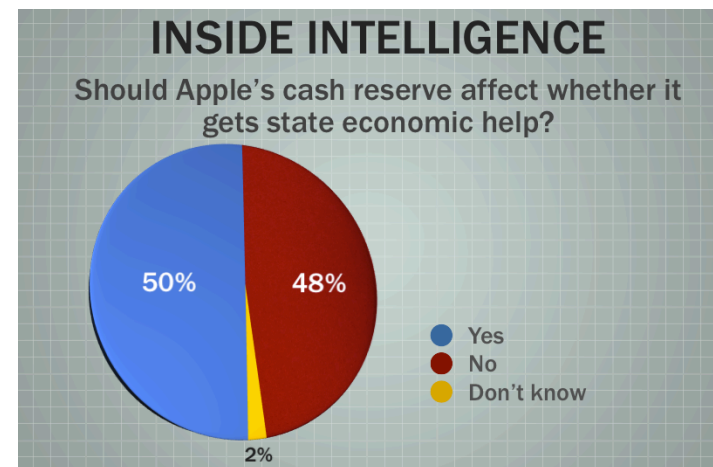
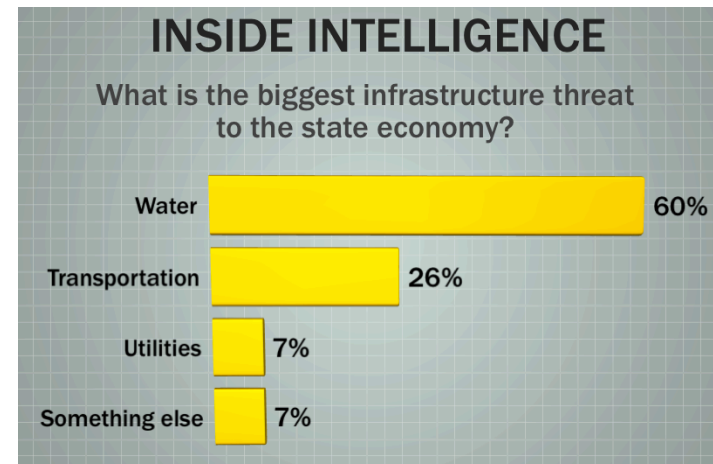


“INSIDE” INTELLIGENCE

*The Texas Weekly/Texas Tribune insider poll
for the week of March 26*

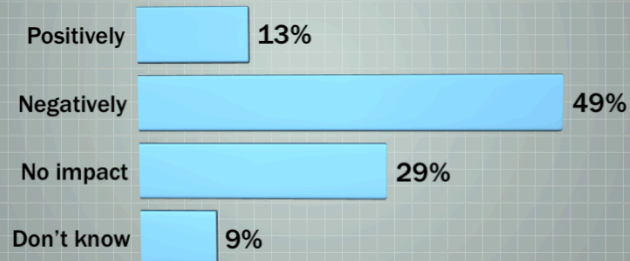
INSIDE INTELLIGENCE: The Texas Weekly/Texas Tribune insider poll for 26 March 2012



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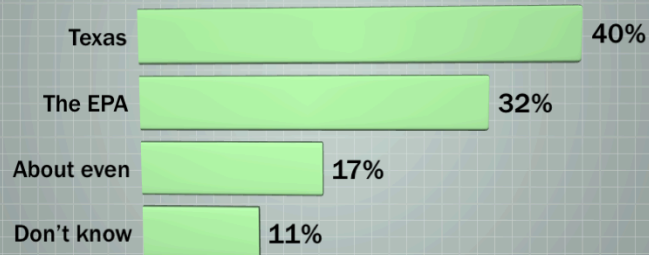
INSIDE INTELLIGENCE

How have EPA regulations affected the Texas economy?



INSIDE INTELLIGENCE

Who's correct in that argument?



INSIDE INTELLIGENCE: The Texas Weekly/Texas Tribune insider poll for 26 March 2012

Which part of the state's infrastructure — either because of its capacity or its condition — presents the greatest threat to the Texas economy?

