

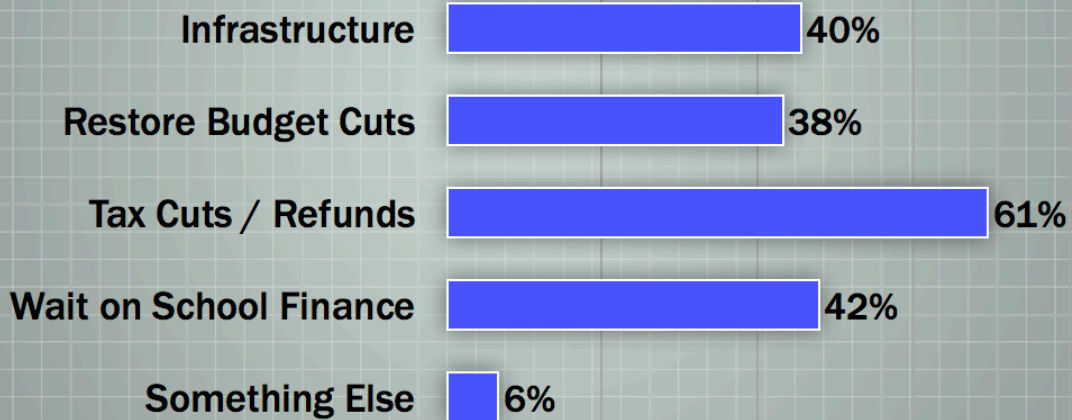
“INSIDE” INTELLIGENCE

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*The Texas Weekly/Texas Tribune insider poll
for the week of January 14*

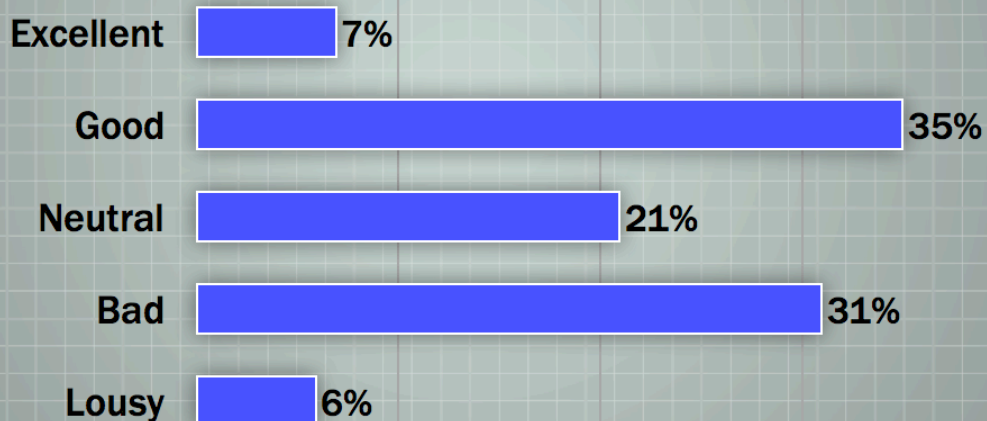
INSIDE INTELLIGENCE

With the comptroller's budget outlook, what will legislators do with the money?



