

BEYOND THE SESSION

Central Texas experts break down key legislative wins and what still needs work

The following Table of Experts panel discussion was organized by the Austin Business Journal to unpack the most pressing legislative outcomes from the 89th Texas legislative session and their impact on Central Texas businesses. Participating in the panel were Emily Williams Knight, Ed.D., President & CEO of the Texas Restaurant Association; Julia Parenteau, Public Policy Director for Texas REALTORS; and Stacy Schmitt, Senior Vice President of Communications & External Affairs

at Opportunity Austin and Co-chair of the legislative committee for the Texas Economic Development Council. The conversation was moderated by Abby Mellott, Market President & Publisher of the Austin Business Journal, and covered a wide range of issues including housing affordability, infrastructure, workforce development and rising insurance costs. Together, the panelists offered industry-specific insights and called attention to the issues likely to drive Texas' next wave of growth.

MEET THE EXPERTS



JULIA PARENTEAU
Director of Public Policy
 Texas REALTORS®

Julia Parenteau serves as the Director of Public Policy and staff lobbyist for Texas REALTORS®. With nearly two decades of experience in real estate advocacy, Julia has worked extensively on behalf of REALTORS® and related organizations across state legislatures, city councils, and county commissions in Texas, Minnesota, and California. Her expertise lies in shaping public policy to support the real estate industry, private property rights, and Texas communities.

Julia leads the development of the association's legislative priorities, working closely with the multiple stakeholders to address critical issues such as property tax reform, housing affordability, and regulatory changes. She has been a key figure in advocating for REALTOR® interests at the Texas Capitol and beyond, providing strategic guidance on legislative sessions and policy initiatives.

A graduate of Gustavus Adolphus College in Minnesota, Julia holds degrees in Political Science and Criminal Justice. Now based in Austin, she continues to adapt to the Texas heat alongside her two small rescue dogs. Julia's commitment to real estate advocacy and deep policy expertise make her a vital asset to Texas REALTORS® and the broader industry.



STACY SCHMITT
Senior Vice President of
Communications & External Affairs
 Opportunity Austin

Stacy Schmitt is the Senior Vice President of Communications & External Affairs at Opportunity Austin, the regional economic development partnership advancing innovation, investment, workforce development, and quality of life across the Austin region. In this role, she leads legislative strategy, marketing, and stakeholder engagement to strengthen the region's economic landscape and business community.

A seasoned business leader, Stacy has a strong track record in developing strategic plans, communications campaigns, and global initiatives. She has built and managed relationships with thousands of organizations, industry leaders, and public-sector partners to drive business growth and deliver impactful solutions. Known for her proactive leadership and cross-functional expertise, she excels at leading high-performing teams in dynamic environments.

Stacy recently led strategic marketing and advocacy campaigns to promote key economic development initiatives, aligning with stakeholders and investors to support inclusive growth. Her work in investor relations ensures partners remain informed and engaged.

Notable achievements include leading a comprehensive rebrand of Opportunity Austin, launching a national campaign to highlight the region's business strengths, and executing a targeted public safety advocacy effort to support local business needs.



EMILY WILLIAMS KNIGHT, ED.
President & CEO
 Texas Restaurant Association

Dr. Emily Williams Knight, Ed.D., assumed the role as president and CEO of the Texas Restaurant Association and the Texas Restaurant Foundation in August of 2019. She is nationally known for her steadfast, service-driven leadership, which was key to securing government waivers and federal support that saved thousands of restaurants during the COVID-19 pandemic.

With over 20 years of global career experience, and as the face of Texas' largest private sector employer, Knight continues to drive legislative success at all levels of government. At the same time, Knight's background in business and education has driven the TRA to expand its member and community benefit offerings to ensure Texans of every background can build a healthy and fulfilling career in the foodservice industry. She has been recognized by the Dallas Business Journal, Nation's Restaurant News Reader Picks, American Way Magazine and Dallas College.

Knight holds multiple degrees, including a Doctorate in Higher Education Leadership, and serves on various boards for organizations that serve the hospitality industry and veterans. She resides in North Texas with her husband and their 18-year-old twin daughters and two rescue dogs.

Abby Mellott: Overall, did you view this as a business-friendly legislative session?