- "You don't miss your water 'till your well runs dry..."
- "Water is the only item listed that you absolutely can't live without"
- "Education"
- "If we can't supply water, doesn't matter what other infrastructure we have."
- "It's our failure to invest in human capital that will eventually doom us."
- "Water is the biggest long term issue, but power supply comes in close behind. Power shortages will impact a greater part of the population sooner than water will."
- "Education"
- "Although I marked Transportation as the greatest threat, Water and Utilities are equally in need of attention and present a significant threat. Many would argue that the threat has been realized and we are now seeing the consequences. Without any of these three critical items working at optimal conditions, we are not realizing our full economic potential and output."
- "We are building toll roads to ease some of the transportation issues. But, water projects take 25 to 30 years to yield anything. We are way behind."
- "Not even close"
- "E. All of the above."
- "Long term, the state of education -- public ed and higher ed -- represents the greatest threat to the economy."
- "With the recent SC decision on ground water, crafty attorneys with the assistance of Tea Party property rights cult members could severely damage the economy."
- "Water and transportation."
- "Many areas of the state have planned well for future growth, i.e. the Metroplex, but others are lacking, such as the Colorado Basin and San Antonio. The expected growth and future economic development could be at risk because of this."
- "It is imperative that we find and develop new water sources for our major metropolitan areas! As evidenced by last years drought, the Lakes we are currently drawing on simply do not have enough capacity to last through a serious drought."
- "W/o water and delivery systems for it, we won't have to worry about providing infrastructure for future population growth; there won't be any population growth."
- "We have to upgrade our roads and add high capacity, efficient, mass transit to stay economically competitive."
- "It is not just one...it is all three. Capacity and condition are issue now and will continue to be in the future."
- "All of the above. The influx of new people and increasing demand on

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electricity, water, and roads doesn't bode well for the state unless we spend more to build them up. We're already at near capacity with electricity generation. Our roads are overcrowded. Our bridges are old. And water is a scarce, valuable resource. Texas needs more of each."

- "Pipelines"
- "If there are not any new electricity generation units built in Texas it will be difficult to maintain today's growth."
- "Transportation is the most immediate concern, while over the mid-range of the next few decades water will become increasingly critical."
- "Public education!"
- "Oil and gas and agriculture still drive the Texas economy and those industries, like humans, cannot survive without water."
- "Transportation is a close second to water but far more resources have been given to solving gridlock issues."
- "The state has to get serious about long-range water planning. Doubtful that will happen under current governor."
- "Transportation today -- water tomorrow."
- "I don't think there's a 'threat' to the TX economy caused by infrastructure. It is important to build enough lakes for future growth, but that depends on population growth. Current needs are met."

• "The Eagle Ford Shale has been a blessing and a headache for counties in South Texas. This shale has the capability of producing jobs for the next 20 years, however, by next year the roads that surround this economic engine will be deteriorated due to heavy truckloads. This will cause a logistical nightmare and hamper our economy."

- "If we have enough electric power, we can create any amount of water from brackish and sea water."
- "Always water"
- "Public education. With only 22% of eighth graders graduating in six years, nothing else is nearly as troubling. Nothing."
- "They are each an immense challenge. Electricity generation could be greatly hampered if the Obama Administration succeeds in shutting down fossil fuel generation. Water scarcity is a growing problem exacerbated by drought, and underestimate on the list of reasons companies locate somewhere else. But aging transportation is the greatest threat in a state with such a fast-growing population, and with so many employers working in a just-in-time economy requiring them to move people and products on time."
- "You can't drink oil"
- "Specifically, the electric grid.... we have localized monopolies instead of true deregulation...having munis and co-ops opt out defeats the purpose of dereg..."
- "Lack of leadership at LCRA and other river authorizes has created a

situation that now must be addressed on a seemingly emergency basis. The one significant example of forethought and leadership, the high plains groundwater conservation district's efforts to limit farmers pumping, may be killed by the supreme courts decision. Frankly, we're screwed."

- "By and large without utilities you don't have the others"
- "All three have reached a critical stage. Government is fiddling while Rome burns. God forbid a use fee or tax to secure a future for our children."

Should Apple's huge cash reserves be a factor in whether Texas gives financial aid to that company to encourage it to expand operations here?

