

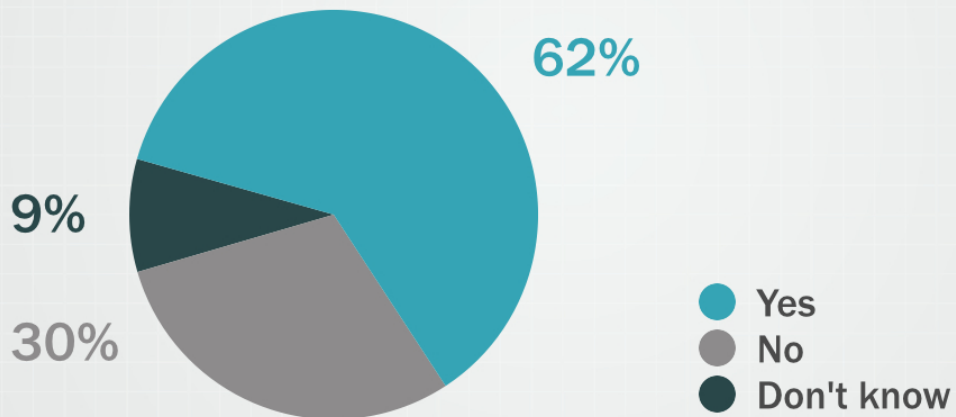
“INSIDE” INTELLIGENCE

The Texas Weekly/Texas Tribune insider poll

for the week of 3 October 2014

INSIDE INTELLIGENCE

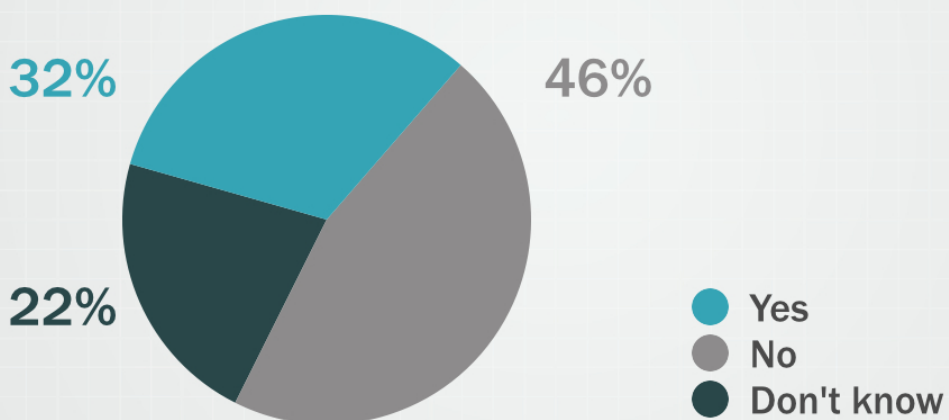
SHOULD THE STATE CONTINUE USING
ECONOMIC INCENTIVE FUNDS?



Inside Intelligence is an informal survey of political and government insiders in Texas and is not meant to measure public opinion.

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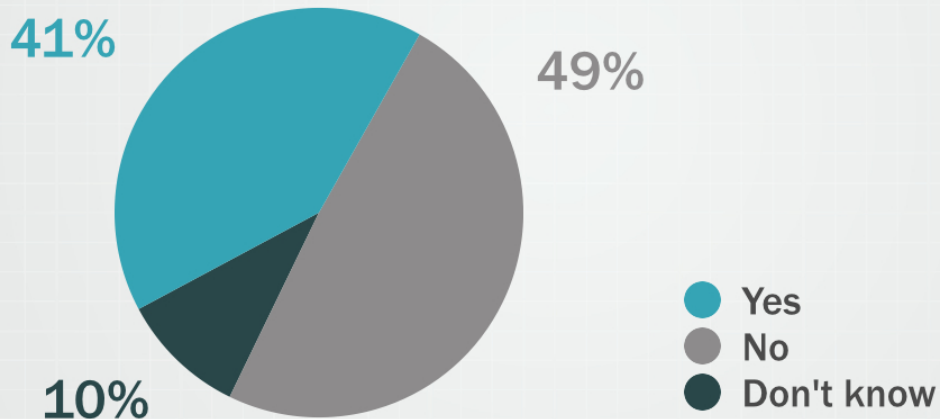
WILL THE AUDIT KILL TEF AND OTHER
ECONOMIC INCENTIVE FUNDS?



