The speaker called the house to order at 10:46 a.m.

INTERPRETER FOR THE DEAF

The interpretation of the proceedings of the house was provided today by Sandra Rouse and Ella Anderson.

ADDRESS BY GOVERNOR GEORGE W. BUSH
(The House of Representatives and the Senate in Joint Session)

In accordance with the provisions of HCR 1, providing for a joint session of the senate and the house of representatives at 11 a.m. today, for the purpose of hearing an address by the Honorable George W. Bush, governor of the State of Texas, the Honorable Bob Bullock, lieutenant governor of the State of Texas and the honorable senators were announced at the door of the house and were admitted.

The senators occupied seats arranged for them.

Lieutenant Governor Bullock was escorted to a seat on the speaker's rostrum.

At 11 a.m., Governor Bush and his party, escorted by Senators Armbrister, Bivins, Brown, Ratliff, and Shapiro, committee on the part of the senate; and Representatives Kuempel, chair, Berlanga, Craddick, Dutton, and Junell, committee on the part of the house; were announced at the door of the house and, being admitted, were escorted to the speaker's rostrum.

Lieutenant Governor Bullock called the senate to order.

A quorum of the senate was announced present.

The Honorable James E. "Pete" Laney, speaker of the house, called the house of representatives to order.

A quorum of the house was announced present.

Speaker Laney stated that the two houses were in joint session pursuant to HCR 1 for the purpose of hearing an address by the Honorable George W. Bush.

Speaker Laney introduced Laura Bush, first lady of Texas; Joe Allbaugh, executive assistant to the governor; Terral Smith, legislative director; and Albert Hawkins, director of budget and planning.

Speaker Laney recognized Lieutenant Governor Bullock, who introduced the Honorable George W. Bush, governor of the State of Texas, to the joint session.

Governor Bush addressed the joint session, speaking as follows:

This moment feels far different than it did two years ago. As I entered this historic chamber for my first state of the state speech, I wasn't quite sure what to expect. In hindsight, I'll admit I was nervous. I was the brand new governor, a rookie in a different ballpark.

Today, I come knowing I am among friends, many close friends, who are led by Lieutenant Governor Bob Bullock and House Speaker Pete Laney. I know you share my respect for these two Texas leaders. It has been an honor
to work with them. We have learned much from them. We share a love for this
great state, a deep desire to do what is right for the people of Texas.

Two years ago, you and I found common ground for decisions based on
a shared philosophy that our government should be limited: it should do a few
things and do them well. We know that local people make the best decisions
for their local communities and schools, and we know that Texans can run
Texas. We agree that all our laws should support strong families, and that laws
approved in this great chamber should say to each and every Texan: you are
responsible for what you do.

When house members took the oath of office two weeks ago and reelected
Speaker Laney, he made an interesting point. He said for the first time in a
long time, we gather here without the threat of an imminent crisis.

He is right. We face no immediate legal or fiscal crisis. The state of our
great state is healthy and vibrant. Our economy is diverse and it is growing.
Our businesses are creating new jobs for our citizens. Fewer Texans are on
welfare, more are at work. Those who commit crimes face tough laws, and
we have jail beds waiting for them. Our government today is more effective
and more efficient. Our state employees are dedicated and hard working. And
our state leaders check any partisan differences at the doors of these chambers
and work together for the good of all our citizens.

This good news and these good times argue not for our inaction, but for
our action. Now is the time, in relative calm, to think ahead, to see beyond
the bend of the turn of the century and act courageously to prepare Texas for
tomorrow. I hope you will continue to think boldly; continue the progress we
began last session when we enacted historic reforms.

I have read with amusement recent reports that make the hard and historic
work of last session sound easy. You and I know we worked long hours, and
had serious debates and honest disagreements. Change is never easy. Yet the
wisdom of our monumental education reforms, the wisdom of our substantive
tort reforms, the wisdom of our tough criminal justice reforms, and the wisdom
of our historic welfare reforms has now been confirmed by the ease that is
assigned today to those accomplishments.

This session will require the same hard work, the same intensity. But
whatever we do in the next four months, we must not undo the spirit of our
reforms. We must not undermine our efforts at changing our culture from, "if
it feels good, do it," to one based on personal responsibility. We can improve
our laws, we can build upon them, but we must not send mixed signals.