- "Apple doesn't need the help, but they can call the tune."
- "The only consideration should be what the financial aid buys the state that it would not otherwise have in the absence of such aid."
- "It's all about ROI."
- "Why give cash incentives to a company that clearly doesn't need it?"
- "Texas needs to get out of the socialist mindset of choosing particular businesses and industries to fawn cash upon. Spend precious tax dollars on a limited number of public needs, such as schools and roads, instead of private interests."
- "Why is the State of Texas giving \$36 MM to a company that holds \$100 Billion in Cash? We have lost our minds."

Rest assured Texas government will borrow more money, lease highways, sell the lottery, or use some other gimmick rather than address a solution to the major issues. Total incompetence starting at the top."

- "We must figure out a way to fund the State Water Plan to keep up with population growth."
- "No water, no electrical generation. Without those, the crumbling highways won't matter much."
- "Cuts to Education"
- "Such reserves may indicate a healthy company that could be more desirable to attract than another without such reserves. However, cash reserves should be a factor in the conditions of incentives, such as the relative size of incentives versus investment of company the company's own assets or the structure of 'claw-back' provisions."
- "Also the fact that this office will be for consumer service for Latin America. So needing Spanish speakers. Like we have lots of in Texas. And they don't most other places."
- "Texas already offers a favorable climate for business - low tax rates and cost of living. At a time when cuts to core services like public education (vital to the state's future economic development) are deep, state government should not be subsidizing the private sector."

- "Government subsidies as economic development may be subject to much criticism, but if we're in for a penny, we have to be in for a pound. Financial condition of the prospective recipient matters not at all. Certainly we could assume that it won't matter to the city/state with whom we are in competition. Deal-breaking eligibility may exist; this is not one of them."

- "It isn't about helping Apple, it is about getting those jobs located in Texas."

- "Of course! Its the Tea Party way of thinking!!!"

- "If it helps to get them here, it doesn't matter as Apple may be around for a while."

- "To compete for these types of high quality jobs, sometimes it requires incentives because we are competing with other areas of the country who are offering such incentives."

- "The State of Texas does not need to give ANY financial help to Apple - we give a number of tax breaks, etc. without handing over cash which could go to the small and medium sized businesses which truly hire and retain people in our communities."

- "The calculus should be jobs provided and guaranteed and the state's cost for those jobs."

- "I didn't realize the state was ponying up cash. I thought it was the People's Republic of Austin/Travis County that was doling out the corporate welfare."

- "Texas shouldn't be paying people to invest in the state, period. That

said, some incentives are different, like a commitment by state/local government to invest in infrastructure, etc."

- "Incentives are the name of the game nation-wide. Companies will create jobs where they are incentivized to create them. It's competition between states at its best."

- "What they have is not the issue. What other states are willing to offer to attract the company is the issue and we need to be 'in the ball park'"

- "Landing the most innovative company in Austin will pay dividends far beyond the incentives being offered."

- "But they will come regardless of how much we give them."

- "It's all about job creation."

- "Companies the size of Apple don't make siting decisions based on handouts. They were coming to Austin anyway; but hey it is free \$."

- "Apple knows there is a market for its presence just like its products. They will find the best offer here or somewhere else, and the economic benefit is worth it for the community."

- "Both Perry slush funds -- Enterprise and Emerging Technologies -- should be shut down immediately. They are a disgrace."

- "We should give tax breaks to the riches corporation in the world that was coming here anyway"

- "Gosh, the company is very successful. Better not ask them to

expand operations here! Sounds like something a democrat would say!"

- "EVERY company should pay its own way. TX financial 'aid' is a an abuse of taxpayer funds."

- "Apple will do more for Texas' business friendly image than any other company that has benefited from our financial aid. We cannot buy that type of press. Plus, it'll be fun to read about how Texas has scoreboard over California."

- "Apple's choice of locale is going to be based on economics. If we try to weigh their wealth against them in our package, we'll lose the economics."

- "Probably. But if we don't give them incentives someone else will. Besides how do you think they got all that cash? By driving hard deals! That's how!"

- "Must be consistent."

- "Let them try Mississippi. No on second thought, Arkansas, No..."

Do you believe recent regulatory actions of the Environmental Protection Agency have negatively or positively affected the Texas energy business and the Texas economy?

- "The EPA has set to destroy Texas."

- "If the EPA is behind it, it ain't good."

- "It is never as bad as, or as good as first reported."