JULIA PARENTEAU: This really was a great session for real estate and housing – the legislature approved some strong bills to help housing development and reduce property taxes. And overall, we have a strong history in Texas of our Legislature supporting business and economic development in a lot of different ways. There is something shifting though. It's not that legislators' perspectives on what's important for business and how they want to support Texas businesses have changed, but they are getting a lot of pressure in other ways now. They're having to react more to politics, and some

of those political priorities, intentional or not, don't always align with traditional business interests when it comes to legislative policy. I'm not ready to say where we think this is all going, but we've noticed it in the rhetoric and in some of the bill filings. It's something we're keeping an eye on.

EMILY WILLIAMS KNIGHT, ED.D.:

If we look at the impact on restaurants, we feel like it was a really successful session. We came in with a couple of key priorities. One was consistent restaurant regulations. With 254 counties, everyone had a different set of rules. There were lots of duplicate permits and lots of regulation inconsistency. We filed a bill –

really six bills in one – that the governor signed pretty quickly. So, for operators to now have that predictability, that's a massive win for business.

At the same time, we were involved in or saw bills filed that wouldn't have moved in a prior session. Things like "Make America Healthy Again," labeling and origin signage – in some ways, it felt like low regulation, and in others, it was overregulation. That was new for us.

And just like you said, Julia – where is that going to go? I can't predict it. But we were pulled into more issues that I never would have expected to be involved in last session.

STACY SCHMITT: From our perspective, a real positive was the focus on infrastructure to support the growth we're experiencing. There was a lot of attention on energy, natural resources, workforce, and the systems and ecosystems that support them – those are the fundamentals of economic development. So we made progress on that front. But we didn't address some of the things we needed, like incentives and programs to help our companies once they're here, or to bring those companies to Texas and help startups.

So yes, the focus on infrastructure was helpful. But we support five counties and 22 cities in this region – and more from a



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Opportunity Austin &
Texas Economic Development
Council

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statewide perspective — and we'll need to be more unified in how we tell that story. Elected officials need to understand the work going on in these communities and what the real needs are.

JULIA PARENTEAU: We've had an enormous amount of turnover in the Legislature. There were 35 new legislators this year, which is huge. When you look at the tenured legislators versus the newer ones now, there's just a lot of education for groups like ours to do. Where we used to have long-term relationships, now, because of that turnover, we're starting fresh in many cases.

Abby Mellott: Going into the session, what did you hope for most — and did lawmakers deliver?

EMILY WILLIAMS KNIGHT, ED.D.:

For us, we had four key priorities: First was blocking harmful policies. I think we did a really good job of that. We had great conversations and strong partnerships. I think elected officials really understand the economic role restaurants play — we're a \$137 billion industry, the largest private employer in Texas. Second was saving restaurants

money through consistent regulation; the Legislature delivered on that. And third was strengthening the workforce, particularly through support for child care. I think one of the biggest shifts we saw this session was the business community stepping up to lead that reform. That was new, and it made a difference. And fourth was improving restaurant resiliency. That's where we had some disappointments. We didn't get swipe fee reform across the line. This affects every business and every Texas consumer. Most people don't realize that in Texas they're paying about 4 percent more because of these fees. Yes, they might earn hotel and restaurant points, but why not disclose that? What we pushed for was a disclosure bill. If we're going to say Texas is pro-business and pro-consumer, low regulation — then why are we paying the highest swipe fees in the world and allowing it to continue?

We were also hoping for liability reform, specifically Dram Shop reform. There was a bill at the end, but it was too watered down to be meaningful. So those were two major disappointments. But we'll be back next session.

STACY SCHMITT: I think one of the

biggest wins — and a major commitment from the Legislature — was around energy, power and water. When you're part of an organization like ours, you've got stakeholders on both sides. But at the end of the day, it's critical infrastructure, and we were really pleased to see meaningful action.

This was the second session in a row where water was seriously addressed. Lawmakers allocated \$2.5 billion in additional funding for the Texas Water Fund. There's also a dedicated \$1 billion per year for water infrastructure over the next 20 years. That shows they're taking the issue seriously. They also found a compromise: investing both in new water supply and fixing the leaky pipes in our existing system. That was a tough debate early on, with some people pushing for new water supply and others wanting to fix what we already have. But in the end, they tackled both, and that's a big win.

Beyond that, one of our big goals was to advocate for incentives and programs that support recruitment and help established companies and startup companies succeed. We had a big win with the reinstatement of the R&D tax

credit. They even expanded it to include smaller companies that hadn't previously met the revenue threshold, which was great. Existing aging infrastructure.