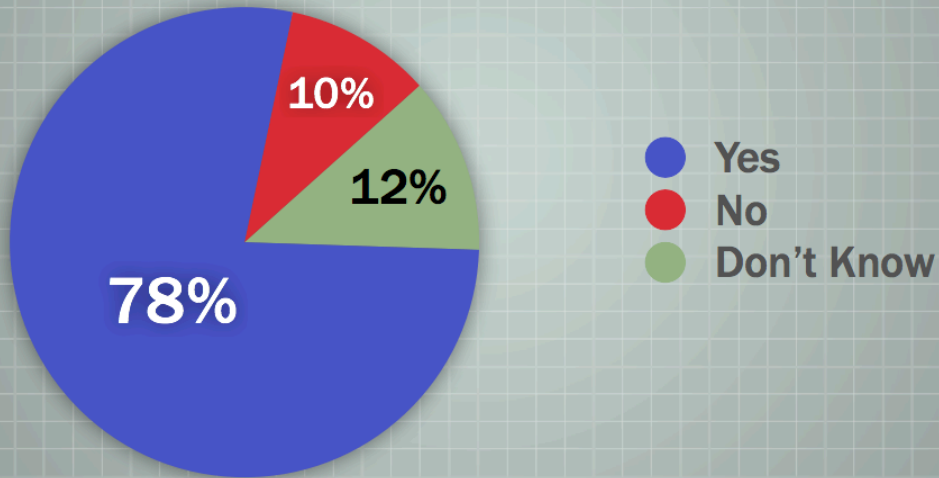
INSIDE INTELLIGENCE

Rate the chances for a change in business taxes



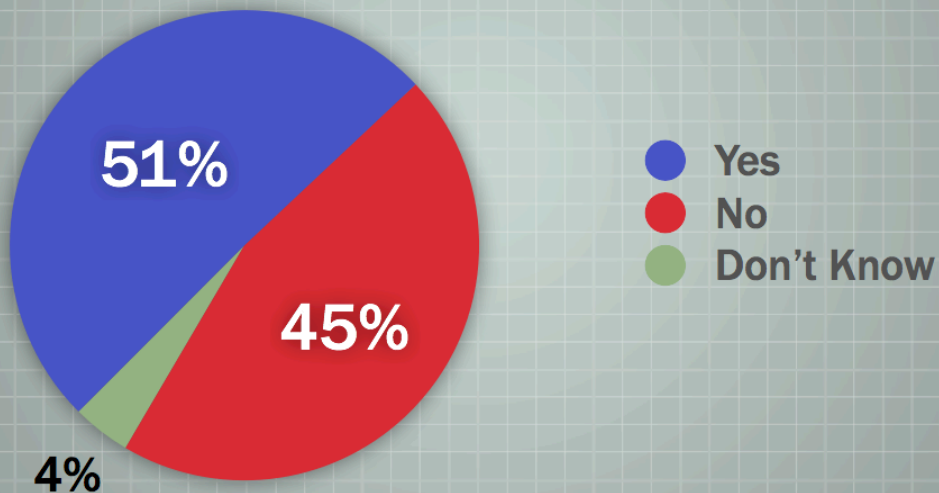
INSIDE INTELLIGENCE

Will lawmakers continue the governor's economic development funds?



INSIDE INTELLIGENCE

Will lawmakers curtail budget tricks this session?



With the rosy budget outlook from the comptroller, what will legislators do with the money? (Answer all that apply)

- "If refunds are constitutional, maybe they should start by refunding the extra tax on electric bills paid each month by consumers in deregulated areas. After all, they've been helping certify the budget for the entire state for almost a decade now."
- "More money for education no matter what."
- "Infrastructure funding is the only thing likely to happen. A distant second may be giving money back to the taxpayers."
- "Restore some cuts, namely education and Medicare, and hopefully be responsible adults and plan for our future: water, transpo, and infrastructure! Without those, we lose our economic advantage."
- "Tax cut: their time horizon is the next election, not the next generation"
- "It's not if we restore, but how. Follow the evidence not the lobby money. Pre-k not Pearson."
- "What else do we expect from this group of extremists? Long term health of the state be damned."
- "I can only HOPE that they'll cut spending."
- "A little of all"
- "All of the above."
- "Combination of water, highways, and tax cuts."
- "Depends on if the Governor is positioning to run for President again. If he is, he will be trying to set a very conservative stage even if it is at the expense of the state."
- "Changing the School Accountability System"
- "Restore cuts."
- "The mix of drought, population growth, water demand and a healthy rainy day fund will result in action. A 'Rainy Day Fund' is supposed to be for emergency use, and the drought is definitely worthy."
- "Restorations more likely to happen in higher ed than HHS"
- "Only right-wing activists matter, and they will influence vouchers, more anti-choice legislation."
- "Other than for grandstanding and posturing, the school finance lawsuit has no bearing on the current session."
- "If 'outside activists' mean folks other than legislators, then the business community, cities, and people of Texas could be considered outside activists."
- "Social issues will also be important to them, look for guns to also be an issue"
- "Read my lips, NO MORE TAXES! Such a sexy primary issue."

How would you rate the chances for revisions to the state's business margins tax during the regular session, given the rosy revenue predictions from the comptroller?