My fundamental priority is the education of our children. We must
confirm the spirit and not weaken the intent of our new education code: that
we trust local people to make the right decisions for local schools. We can
and we should improve some parts of the code. I ask you to expand the menu
of educational opportunity available to Texans by increasing the number of
charter schools. Twenty charter schools are operating in Texas today, and the
Texas Education Agency has a waiting list of 200 more. We must foster
educational innovation and grant the State Board of Education unlimited
authority to grant charters to qualified applicants who want to challenge the
status quo. The quantity and variety of charter schools should not be limited
by some artificially imposed state cap, but only by the energy and imagination
and enthusiasm of parents and educators eager for change in their schools.
Today our children are learning in safer classrooms with teachers—not troublemakers—in charge. Zero tolerance is working. And it will work even better when we clarify and strengthen the disciplinary code.

Earlier I mentioned we do not face a fiscal or legal crisis, but we do face one crisis: too many of our children cannot read. One in five is failing our reading tests, and that number would be even worse if every child took the test. This is unacceptable. You cannot succeed if you cannot read. All Texas children must learn the one skill that can make all the difference in their lives: reading. That is why I set the clearest and most profound goal I have for Texas: that every child, each and every child, should learn to read at grade level by the third grade and continue reading at grade level or better throughout his or her public school career.

Texans are responding to the reading initiative and you can help as well. I ask you to fund reading academies—schools within schools that provide rigorous instruction in basic, building-block reading skills. The money will help diagnose reading problems early. We cannot solve a problem unless we know it exists. The money will retrain teachers and retool curriculum based on sound scientific research that shows us what works. This money will send a clear message to our schools: results matter, stay focused on our goal, and do whatever it takes to teach our children to read.

And we are on the right path with welfare reform. We put time limits on benefits, required work and education, and insisted recipients take responsibility for their children and their lives. We sent a message that we'll give you a hand, but you owe something in return for taxpayers' help.

Texas can do more to make sure our welfare system changes behavior. We should require unmarried teen mothers to live with their parents or in a group home to qualify for taxpayer assistance. We should not give additional cash benefits for having more children while on welfare. We must enforce sanctions against able-bodied welfare recipients who refuse to work or even look for work.

As we seek to change lives, we must do so in a compassionate way. I often say government does not have a monopoly on compassion. Texas is a loving place full of loving people. Many organizations in Texas, faith-based groups, want to do more to help their fellow Texans. They want to follow their hearts, but fear bureaucratic rules and regulations will stifle their souls and threaten the religious nature of their mission. Our laws and rules in Texas should encourage people to help.

I envision a welfare system where recipients are not passive receivers of handouts, but proactive holders of a voucher redeemable for child care or job training or shelter at an agency, a synagogue, a church, or a charity of their choice. I can think of no better place to care for a child than in a place full of love, no better place to change a life than in a place full of hope.

I urge you to read this report called "Faith in Action," written by fellow Texans, and I urge you to act on it. This is a blueprint that outlines how government can encourage people of faith to help people get off and stay off welfare. Our society faces many tough problems. It's time to seek, not shun, divine help.

All of us are concerned about our children. All of us want our children
to live in loving homes. One way we can help is to change the adoption laws of Texas. Today, too many Texas children have to wait too long to be united with a loving family. I am proposing legislation that will terminate parental rights in cases of extreme neglect, abuse, or abandonment; that will say to a male, "Be a father or let someone else be a father;" a package of legislation that when enacted will cut in half the time a child must wait to be adopted. Adoption is the loving option.

And no matter where you stand on this next issue, I think most Texans agree there are too few adoptions and too many abortions in our society. I hope you will help me discourage abortions in Texas by encouraging adoption, by sending a strong abstinence message to our children, and by approving a parental consent law requiring that parents be involved in this major decision of a minor child.

We are making progress in cutting crime. We must continue our focus on juveniles. The message must be clear: stay in school, do not do drugs, and stay away from gangs and guns. We must continue to look for ways to help law enforcement send that message. I ask you to give police a new tool to combat gangs and guns; a law that says to juveniles who have been convicted of a violent crime, "Our police have the right to stop and frisk you to make sure you are not carrying a gun." The message must be loud and clear: we do not want children carrying guns.

I also ask you to help keep violent criminals behind bars longer. Last session, we repealed mandatory release for violent criminals convicted after September 1, 1996. This session, we should broaden the law to apply to violent criminals and sex offenders, no matter when they were sentenced. I do not believe violent criminals have a constitutional right to get out of jail early.

