personal experience with the historical tourism and arts tourism in Texas
- Rodriguez- appreciates the work her organization is doing for the arts in Texas

#### Bill Longley, Texas Municipal League

- Frequently receives questions from municipalities regarding how the HOT tax revenue can be spent, each situation can be viewed differently
- Policy perspective:
  - Local HOT is a dedicated tax for economic development related to tourism
  - Unique source of revenue for municipalities
- Statute has evolved in last decade due to city specific needs in tourism
  - Piecemeal approach to community specific needs
  - Cities under 125 thousand, statue caps promotion of the arts spending at 15%
  - Sports facilities statute is written out as bracketed language with more cities wanting bills to be bracketed
- Transparency
  - o Over 100 entities reported so far
  - Sharing information to get as much information as possible

## Sally Bakko, City of Galveston, TX

Tourism is critical industry in Galveston



- Hosted 6.5 million tourists in 2016
  - Spent \$780 million
  - Generated \$1.1 billion in business sales, including indirect business impacts
- 34.8% of all jobs are related to tourism
- 4<sup>th</sup> largest cruise line port in the US
- HOT Revenues goes to park board
  - o In charge of working with conference and tourism center
  - o Tourism advertising, including major events
  - Key component of advertising and keeping the beaches attractive
- 9% local hotel tax
  - o 7% city HOT
  - o 2% is venue HOT for the conference center
- Receive 2% back from the state for beach re nourishment
- Have seen noticeable growth in tourism with beach cleanup activities
- Post Harvey- some drop in tourism
  - Assumption was Galveston was equally devastated as Houston
  - HOT Advertising dollars were very important in beginning to bring back tourism
  - Loss in HOT revenue was estimated \$1.5 million
- Tourism is key to Galveston Island

#### Wende Ragonis, City of Brenham

- 17,000 residents
- HOT rate 17%, collected from 19 hotels and B&Bs, 680 rooms; Tourism is 4<sup>th</sup> leading industry
- HOT funds distributed through advisory council
  - o Attractions
  - Festivals
  - Events
  - Independence historical society, Washington on the Brazos State Park, Chapel Hill historical society
  - Washington county chamber- oversees SBB
- Completed analysis regarding impact of HOT funds, looked toward building off-peak times
- Utilize HOT funds for
  - Maintaining parks for events
  - o Historic Simon Theater
  - Many others
- HOT fund is very important to the city and community
  - o Devastating if HOT fund was lost

## Robert Jackson, Houston First Corporation (HFC)

- Briefly described the history of the Houston First Corporation
  - o 2000 Houston Convention Center Hotel Corporation was formed



- 2011 Houston Convention Facilities Department merged with the Houston Convention
   Center Hotel Corporation to form the Houston First Corporation
- 2014 Houston First Corporation and Greater Houston Convention and Visitors Bureau partnered to promote tourism
- Delegated management of many venues, facilities and parking facilities to HFC
- HFC delegated to collect and administer HOT funds
- 1 million guests at convention center hotel last year
- HFC is responsible for creating and posting the report to the Comptroller's Office
- HOT funds are not intended to gain profits for hotels in the area but is intended and being used
  to better the experience for those visiting the area as well as those who live in the area

Interim Charge #2: Regulatory Barriers: Identify options to maintain our state's competitive advantage and make recommendations to remove or reduce administrative or regulatory barriers hindering economic growth, including permitting or registration requirements and fees.

Mike Wilson, Texas Commission on Environmental Quality (TCEQ)

- SB 1756 (83<sup>rd</sup>) allowed a surcharge for air permit application
  - Surcharge used to expedite the application for the permit
  - Surcharge pays for staff overtime and contractors
- Surcharge Fees
  - Smaller short-range projects: \$500
  - Long-term projects: up to \$20,000 depending on necessary federal permitting and regulation
  - Unused surcharge amounts of over \$450 are returned upon completion of permitting
- Expediting
  - Does not place one application in front of others
  - Means more resources are used to complete the permit
- Appropriations
  - 83<sup>rd</sup> Legislative Session: \$1.85 for FY 2014 and FY 2015 biennium (program began in FY 2015)
  - o 84<sup>th</sup> Legislative Session: \$1 million for staff overtime
  - Brought on contractors to add as resources after 84<sup>th</sup> Session
  - o 85<sup>th</sup> Legislative Session: \$1.25 million for biennium
- Contractors since 2015
  - Served as part-time and full-time contractors
  - Currently 1 part-time and 2 full-time contractors
  - Full time contractors worked 1660 hours during FY 2017
  - o Rate is \$64-73 per hour
- Discussed written testimony
  - FY 2018 expecting 350-400 projects in the expedite program
  - o 1160 projects have been expedited since the program began
  - o Received \$6 million in surcharge funds
  - Expended \$1.4 million in surcharge funds



- o Refunded \$3.5 million in surcharge funds
- Demonstrable decrease in processing time due to program
- o Half of permits applications submitted online are processed within 24 hours

