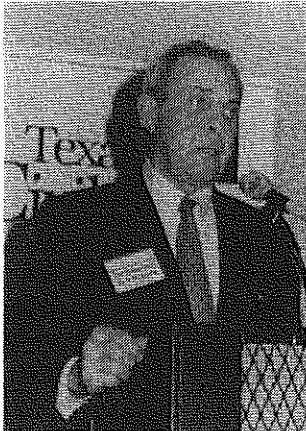




## Bullock Promises Action on Products Liability, Alfaro



Lieutenant Governor Bob Bullock has pledged to push forward with legislation on products liability and forum non conveniens (the Alfaro case) in the regular session of the legislature beginning in January.

Gov. Bullock, who has fostered compromise talks on the two issues with the Texas Trial Lawyers Association, told the annual meeting of the Texas Civil Justice League that he wants "to see these issues resolved in the regular session."

Bullock added: "When there is a problem in state government, I don't like to sit there and watch it fester. Products liability has festered long enough... (it) has disrupted the legislative process and cut up some good members. That's why I told TCJL last spring that I wanted it settled, and I told the trial lawyers the same thing. Both of you responded."

He pointed out that attempts have been made since the 1970's to pass a products liability bill. "I don't mind telling you that during the past year I have gotten more than a little rankled when I heard or read comments from certain quarters that we didn't solve these issues in my first session as lieutenant governor. I don't mind taking criticism for whatever I do, but I don't like being blamed for not doing in my first session what hadn't been done in 18 years under Bill Hobby, Bill Clayton, Gib Lewis, Dolph Briscoe, Bill Clements, Mark White, and Bill Clements again."

Bullock said he has his own agenda on products liability, including:

- protection for the innocent retailer and wholesaler;
- nothing to impede the development of vaccines, especially for HIV-AIDS;
- a definition of useful life which will benefit most manufacturers.

"Overall, what we are looking at are clear, fair, predictable standards," he said.

On Alfaro, Bullock has arranged negotiations between TCJL, Jobs for Texas, and TTLA. He said his aim is to be sure that "Texas be like other states in regard to forum non conveniens... I don't want Texas to be the courtroom of the world."

## Leadership Unveils "Fair Share" School Finance Plan

Gov. Bullock appealed to TCJL, as he has to other business groups, to help the legislature resolve the volatile public school finance problem which threatens to overshadow the regular session if it is not addressed successfully in the November special session. He stressed that it will be extremely difficult for the legislature to focus on issues like products liability and *Alfaro* if it is still facing the school finance crisis next spring.

Governor Richards, Gov. Bullock, and Speaker Lewis have taken the wraps off a school finance plan they hope will result in swift legislative action. Entitled the "Fair Share Plan," the proposed constitutional amendment and enabling legislation would end the *Edgewood v. Kirby* litigation by establishing a constitutional standard of equity and redistributing about \$400 million in local revenues from wealthy school districts to poor ones. The plan does not call for any additional state taxes.

"This leadership plan brings stability to our Texas school system—something that has been missing for a decade or more," Bullock said. "More importantly, it assures that our public schools will stay open in June and that they will be adequately funded."

Specifically, the constitutional amendment requires that 95 percent of both state and local revenue in the public education system must be equalized. To accomplish this, the amendment authorizes the legislature to redistribute local ad valorem taxes levied and collected by a school district ("recapture"). However, to protect the educational programs in wealthy districts from drastic cuts, the proposal would allow those districts to raise local taxes in excess of the statutory ceiling (currently \$1.50). Finally, the amend-

ment would redistribute the Available School Fund on an equalized basis (and rename it the "Good Schools Fund") and authorize the issuance of \$750 million in bonds to fund capital improvements for poor school districts.

The enabling legislation maintains the current "two-tier" finance structure. Each school district is guaranteed a basic amount of about \$2,850 per student at a tax rate of \$1.00. If a school district raises more than \$2,850 per student at that tax rate, the excess is recaptured and deposited in the Teacher Retirement System, freeing up the same amount of general revenue for distribution to poor districts. Districts choosing to tax above the \$1.00 rate are guaranteed \$15.60 per student all the way up to the \$1.50 maximum rate. Districts at or above the 95th percentile of wealth (\$31 per student per penny of tax effort) must share part of their local revenues at tax rates between \$1.01 and \$1.50, to be phased in through the 1998-99 school year. This also flows through the TRS.

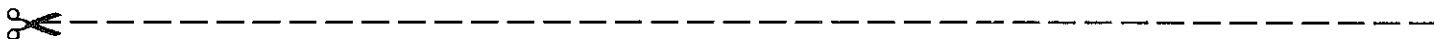
The recapture provisions affect 10.5 percent of the state's 1,054 school districts containing 6.1 percent of public school students. Districts would be required to spend at least 60 percent of their operational budgets on direct instruction, including teacher salaries and benefits. Administrative costs would be limited under rules promulgated by the Commissioner of Public Education. Finally, the plan would eliminate "proration" by setting limits on the amount of local tax increases for which the state will guarantee matching funds, bringing stability to the budget process.

(Continued on next page)

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The thorny issue of school finance is not in the purview of the Texas Civil Justice League. However, all Texans are confronted with the very real prospect that our public school system will become inoperative sometime next year—by court order—if the legislature fails to address the equity question. The “fair share” plan put forth by Gov. Richards, Lt. Gov. Bullock, and Speaker Lewis is opposed by the professional education lobby, partly because it provides no additional state money for the schools. It is true that local school taxes may go up, but these are decisions made by school boards and citizens.

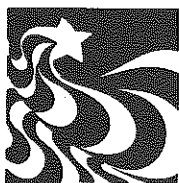
The bottom line is that the economic future of Texas is at risk if the courts and the legislature cannot come to terms with a constitutional system of school finance. Accordingly, we commend the state’s leadership for the hard work and compromise that went into the “Fair Share” plan and urge all of our members to be as supportive as possible in these difficult times.



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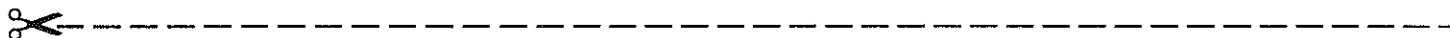


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