We are also making progress on creating a healthy business environment, so every Texan who wants a job can find one. I look forward to working with Lieutenant Governor Bullock, Senator Brown, and members of the senate and house on a long-term water plan. We must also work for a plan that is fair and reasonable to utilities but will allow competition to bring lower electric rates to Texans. We must continue working for a fair and balanced civil justice system. The tort reforms passed last session have improved our business climate, but there is more to do. I urge you to finish the job.

The reporters in the room who like to keep count will notice I have talked about my four fundamental priorities for Texas: education, welfare, juvenile justice, and jobs. You may remember in my last state of the state speech, I mentioned the press was bored with the same old four and wanted a number five. I joked then that number five was to pass the first four. Well, you did that, so that line won't work again this year. But this year, I do have a number five: cut property taxes.

Property taxes are too high. They are among the highest in the nation. During the last ten years, school property taxes in Texas have doubled, even though overall property values declined. Property values are increasing now. High rates and higher appraisals mean property taxes are headed through the roof.

One of the roles of governor is to look ahead, to anticipate problems, and seek solutions before they reach the point of crisis. I have done so. One year
ago, I asked one of your former colleagues, Insurance Commissioner Elton Bomer, to take the temperature of Texas. The citizens' committee he chaired had hearings in 14 cities throughout our state. Many testified and the message the committee heard was clear and universal: property taxes are threatening the Texas dream.

Too many retired senior citizens pay more in property taxes than they did on their initial mortgages. Too many young Texans can't buy their first homes because property taxes price them out of the market. And too many working families are not able to save for their own retirements or their children's college education because of rising property taxes.

I hear the concern everywhere I go. I think of my friend, a Dallas police officer, who said, "I hope you are serious about cutting property taxes," because he really worries about being able to afford his home. His school property taxes increased by almost 25 percent in just two years.

One of your colleagues, Senator Shapleigh, told me working Texans in El Paso are moving across the border to New Mexico because property taxes are lower there.

I heard from the Arlington Chamber of Commerce that Arlington lost a major semiconductor plant because of school property taxes. School property taxes in Texas were going to cost the company $40 million more over ten years than property taxes in Maine, so Texas lost out. Maine got the plant and the jobs.

A tire company in Tyler pays almost as much in property taxes in Texas alone as it does at similar plants in four other states combined. That means tires produced in Texas cost more than tires produced in other states, and that is bad for consumers and bad for jobs.

Renters pay property taxes too. A man in Lubbock who rents apartments to students at Texas Tech said when his property taxes increase, he passes them along in higher rents for his tenants.

Discontent over property taxes runs deep and wide in Texas—even in the last place you'd expect it: Utopia. A couple there wrote, "We do need relief of school property tax." Their income is so low, they are not sure where they are going to find the money to pay the $426 they owe in school property taxes on their home.

But the problem is not just high property tax bills—the problem is that local property taxes are the major source of funding for our schools, and they should not be. By relying too much on local property taxes, Texas is shirking its responsibility to our children. We are relying on a patchwork system that is inherently unequal and unfair to fund our very future.

Within the next week, Representatives Tom Craddick and Rob Junell will introduce the Property Tax Cut Act of 1997, sponsored in the senate by Senators Bill Ratliff, Ken Armbrister, and Teel Bivins. The tax cut act will have its first hearing in a special house committee chaired by Representative Paul Sadler. I urge you to approve it.

This plan cuts school property taxes by almost three billion dollars a year; it keeps them low and it provides a way to meet the growing needs of our schools. The Property Tax Cut Act will cut school property taxes for the average Texas homeowner by 40 percent. And it will cut school property tax rates in every district for every taxpayer, homeowner, and business alike.
My plan begins with a billion dollar tax cut out of our state budget. When I first started talking about cutting property taxes, I said any plan should be revenue neutral. I am now convinced we can do better. We have been good stewards of the people's dollars; we have insisted on a government that is lean and efficient. We have achieved substantial savings and our economy is growing. Tomorrow I will submit a balanced budget that will show we can cut taxes and meet basic needs. I urge you to resist the temptation to spend all our savings and instead give a healthy portion back to our taxpayers in the form of a property tax cut.

Homeowners will save in two ways. I propose a constitutional amendment to increase the homestead exemption for school property taxes by $20,000 from the current $5,000 to $25,000.