## David Brymer, Texas Commission on Environmental Quality (TCEQ)

- Galveston/Houston area and Dallas/Ft. Worth have been designated as non-attainment areas for federal standard for ozone
  - In those areas there are additional fees associated with getting air-quality permits
  - FIP- federal implementation plan may have potential fees and sanctions associated including possible loss of highway funds
- Chair- what would the possible effects of diverting TERP funds to highway funds
  - Unknown at this time
- Chair- what would happen between Texas and the federal government? You mentioned loss of highway funds
  - It would be possible for the EPA to implement a plan (FIP) which would layout additional controls for the non-attainment area
  - Permitting offset for emissions potentially significant economic impact
- Chair- is it fair to say that if we did not use the funds for their intended purpose, there could be a very detrimental impact?
  - o The funds that are appropriated for the TERP funds are very useful there
  - There would still be consequences of not reaching attainment
- Rodriguez- asked for more information regarding the economic impact associated with a federal implementation program
  - That is the unknown portion
  - EPA would take over to bring area back into compliance
  - Each area may have different controls
- Improvements in air quality
  - Standards have changed
  - Houston meets the original standard
  - Ozone levels have improved 34%
- Exceptional event
  - If something is considered an "exceptional event" its data can be excluded from the data sets
  - An exceptional event is a manmade or natural event that is not likely to recur which is not controllable or preventable
  - Described types of exceptional events (wild fires, Saharan dust, etc.)
- Foreign emissions
  - And area may still be labeled as an attainment area but will not have the regulatory burdens if it can reasonably prove the emissions came from another country (El Paso used this in mid 1990s)
- Huffines- the federal government comes in if we don't do our job with the SEP program, has that happened before in Texas?



- They have come in with a FIP
- Most recent was for regional haze
- Huffines- is there a history of the feds going in to other states for things like this?
  - o Yes, there is
- Huffines- do you know what percentage of DFWs emissions are point source versus mobile?
  - Majority (78%) of emissions in DFW are from mobile sources
  - Point source emissions in DFW account for 10% of NOx emissions
- Huffines- that used to be a lot higher, right?
  - That is correct
  - Houston has lowered those emissions by 80%
- Garcia- how many non-attainment areas do we have now?
  - o Two areas of non-attainment for ozone emissions DFW and Greater Houston
  - PM 10 non-attainment in El Paso
  - Sulphur Dioxide non-attainment in parts of north east Texas associated with power plants
- Garcia- you mentioned exceptions to non-attainment like the dust and that some have been approved and some haven't, why have some been not approved?
  - The burden of proof is difficult to prove when talking about emissions
- Garcia- the current non-attainment issues aren't due to anything the legislature can give TCEQ to solve the problem (equipment to convince EPA, etc.)?
  - That is correct
  - o It is much more about being able to put together data to the EPA
  - If more than a dozen issues like this arise each year, TCEQ may have resource issues
- Rodriguez- discussed recurring and predictable nature of Saharan dust as provided in Sierra Club written testimony
  - One issue is that its hard to develop a plan to get an area into attainment if the reason they are not in attainment is because of something that is beyond the control of the state or local area
  - May need to develop mitigation plan, including considerations for notifying the public of the issue
- Foreign emissions have been of significance recently
- Background ozone
  - Ozone occurring naturally
  - Emissions from outside the US
- Huffines- have you looked at the impact of Energy Futures closing 3 coal plants and how much of an impact that will have?
  - o It will have an impact but depends on a few things
  - o If that load is picked up by a different facility and where that facility is located
- Huffines- how much emissions does a new car put out?
  - A very small amount
  - Roughly a 90% decrease in NOx and particulate matter emissions between a new heavyduty truck and a 10-year-old one
- Hancock- requested additional information regarding written testimony data



- Will provide that information
- Average Length of permit application for non-expedited applications 385 days
- Average Length of permit application for expedited applications 330 days
- Many factors effect time frame
- Hancock- how often do you see very similar or duplicate applications being processed?
  - Some technical aspects may be very similar
  - o Alternative factors (locations etc.) may be different
  - created a readily available permit, with 85<sup>th</sup> legislation allows for even more expedited timeline

## Hector Rivero, Texas Chemical Council

- Texas is unique in that it has a contested case provision on the permitting side
  - Open to abuse as that provision can lengthen the timeline
  - Legislature has worked to reduce the potential for abuse
  - Contested cases are separate from the permit application
- Expedited permitting process can be very beneficial
  - Many members are willing to pay for additional resources to speed up the process
  - o Commended TCEQ on management of the expedited permitting program
  - Requested legislation allowing TCEQ to get the resources needed to meet the demand associated with the expedited permitting process
  - Have been a few complaints about time delay after paying for expedited applications
- Foreign emissions and exceptional events
  - Data has analyzed emissions from Asia, showing that we are being penalized due to foreign emissions
  - o EPA cross state pollution data shows large amount of cross state pollution
  - o Each model shows that Texas meets attainment
  - Agency needs resources to complete scientific research to prove exceptional events and foreign emissions brings Houston back into attainment
  - o Discussed use of TERP funds and differing funds to alternate uses
- Supports Coastal Spine initiative
- Rep. Seliger- when people are deciding where to put a big chemical facility, Louisiana is our biggest competitor?
  - That is correct
- Seliger- what do they do differently that we should consider?
  - o We borrowed the expedited permitting process from Louisiana
  - No threshold on fee associated
  - o No contested case process, able to guarantee an answer within 6 months
- Seliger- is it a good idea to divert TERP funds into building more highways?
  - o TERP fees expire in 2019
  - If those fees expire it would impact the committee's ability to use the TERP funds to balance the budget
  - o Believes that TERP is the single most important tool to mitigate mobile source emissions