- "We are working on several tweaks to the margins tax. While complete exemptions have increased from 150,000 to 1 million for some businesses in Texas since 2006, other are paying up to 20 x more in taxes than prior to 2006."
- "Interest is increasing. The possibility of delivering a mortal blow to an unpopular business tax is stirring campaign stump speech writers into a froth"
- "The margins tax will continue to be tweaked but it will have nothing to do with the Comptroller's projections."
- "Let sleeping dogs lie."
- "The 'revision' will probably be making the \$1 million exemption permanent and removing some of the weird anomalies in the tax. Nothing big, like returning to a profits-based tax."
- "Any possible tax revisions considered will be minor, because the outcome of the pending school finance lawsuits will alter the tax landscape - so why cut off your nose to spit your face!"
- "It was a BAD idea from the beginning."
- "A few tweaks but nothing major."
- "This leadership has shown a propensity for not tackling big issues."
- "Good chance that the small business exemption will be increased, but complete overhaul or repeal is unlikely."
- "The tax was hurriedly written and passed. There are several needed fixes that have been put off due to the bad economy."
- "But only minor changes that address some of the most obvious inequities."
- "Maybe they will rearrange the furniture, but large changes seem unlikely."
- "The revenue projection isn't rosy."
- "There's enough money to placate the most vocal critics, but wholesale repeal or replacement doesn't look likely."
- "The tax has caused more problems than solved, scrap it in now in order to better design a replacement, if necessary; with court action likely via school finance lawsuits a better circumstance for such action may not likely occur."
- "Republicans will avoid any issue that can be messaged into a 'he/she raised taxes.' For Republicans, every vote taken this session is an opening for a primary challenge."

- "They won't change any taxes until they find out what they need for school finance"

With the coffers full, will lawmakers continue the governor's Emerging Technologies Fund and the Texas Enterprise Fund in the next budget?

- "Probably only the Texas Enterprise Fund as it has been a tremendous incentive for attracting business to our state distinguishing us from every other state in the nation."
- "We can only hope they won't."
- "MQS will win on this one."
- "Why wouldn't they? These are things that attract new business to provide our revenue stream."
- "The results speak for themselves - it's supported by the house and senate and acts like an earmark to the members in the district."
- "Not in their current forms. The frost is off the Perry pumpkin. I don't see him getting carte blanche anymore."
- "The Enterprise fund is here to stay. The Emerging Tech fund may be on life support."
- "Maybe, if legislators use the Rainy Day Fund for that, like they did in 2003 when creating the Enterprise Fund."
- "The ROI is proven. Let's keep the party going!"
- "Presumably at a reduced level."
- "Perry still has power."
- "Or at least they damn sure ought to stop the slush fund pit."
- "Tax cutting fanaticism aside, cronies must be rewarded."
- "The coffers aren't full, but they will continue the funds."
- "I hope NOT."
- "With an effort for added accountability and increased transparency...perhaps an attempt to limit projects eligible as well."
- "We need to stop corporate welfare it just doesn't work."
- "Perry will need to engage in more lobbying than in the past, but both funds should be safe."
- "Perry will claim those programs as keys to the state's job development."
- "Members smell blood in the water and a chance to cut spending somewhere is always fun for them."
- "But there will be a fight over it"
- "These quasi government agencies are starting to pose a danger to
- "Not without changes and lots of oversight"

Republicans. The primary base does not believe in them."

• "Sure, they'll continue them. But they shouldn't--what a waste of money."

Will legislators make major changes to their budget practices this session, curtailing fund diversions, delayed payments and similar practices?

• "Define 'major'.... if you mean sound bite good and not really significant... then yes"

• "Legislators will do what is necessary to address the budgetary needs of our state."

• "They'll make some changes but total reform is unlikely"

• "Good reform - eliminate diversions. More good campaign deliverables."

• "There will be some reform of fund diversions because the fee-payers are growing tired of paying into a system that doesn't pay them back. Other schemes like delayed payments will continue as means to certify the budget."

• "The game's been played like this for far longer than people care to admit; it didn't just happen last session. In essence, you can't teach an old dog, like the Lege, new tricks."

• "In theory, undoing the accounting tricks is good; in practice, it cuts the amount available to balance the budget. By a lot."

• "The genie is out of the bottle and can't be put back in one session!"

• "Gotta keep the accounting tricks in place just in case those rosy predictions turn out not so rosy the next budget cycle, as is often the case."

• "Cap spending at population and inflation."

• "And it is the only honest way to budget."

• "Depends what you mean by 'major'"

• "Too much pressure not to"

• "They will talk about it all session long, but fail to actually make the necessary changes."

• "Parks have been devastated because the license fee to which they are entitled and NEED for park improvements, infrastructure, etc. - will demand their monies be given to them. No more sweeping of funds."

• "A few"

• "Maybe"

• "The rhetoric around diversions etc. doesn't really match the reality of what needs to occur to spend or redirect those funds. When it comes down to replacing the funds with pure GR many of the 'diversions' will be renamed to

something else or swept so it can be business as usual."