JULIA PARENTEAU: We were also on board the infrastructure train. We were really excited about the proposals that came forward; and we really appreciated the effort to strike a balance between investing in new water sources, which is critically important, and making sure there's funding to maintain the infrastructure we already have.

Aging infrastructure is no joke. We waste an enormous amount of water every year because of leaky pipes. So making sure both sides of that equation were included in the proposal was fantastic. Because at the end of the day, if we don't have water, we're not building houses and people can't live here.

Our other primary focus this session was housing affordability, which has a lot of contributing factors. Available infrastructure is one. Property taxes are another. And whether we have streamlined procedures for developing new housing is a big part of it.

Really, the thread that runs through a lot of our work each session is preserving property rights and making sure the government does no harm to real estate. In 2024, real estate accounted for almost 18% — nearly \$470 billion — of Texas' gross product. And real estate is usually a leading economic indicator. If it starts to fall apart, a lot of other things usually follow.

Abby Mellott: Property tax is always a huge issue. Is Texas moving the ball toward some sort of relief?

JULIA PARENTEAU: Yes. The standard homestead exemption will go up to \$140,000, \$200,000 for seniors and disabled people. Plus \$125,000 business personal property tax exemption, which is huge for small businesses.

I want to be clear: it's tough in Texas to have a conversation about taxation without also talking about government spending. We're limited here. We don't have an income tax — and in fact, that's been double banned in the state constitution. That leaves us with property tax and sales tax.

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JULIA PARENTEAU
Texas REALTORS®

There's definitely a push to keep reducing property taxes, which is a fantastic goal. But that also brings up a bigger question: What do we want and expect from our state and local governments? It's also important to remember the state of Texas doesn't actually collect property tax. Period. That's done entirely by local taxing entities. So, when the Legislature talks about property tax, it can only really set the parameters around how that system works. It can't directly control how much money people pay in property taxes each year.

That's a tough conversation for individual taxpayers, because it means you can't just call your state rep. You also have to consider your city, your county, your

school district, your MUD, your junior college district, your hospital district — all of the local entities that might be levying a tax on you — and ask about their budgets and how they're spending that money.

Abby Mellott: Emily, you mentioned earlier some wins around child care. Can you elaborate on that and talk about how that's going to affect us?

Emily Williams Knight, Ed.D.: When it comes to child care in Texas, we've been coming at it as a social issue when we need to be treating it as an economic imperative for growth. So we assembled a coalition with the Texas Association of Business, Texas 2036, Early Matters,

and the TRA, and we spent 18 months studying the issue.

We looked at states like North Carolina, Georgia, Florida — even Arkansas, where Governor Sanders is doing a remarkable job — and we pulled together a policy agenda. We took seven clear asks to the legislature. Six of them made it to the governor's desk, and we're waiting on two more to be signed. I think the package that went to the governor represents a great first step for the state. I'm incredibly proud of the Legislature — and it was bipartisan — for being willing to look at these things and say, “OK, we're putting a stake in the ground.” As a side win, an additional \$100 million in funding will open up child care seats for another 10,000 kids across Texas.

Just like with water infrastructure, this is about shoring up a broken system, getting everyone on the same page, and laying a foundation for next session. We're incredibly excited to spend the interim continuing to grow this effort. You have Samsung, the largest semiconductor in the world, to small food truck operators signing onto this coalition. It's called E4C



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— The Employers for Childcare Task Force.

STACY SCHMITT: It was important for us, and we were a member of the coalition, because this matters to the companies we support in the region. We're bringing businesses to Texas, and those businesses need happy employees who can actually show up to work because they have accessible and affordable child care for their children.

We're not experts in child care, but it's important for employees, and companies ask about it when they are considering relocating. They want to know: Where are the child care centers? What does child care look like in this state? So getting more people on board, understanding the issue, and having the data and systems work together is important.

EMILY WILLIAMS KNIGHT, ED.D.: We know our third-grade reading rates are so poor in this state, and a big part of that is because kids aren't in early learning centers. You can see the downward decline, but it's been educating lawmakers on why this matters to business. And really, the call to action is clear: the business community has to stay engaged.

Abby Mellott: Stacy, sticking with you on incentives — you touched on it earlier:

we always need incentives to attract companies here, whether that's tax breaks, cash-for-jobs programs, or other tools. After this session, where do things stand on the incentive front?