- "Incentives to create jobs are just that, not aid to prop a company up. If the jobs are real and new it's likely worth it. If they are trumped up and not, it's a waste."

- "Will the deal make Texans more prosperous? Which Texans? The decision ought to be about the benefit we get."

- "Yes is should, Apple should not receive any financial aid...ironic how companies that consider themselves part of the 'new' breed of enlightened more responsible businesses end up being just as 'greedy' as all the businesses they hold in contempt..."

- "Economic development incentives, if they're going to be applied, should be done so fairly and evenly."

- "Use all of the tools at hand and make the best deal possible that works for Texas."

- "Unfortunately, to compete with other states, you have to play the game. It's table stakes."

- "It means we should try harder to get them to expand here."

'protect' from the EPA are complying on their own, with little immediate cost impact and typically a net positive financial impact to the state. Only a few companies are affected negatively and this is typically due to other outstanding structural problems with those companies."

- "For all the bluster, the Texas energy business is doing just fine, making more money than ever."

- "The EPA should take stronger positions to safeguard the health of Texans (i.e. clean air and water) since TCEQ is unwilling to provide those safeguards. The Texas economy will be stronger if we have a healthy workforce."

- "It will force them to actually try a little bit to get cleaner and better. They're not going to do it out of altruism...they need a kick."

- "The EPA should treat Texas the same as every other state, but alas, politics rules this arena."

- "The EPA rulings have been utilized by companies and organizations as scapegoats for actions they WANTED to take, but were afraid to for fear of backlash. By using the EPA they have a 'built in' excuse."

- "The popular perception is that the EPA has hurt energy development; but the numbers in the Texas economic picture don't support that."

- "Seriously? That's like asking whether drinking a lot of beer makes other people appear more attractive. Some questions have an obvious answer."

- "It is clear the Obama administration is trying to destroy Texas. Partly because they hate the Governor and partly because they hate the free market. Texans seem to always find a way to overcome."

- "Companies are hesitant to move forward with plans that could be impacted by federal action."

- "Left to its own devices, Texas would run a voluntary environmental regulation regime, and, many of the worst polluters would not volunteer."

- "How is this even a serious question?"

- "How can more restrictions and regulations have a positive effect on a competitive energy market?"

- "Only a modest negative impact thus far."

- "The EPA needs to be reined in. It is tragic that the Supreme Court gave them the right to control greenhouse gases. I hope another case can overturn that bad decision."

- "It's part of the dream of powering the US economy on daydreams and rainbows."

- "Somehow, I don't see big energy collapsing because of additional regs, despite protestations to the contrary."

- "Until the state of Texas gets over this never-ending state's rights temper tantrum, the full positive effects of the EPA's actions will not be realized."

- "Little impact, but it makes a great talking point."

- "Bitch and Whine, why not?"

- "The amount of wasted state resources (man-hours and money) fighting the EPA will never be recovered."

- "How can it be good if government regulation stops the energy business

Who's right? Texas or the EPA?

- "I know that I'm a bit unusual in this respect, but I really enjoy breathing."

- "It's about more than quarterly profits. It's about what the world will be like in 2100."

- "We need to strike a careful balance between continuing economic development and protecting public health."

- "Another of those pesky trick questions?"

- "Have concerns as a human that the current Texas environmental oversight allows for the raping and pillaging of our citizens"

- "Sadly, TCEQ and Lege leadership have never provided environmental safeguards necessary to ensure clean air and water. Their abysmal record of refusing to provide these safeguards will hurt the economy in the long-run."

- "Should we care?"

- "If you take away the extreme rhetoric from us Texans, the actual facts favor Texas. However, I guess we find it more fun to talk about the 10th Amendment."

dead in its tracks and the process halts jobs and the much needed taxes into local and state coffers. Everyone is crying that we need more money for schools, and infrastructure blah blah blah. Well, there ya go!"

- "It's too early to tell."

- "Hard to pick a sentimental favorite."

- "Texas is normally right when fighting the feds. See e.g., the tidelands issue."

- "Who's right? Texas or the EPA? Come on guys, do you really need to ask this questions."

- "Wonder how many respondents will side with the EPA on this one.... likely break down by political affiliation"

- "The Obama EPA is being too aggressive in their administration of the laws, but most of the laws were passed under Bush I and ordered by Court action under Bush II, largely by Judges put on the Bench by Reagan and Bush I."