- "No, fund diversions, delayed payments and other practices allows them to fool the sheeple. Since it's worked forever, there's no incentive to change things now."
- "I think they'll take some good first steps without doing anything drastic."
- "Only to a degree. Expect them to try and have it all by spending on new items while employing a few accounting tricks."
- "They will build back in the cushion for future re-use."
- "Probably undo some of 2011's smoke and mirrors, but not all."
- "Presumably they will take a step toward reducing fund diversions and reverse formerly delayed payments."
- "They should but that dynamic will most likely be pushed by Republican leaders who are not fearful of legislative leaders or the Governor. In fact, why does anybody really care at all about what the Governor thinks."
- "It depends on educating all of the new members."
- "Minimally...a nod in that direction"
- "They won't make 'major' changes, but they'll make important ones. I would guess they'll begin curtailing some diversions, and reverse some of the one-time accounting tricks."

- "'Smoke and mirrors' is an insulting term for an important, legitimate process. Any responsible private business, when under pressure, delays its payables and accelerates its receivables - and the State can and should (and does) do the same thing. It would be irresponsible in the extreme to prohibit those practices for future economic downturns. As for diversions and transparency? We'll see if members have the intestinal fortitude to tackle those, and if leadership is serious about making changes."

- "Can't afford it."

- "Some curtailment of the use of 'dedicated' revenues for funding of the general budget will have to happen, given the Speaker's comments."

- "Yes. If not now, when? If not this group, who?"

- "The Speaker's review of dedicated funds is laudable; however, those fund balances may be as high as they are because of legislative action, or in action, to not spend funds for those purposes."

- "Not just no hell no. You can't teach an old dog new tricks. Are you kidding me? Please."

- "It is too early to tell. There are deals/negotiations in progress, but most importantly the Guv and Lite Guv are making strategic decisions to impact the next election."

- "They will do some like diversions but not all"

- "They'll talk about it a lot. Does that count?"

Our thanks to this week's participants: Cathie Adams, Brandon Aghamalian, Jenny Aghamalian, Victor Alcorta, Clyde Alexander, George Allen, David Anthony, Jay Arnold, Charles Bailey, Tom Banning, Amy Beneski, Andrew Biar, Allen Blakemore, Tom Blanton, Chris Britton, Andy Brown, David Cabrales, Lydia Camarillo, Thure Cannon, Janis Carter, Elizabeth Christian, Elna Christopher, Rick Cofer, John Colyandro, Harold Cook, Beth Cubriel, Randy Cubriel, Denise Davis, Hector De Leon, Eva De Luna-Castro, June Deadrick, Nora Del Bosque, Tom Duffy, David Dunn, Jeff Eller, Jack Erskine, John Esparza, Rebecca Flores, Wil Galloway, Neftali Garcia, Norman Garza, Dominic Giarratani, Bruce Gibson, Stephanie Gibson, Kinnan Golemon, Daniel Gonzalez, Kathy Grant, John Greytok, Jack Gullahorn, Clint Hackney, Anthony Haley, Wayne Hamilton, Bill Hammond, Adam Haynes, John Heasley, Jim Henson, Ken Hodges, Billy Howe, Laura Huffman, Shanna Igo, Deborah Ingersoll, Cal Jillson, Jason Johnson, Bill Jones, Mark Jones, Robert Jones, Lisa Kaufman, Robert Kepple, Richard Khouri, Tom Kleinworth, Ramey Ko, Sandy Kress, Pete Laney, Dick Lavine, James LeBas, Donald Lee, Luke Legate, Leslie Lemon, Elizabeth Lippincott, Ruben Longoria, Homero Lucero, Vilma Luna, Matt Mackowiak, Luke Marchant, Dan McClung, Parker McCollough, Scott McCown, Mike McKinney, Robert Miller, Bee Moorhead, Craig Murphy, Keir Murray, Keats Norfleet, Pat Nugent, Nef Partida, Gardner Pate, Jerry Philips, Tom Phillips, Richard Pineda, Allen Place, Royce Poinsett, Kraege Polan, Gary Polland, Jay Propes, Ted Melina Raab, Bill Ratliff, Karen Reagan, Tim Reeves, Patrick Reinhart, Jason Sabo, Andy Sansom, Stan Schlueter, Bruce Scott, Robert Scott, Dan Shelley, Bradford Shields, Christopher Shields, Jason Skaggs, Ed Small, Martha Smiley, Todd Smith, Larry Soward, Dennis Speight, Bob Strauser, Colin Strother, Sherry Sylvester, Jay Thompson, Russ Tidwell, Trent Townsend, Trey Trainor, Ware Wendell, Ken Whalen, Darren Whitehurst, Seth Winick, Lee Woods, Peck Young, Angelo Zottarelli.