Annie Spilman, National Federation of Independent Business in Texas (NFIB)

- Described NFIB and small businesses
  - Small business account for 2.4 million businesses in the state
  - Create 2/3 of all jobs in the country
  - Employee 4 million workers in the states
- "over zealous" regulations are a tax on small businesses
- Regulation costs \$12,000 per employee per year
- 36% more than large business
- Government regulation and uncertainly in government action is a regularly highlighted concern and hindrance to business
- HB 1290
  - o Originally a one-in, one-out policy for new regulations at agencies
  - Final version narrowed to specific agencies
- Should pass legislation mirroring the regulatory flexibility act
  - Agencies must provide review of impact on small business with each new regulation
- Seliger- HB 1290 didn't specify small businesses versus anybody else, it just said "impact on the economy"?
  - o It was intended to mirror the fiscal impact
- Seliger- the legislation was intended to broadly gather information regarding how a piece of legislation which had a fee would impact the economy and industry
- Would like resources to be used for compliance assistance for small businesses
- Simplifying regulations would be beneficial
- Often arbitrary or duplicative legislation are created convoluting regulations
- Concerned with inconsistent labor standards at the municipal level
- Reducing heavy fines by giving the offender the "right to cure"
- Rodriguez- regarding the indirect impact on small business, should not just review the impact on small business but should also review the public policy reasoning behind the legislation
  - All avenues to legislation as well as the public policy reasoning behind it are considered
  - o All legislation is filed with good intentions
- Huffines- government doesn't create jobs, its companies that hire people. When you say that regulation is stifling business and innovation, can you give us an example? Is in state agencies?
  - Receive a lot of calls regarding TCEQ regulations and EPA regulations
  - Business owners often do not have a background to understand the minutia of the regulations
  - Members are dealing with over 700 federal regulations per year
- Huffines- Texas has created many barriers to entry and need to continue to focus on rolling those back. Quoted Texas Institute for Justice regarding regulations and requirement to become a cosmetologist versus an EMT
  - Applauds TDLR for streamlining licensing that are not necessary for health and safety
- Seliger- one thing the legislature has done is take annual licensing and let the board decide if it can be biannual licensing. This reduces the amount of paperwork, and had no opposition
- Seliger- asked for a longer list of regulations that should be considered regarding this issue



#### John Tintera, Texas Alliance of Energy Producers

- 2,500 members do not reject being regulated
- Most issues have been with the federal government
  - 85<sup>th</sup> legislative session- SCR 26 calls on federal government to revise or eliminate regulations
  - Working diligently toward that goal
  - EPA, Department of Energy, and Department of the Interior are agencies most worked with in this regard
  - Reached out to Texas delegation regarding this matter
- Interest in limiting areas of duplication between state and federal regulations/permits
- Chair- what does FRED stand for?
  - Federal Regulatory Energy Delegation, the pilot program that the Texas Alliance worked with legislators that led to the SCR
- Discussed energy portion of NAFTA
  - Works well
  - Need stability from federal government

## Stephanie Thomas, Public Citizen

- TCEQ expedited permitting
  - Staffing dedicated to the permits is the biggest issue with efficacy
  - Stressed public participation should not be impeded while expediting permitting
  - Stressed a need for equitability with community members and applicants within the process
  - Vast number of permit applications are not part of certain processes, such as contested case hearings (2007 study showed 80% uncontested)
  - Robust permitting process and access for public input leads to better permitting and cleaner and safer operations and more buy in from the community
- Exceptional events
  - Should be careful of abusing the intent of this exception
  - TCEQ should not use exceptional events to artificially put an area into attainment
  - New EPA rules clarify agricultural fires as an exceptional event
- TERP is one of the best ways to eliminate mobile source pollution

#### **Public Testimony**

Eric Allmon, Self

- When looking at economic impacts of permitting decisions, correct decision is as important as an expeditious decision
- Discussed specific examples in the Houston area
- Trend toward speculative permitting
  - o Drains resources
- Should be a limit on revisions to permit applications

Jim O'Kane, Self



- Sec. 2301.476- prohibition on manufacturers
  - o New vehicles can only be purchased after paying commission to Texas auto dealers
  - o Texas is 1 of 6 states that still have this old law
  - o Discussed the regulatory obstacles associated with Tesla vehicles

## Malcom West, Self

- Reiterated points previously made regarding Tesla vehicles and the associated barriers to business
- Huffines- appreciated discussion on both interim charges