STACY SCHMITT: Incentives remain essential; they're the tools in the toolbox that help companies relocate and be successful. This session, we were able to advocate for flexibility with these programs without adding extra regulatory compliance, so that those tools can be flexible to whatever the community needs. For example, Round Rock might want a 10- or 15-year tax abatement, while another community may need 20 years. So the program remains flexible without adding burdensome regulatory requirements.

We didn't make progression our target programs. For instance, the legislature didn't improve JETI, the Jobs, Energy, Technology and Innovation Act; but we did see wins like the R&D tax credit. Importantly, we had conversations we hadn't had before. Dr. Bonnen's House Bill 104 proposed using \$5 billion from the Economic Stabilization Fund, also known as Texas Rainy Day Fund to create an investment fund for Texas companies.

It passed the House but did not get through the Senate. Still, just raising awareness is important. We had members of our own delegation who had no idea that 33 other states already have similar programs and are successfully making money for their state while investing in companies.

I think of it as — would you rather put your money in a shoebox, not making anything on it? Or would you rather see it in a fund where it's actually doing something? With the Rainy Day Fund, we want the state to take some of that money to take a little risk and try to make some return, while at the same time, help support some of these innovative companies and technologies.

The SBIR small business grant program also did not move forward this session; however, we successfully elevated its visibility and will continue to advocate for it in future efforts.

Abby Mellott: Julia, a big issue for cities and homeowners has been Senate Bill 2038, which passed back in 2023, allowing builders with land in a city's ETJ — extraterritorial jurisdiction — to basically remove themselves from that city's regulatory control and de-annex. Where do Realtors stand on that issue?

And were there any changes to the annexation program this session?

JULIA PARENTEAU: We did support that legislation, though we weren't actively involved in it. Texas REALTORS has always been on the side of property owners when it comes to forcible annexation — which used to be a thing cities could do. That actually ended in 2019. Now that forced annexation is no longer allowed, I don't think the legislature has fully figured out what that means for extraterritorial jurisdictions and counties moving forward. So I think there's still an important conversation coming about how we manage governance, development rules, and planning in those areas.

At the end of the day, people want to be able to choose the kind of government they live under or work under depending on what the rules allow for. A lot of our members have clients who want to live outside municipal boundaries for all kinds of reasons. Maybe they want to keep horses, operate a small business on their property, shoot off fireworks — whatever it might be. That's a big part of why we supported ending forced annexation in the first place.

Abby Mellott: Insurance costs for businesses have skyrocketed. Is there

any relief on the horizon?

EMILY WILLIAMS KNIGHT, ED.D.:

There's not, unfortunately; and I'd say that was one of our biggest disappointments this session. You've got coastal issues, which are very different from what you're seeing in Fort Worth or the Panhandle. What's happening now is that, across the state, we're seeing property and casualty insurance rates going up by hundreds of percent in some cases.

And then you've got liquor liability, which has become a huge issue in Texas. Through the interim, we know we're going to have to work closely with the trial lawyers to come up with some sort of agreement that we can take back into next session. Because if you can't afford liquor liability coverage, or if only a couple of insurers are even offering it, then you might not be able to serve alcohol in your restaurant.

And then you look at liability reform. Right now in Texas, if someone is overserved at a restaurant and then causes harm, they have the right to sue the restaurant. So there are some basic reforms that really need to be put in place.

Abby Mellott: Did you see any bills coming to fruition that are not as favorable to Austin?

STACY SCHMITT: I will say, I think there were some bills that could have been pretty substantive against the city of Austin, and some of those required balancing the needs and concerns of other parts of this region. For example, one bill would've prevented TCEQ, the Texas Commission on Environmental Quality, from granting a permit to the city of Austin for an aquifer storage and recovery project in Bastrop or Lee County. That bill failed at the last minute, but it came very close to passing. Whether that's good or bad depends on your perspective. The good that resulted from the bill is there will be discussions among stakeholders about how to proceed on this issue. At Opportunity Austin we emphasize regional collaboration, so we are excited to see that happening here. I'll also say, Mayor Watson has done a lot of work at the Capitol. He's been having conversations, looking for common ground, and being proactive about compromises. And there were a couple of things around housing and affordability where I'd say there was maybe even a quiet nod to what the city of Austin is doing, like using vacant downtown property for art installations and doing some innovative things to allow for

“We've been coming at [child care] as a social issue when we need to be treating it as an economic imperative for growth.”

EMILY WILLIAMS KNIGHT, ED.D.

Texas Restaurant Association

more affordable housing.

