Capitol News – Final Edition
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Health Care Bills of Interest

HB 1686, the bill directing the Department of Health to study the idea of creating a **health care entity registry,** was signed into law on April 22nd. It becomes effective on July 27, 2025.

HB 1392, the bill that creates the Medicaid Access Program to **increase certain Medicaid reimbursement rates**, has been delivered to Governor Ferguson for his signature into law.

HB 2081 is the revenue bill raising the business and occupation **(B&O) tax** for certain businesses. The B&O tax increases from 1.75% to 2.1% for the 'service and other activities' B&O tax rate for businesses with gross income of over $5 million. It also imposes a 0.5% surcharge on businesses with state income over $250 million. It has been delivered to Governor Ferguson for his signature into law.

General News

The Legislature adjourned Sine Die (Latin phrase meaning "without a day to reconvene") Sunday evening, closing out a tumultuous and emotionally charged session marked by significant political tension, major fiscal challenges, and the deaths of two legislators. From the opening days, the atmosphere was fraught with division. Deep ideological splits over how to address the state's financial crisis created an environment where lawmakers frequently clashed not only along party lines but also within their own caucuses.

The most pressing issue was the staggering $16 billion budget deficit. The reality of the shortfall quickly consumed legislative discussions, setting the tone for the months ahead. Proposed cuts sparked widespread protests and added to the strain inside the Capitol. In response, a range of revenue ideas were debated, from new taxes on capital gains to expanded sales tax bases and proposals for bond measures.

At the same time legislators were battling over the budget deficit, several policy issues were front-and-center this session. This included a bill to limit annual rent increases; one to provide up to six weeks of unemployment insurance for striking workers; a bill requiring a permit to purchase a gun; and legislation addressing rights of parents of public school students.

The session was further shaken by the death of former House Speaker Frank Chopp. A towering figure in state politics for decades, Chopp's passing was mourned across party lines, with tributes highlighting his enduring legacy on affordable housing and social justice issues. Adding to the heavy mood, Senator Bill Ramos passed away while in office a mere two weeks from Sine Die. And on Saturday, Senator Gildon's wife, Autumn, unexpectedly passed away.

The final $77.8 billion operating budget includes nearly $6 billion in cuts and close to $9 billion in new revenue over the four-year outlook — significantly less revenue than legislative Democrats had initially sought. The final budget doesn't tap the $2 billion in Budget Stabilization Account (aka Rainy Day Fund) and leaves $225 million in its cash reserves. The final budget also steers clear of furloughs for state employees, an option both Governor Ferguson and Senate Democrats had floated earlier in the session.

The final revenue package supporting the budget included an increase in business and occupation tax rates and an additional surcharge on businesses with more than $250 million in state taxable revenue. The Legislature also passed bills that established new revenue including a sales tax on tech services and a capital gains tax on investment gains over $1 million. A slimmed-down version of the wealth tax passed the Senate in the final hours of session but died in the House.

It remains unclear whether Governor Ferguson will support the budget in full or issue partial vetoes. His decision will be closely watched, as it could either cement cooperation with the legislative majority or trigger a new round of political negotiations in a special session.

Bills that have passed are now in the queue to be signed by the Governor if they have not been signed already. Bills that are delivered to the governor more than five days before the Legislature adjourns have five days to be acted on. Bills that are delivered fewer than five days before the Legislature adjourns have 20 days to be acted on by the governor. Both are counted as calendar days, not business days. Sundays are not counted, but Saturdays and state holidays are.

Since this is the first year of the biennium, any bills that did not pass remain alive for consideration in the 2026 session.