I also propose a 20-cent cut in the school property tax rate in every school district in Texas. The combination of the increased homestead exemption and the lower tax rate will add up to a 40 percent school property tax cut for the owner of the average home in Texas, a home valued at $61,500.

My plan means 411,000 low-income Texans—owners of homes valued at less than $25,000—will see their school property taxes cut to an average of less than $35 a year. Owners of a $100,000 home will have their property taxes cut an average of 30 percent.

This is significant, but I propose we take even bolder steps by changing the way we tax business in Texas. Our current system is not fair. Some businesses are taxed very little and some don't pay a dime to support our schools. Other businesses are taxed so heavily that it threatens to drive them from our state.

I propose we eliminate the corporate franchise tax and the school property tax on business inventory and replace them with a fair, broad-based Texas business tax—a 1 1/4 percent tax on sales over $500,000, less cost of goods and less capital invested.

The Texas business tax is fair and reasonable. The rate is low and should apply to all forms of business. It is capital-friendly and will encourage job creation. It is easy to administer and easy to understand. It is a predictable and reliable source of revenue to help meet the growing needs of our Texas school children.

The Texas business tax and the one billion dollar tax cut fund the majority of my plan. To fund the balance, I propose a half-cent increase in the sales and motor vehicle tax. Taxpayers and school children will benefit from this plan, and everyone must do something to support it.

I propose that all revenues from the business tax and increase in consumption taxes go into a new Texas school trust fund. By dedicating the money to the school trust, we say to Texas that education is our number one priority, that we want a fair and equitable school funding system. We can only achieve our goal by significantly reducing our reliance on local property taxes.

I also believe we should end the confusion and earn the trust of many Texans by dedicating all the proceeds from the lottery to the school trust.

Finally, I know you share my concern and the concern of many Texans that any property tax cut would be only temporary. I believe we must guard against property tax creep. We must enact strong safeguards to make sure local districts cannot raise their tax rates, or their effective tax rates as a result of reappraisals, without compelling justification.
This plan meets all the major criteria I outlined: it is fair, it is broad-based, it is credible, and it is not a personal income tax. I believe this legislature does not want, I will not approve, and the people of Texas will not stand for a personal income tax in Texas.

I intend to work hard for the passage of the Property Tax Cut Act. Today’s tax system in Texas does not reflect today’s economy in Texas, and it should. I am convinced my plan is fair and I know it is needed. Failure to act will hurt our elderly; failure to act will squeeze our middle class; failure to act will cause rents to go up; and failure to act will place Texas at a competitive disadvantage to attract and keep jobs. If we fail to act, we will be in the courthouse facing another costly battle over school funding.

Quite a few people have asked me, “Why did you bring this up?” I know tax debates are tough. I know fair funding for schools is difficult. This won’t be easy. But we were elected to take on the tough challenges. We were elected to do the right thing. We were elected to think long-term. Texas is a place where people think big and act boldly. I know we will rise to the occasion.

A couple of weeks ago, some students from Henderson Middle School Lamplighters in El Paso came to my office and sang several original songs. One was the story of a young boy named Paco. His family had very little money, but Paco was a boy who had a dream and a teacher who believed in him. In the song’s chorus, the children sang, “I’m going to make it.” The teacher challenged them, “Who’s going to make it?” And they answered, “I’m going to make it.”

I can think of no more important challenge than for us to commit to the Pacos and Allisons, the Roberts and Luanas, the Michaels and Micaelas, to every child in Texas: we will teach you to read; we will come up with a better way to pay for your schools; we expect you to stay off drugs and away from crime and gangs; we expect you to dream big dreams, and we want you to achieve them. This governor and this legislature are going to make Texas a place where every child has the opportunity to shout, “I’m going to make it.”

God bless you all and God bless Texas.

SENATE ADJOURNS

At 11:27 a.m., Lieutenant Governor Bullock stated that the business of the joint session had been accomplished and that the senate would, in accordance with a previous motion, stand adjourned until 12 noon tomorrow.

HOUSE AT EASE

At 11:28 a.m., Speaker Laney announced that the business of the joint session had been completed and the house would stand at ease pending the departure of guests.

The speaker called the house to order at 11:36 a.m.

RULES SUSPENDED

Representative Place moved to suspend the 5-day posting rule to allow the Committees on Criminal Jurisprudence and Appropriations to hold a joint meeting at 8 a.m. Wednesday, January 29.

The motion prevailed without objection.