- "At least the EPA is concerned about future generations. Texas only cares about the generators."

- "Tx is right on this issue; however Industry has had its way with TCEQ for so long that the EPA finally saw an opportunity for payback."

- "The 10th Amendment should prevail. Furthermore, TX air is

cleaner, yet the EPA wants to impose job & economy-killing regulations."

- "At first blush I thought it was the EPA, but the more I learn of the details the harder it is to see any merit behind the new EPA cross state rule."

- "It is all about sovereignty according to Governor Rick. If Texas wants dirty air and polluted water, it is our right."

- "Can I put money on how many insiders will answer Texas?"

- "Gorbachev said it best, the ideologue of the American environmental movement, at its core, is just as anti-capitalistic as communism was at the height of the Cold War...the EPA represents that core instinct."

- "If you one cannot clearly see that the folks in Obama's gang and the leftists in the Democratic party are systematically trying to harm Texas (and the south eastern US states as a whole) maybe they need glasses. Hmmm, let's just take a look at Texas; NASA, BAE plant in Sealy, Salamanders in West Texas, off shore drilling ban, onerous EPA rules that will negatively impact fracking. And this comes at a time when many of the enviros are saying natural gas is a good carbon based product. Oh wait, Ms. Pelosi said it is a non-carbon product that is good for the environment. Oh I ramble...we will overcome the insanity down here in I'll o' Texas."

- "Neither. But Texas officials have irresponsibly escalated the conflict into a partisan battle that we all lose"

- "It is doubtful either one is right."

Glenn Smith, Todd Smith, Larry Soward, Dennis Speight, Bob Strauser, Colin Strother, Michael Quinn Sullivan, Sherry Sylvester, Jay Thompson, Russ Tidwell, Trent Townsend, Trey Trainor, Ware Wendell, Ken Whalen, Darren Whitehurst, Ellen Williams, Michael Wilt, Seth Winick, Lee Woods, Peck Young, Angelo Zottarelli.

Our thanks to this week's participants: Our thanks to this week's participants: Gene Acuna, Cathie Adams, Brandon Aghamalian, Clyde Alexander, Jay Arnold, Charles Bailey, Walt Baum, Don Baylor, Eric Bearse, Leland Beatty, Dave Beckwith, Amy Beneski, Andrew Biar, Allen Blakemore, Tom Blanton, Hugh Brady, Steve Bresnen, Chris Britton, Andy Brown, Jay Brown, Lydia Camarillo, Kerry Cammack, Marc Campos, Thure Cannon, Snapper Carr, Janis Carter, William Chapman, Elna Christopher, George Cofer, Rick Cofer, John Colyandro, Harold Cook, Randy Cubriel, Hector De Leon, Eva De Luna-Castro, June Deadrick, Tom Duffy, Jeff Eller, Jon Fisher, Terry Frakes, Wil Galloway, Dominic Giarratani, Bruce Gibson, Scott Gilmore, Eric Glenn, Daniel Gonzalez, Thomas Graham, John Greytok, Clint Hackney, Wayne Hamilton, Bill Hammond, Adam Haynes, Jim Henson, Ken Hodges, Billy Howe, Laura Huffman, Shanna Igo, Cal Jillson, Jason Johnson, Mark Jones, Tom Kleinworth, Sandy Kress, Pete Laney, Dick Lavine, James LeBas, Donald Lee, Luke Legate, Leslie Lemon, Richard Levy, Ruben Longoria, Homero Lucero, Matt Mackowiak, Phillip Martin, Parker McCollough, Scott McCown, Mike McKinney, Robert Miller, Bee Moorhead, Steve Murdock, Craig Murphy, Keir Murray, Pat Nugent, Nef Partida, Gardner Pate, Tom Phillips, Wayne Pierce, John Pitts, Kraege Polan, Jay Propes, Ted Melina Raab, Andrea Rado, Bill Ratliff, Tim Reeves, Luis Saenz, Mark Sanders, Andy Sansom, Jim Sartwelle, Stan Schlueter, Bruce Scott, Steve Scurlock, Bradford Shields, Patricia Shipton, Dee Simpson, Ed Small, Martha Smiley,