Abby Mellott: Homeowners associations seem to be a regular topic at the Capitol. Anything to report on that front?

JULIA PARENTEAU: Over the last three sessions or so, we've seen renewed interest from the Legislature in how HOAs are run. One thing to note: homeowners associations don't have a governing body in Texas. There's no oversight board. And that's really at the root of a lot of questions we get — people asking, “How do I deal with a conflict with my HOA?” The short answer is: either you work it out, or you go to court. There's not really another option.

The Legislature has made some efforts to make that adjudication process a little easier. In 2021, they passed a bill saying many HOA disputes can now be handled in Justice of the Peace court instead of District Court — so, slightly easier access for homeowners. But still, most people don't want to sue. I mean, in a way, you're effectively suing yourself when you sue your HOA.

Homeowners associations are also governed across a bunch of different codes. So this year's legislation expanded SB 1588 provisions to also cover condo associations. Now, they'll have to provide the same transparency — at least on that resale certificate fee.

There were two other HOA bills of interest this session. One addressed fines for brown grass during a drought. We were seeing conflicts where a city would restrict watering, but the HOA would still fine residents for not keeping their grass green. This new law resolves that by saying that if there's a declared drought and city-issued watering restrictions, the city's rules prevail; HOAs can't penalize homeowners for complying. The second bill says HOAs can't prohibit homeowners from using common areas to host meetings of a political nature.

Abby Mellott: Infrastructure was a key

focus this session. Any highlights or lowlights to report?

STACY SCHMITT: I'll just add one thing that needs to stay on the radar, and that's East-West connectivity. We did make more progress this session. We got a bill through the House, which was encouraging, but it ultimately stalled in the Senate. So we'll have to continue to discuss the needs and work on solutions..

I understand that there's a lot of anxiety about toll roads and toll companies, but we have to work together. If a toll company is ready to come to the table — and work with local communities, the state, and TxDOT to find viable, non- toll solutions — we should be open to the conversation. We've got to find a way to improve infrastructure.

Abby Mellott: To wrap things up, were there any other legislative priorities that we didn't discuss that you think we should have?

EMILY WILLIAMS KNIGHT, ED.D.: I think we really need to take a hard look at what's happening with food and the broader goal of MAHA — Make America Healthy Again — particularly the role the federal government is playing in that and how it impacts the food system here in Texas. We're seeing sky-high prices for beef and chicken. That doesn't just affect the direct consumer, it also impacts restaurants.

I'll never forget: during the height of the tariff debate, I was in a meeting with an elected official, and we were going back and forth. He said, “Well, Emily, if any of your restaurants are buying products outside of Texas, they need to stop.” And I remember thinking, that's not how the world works. We're in a global supply chain. If you want everything made and sourced here, we have to make investments in education and workforce development at a much more significant level.

Everything is connected. If we can't get

insurance or employees, or if we don't have enough child care, then it doesn't matter how much water we have. No one's coming to eat. So that's what we're trying to elevate in our conversations: how interconnected all these issues really are.

STACY SCHMITT: If we want to bring businesses here, we need people to fill those jobs. There's been a shift in the type of work available and the skills required. I think the Legislature did a good job this session recognizing the importance of that full spectrum of workforce needs. They continued to iterate on outcomes-based funding, which is one of the reasons Austin Community College is now able to offer free tuition. That kind of commitment matters across the entire state.

We're also starting to make progress in creative industries. A film incentive package passed this session, which was a big win because Texas hasn't really been a player in that space. But there's a second piece that still needs work: training people to go into that industry. There was a bill tied to a program in Fort Worth, but it didn't pass. So while we have the incentive now, we still need the workforce.

JULIA PARENTEAU: I think it's important to acknowledge that each legislative session only has so much capacity. Lawmakers made some great strides this year, but there's still more to be done. We're still talking a lot about workforce development, and that includes everything from top-tier academic tracks to skilled trades. Right now, we're facing a shortage in construction trades. There was some good work that the legislature did on that, including the passage of SJR 59 [Prop. 1 in November], which invests in Texas State Technical College. That's an important step. We want our high school graduates — whether they pursue college or a skilled trade — to find jobs and success here.

And we want to keep drawing people from across the country and the world. Texas should be the place everyone wants to live and work. Of course, that kind of growth comes with challenges, and it's why we're never done talking about infrastructure. That conversation moves in cycles. This was a big year for water, which was great. But we haven't had a major transportation-focused session since around 2014. I think we're due.