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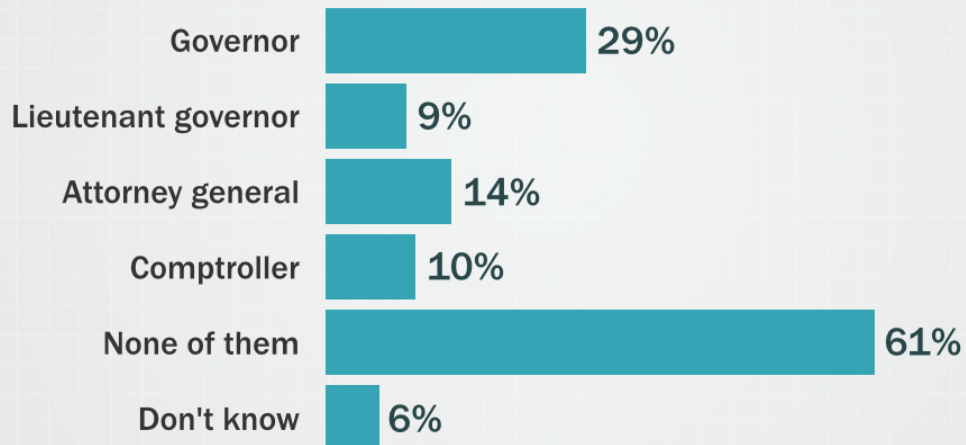
WILL THE AUDIT AFFECT PERRY'S POLITICAL FUTURE?



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WILL THE AUDIT AFFECT ANY OF THESE STATEWIDE RACES?



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Should the state continue to use incentive funds to promote economic development and to lure companies to locate or expand in Texas?

- "It works. End of story."
- "Bet the ranch that other states will continue to do so (see e.g., Tesla and Nevada). Texas HAS to continue to play the game if it wants to remain competitive in attracting new companies to the state."
- "Space X in the Rio Grande Valley is an example of how corporate welfare can work."
- "Waste of money. Look at Toyota; they got \$40 million or something, then said that's not why they moved. Hello wasted money."
- "But there should be an independent board that oversees the fund. No more cronies holding the checkbook."
- "Texas leads the nation in job development. Why change what appears to be working."
- "At this point, I don't think reasonable conclusions can be made as to the future usefulness of the fund until more is known about the past usefulness of the fund. Do you know the jobs created / funds invested ratio? I don't either. Because apparently the Gov's office didn't ask and companies didn't tell."
- "Only if there will be oversight, measurables, and accountability"
- "Our leaders say we have a good tax structure (arguable), good public schools (arguable), and good infrastructure (arguable) ... that should be all we need to attract businesses."
- "But with far more oversight, transparency and proof of performance"
- "Government enterprise or incentive funds are simply monies taken from 'the people' who earned it and who would otherwise allocate these funds efficiently via market processes and for the highest utility. The stated reason is for economic development. The real reason is so that politicians may reward their friends and pave the way for their post-government careers. Plain and simple."
- "The Legislature should be required to approve each application and they should probably be treated like a tax bills, starting with House Ways and Means Committee. Let's have some real transparency and not just talk about it. It should not be easy to get millions of taxpayer dollars without some sort of documentation."
- "The Enterprise fund should be continued, as there is no 'market substitute' for a deal-closing grant. Emerging Technology is not needed, as capitalism is very good at providing capital."
- "But it should be very limited and require written contracts. There may be instances where it is necessary to compete with other states. The primary incentive should be some type of tax abatements."
- "If Texas is even half as great as we say it is, companies will flock here without incentives. And, if it isn't as great as we say, then we need to

money to put into schools, roads, and water to make it great."

- "Like it or now, such funds are now part of the economic development strategy in almost all states. If you do away with the fund, you put the state at a business recruitment disadvantage."
- "The fund should be moved from the Office of the Governor and given greater oversight."
- "Needs MUCH greater transparency"
- "Governor Perry's administration of these economic development funds has made Texas look like a banana republic, minus the meticulous paperwork."
- "But on a more limited basis."
- "Caveat - the funds should be overseen by a bi-partisan committee who looks at the benefits and REAL job production and economic development the company would bring to Texas. Not the 'it is my friends 'concept' company and he needs seed money'. Too many of those happened (look at the guy in SA - great 'concept' but never produced ONE job!)."
- "Yes but should be run through special board or an agency like Comptroller's office with direct legislative oversight."
- "Yes, Texas offers little else, other than no income tax, in today's highly competitive and fast moving effort to attract new business and employers for the placement of new investment dollars into the State. Elimination of

the economic incentive funds is a sure way to be a loser in this battle."

- "If they are proven to be successful in maintaining the State's competitive advantage against other state's"
- "Every major state is offering incentives to lure companies and if you are not in the incentives game they site selection companies will pass up those states not offering incentives."
- "Cronyism."
- "Obviously, under much tighter controls."
- "If the Texas economy isn't attractive enough on its own, then we're doing something wrong."
- "We must do this primarily because other states do it. If we are to be competitive in the business recruitment arena, we must provide incentives."
- "The programs have been used as political slush funds. They are not needed in Texas's business-friendly climate. Failure to uncover malfeasance in the TEF amounts to a major indictment of the Texas news media. Reporters and editors knew for years the funds and their administration were highly suspect, but were completely ineffective in penetrating the Perry palace guard. Abbott's ruling denying access is merely an excuse...the malfeasance should have been rooted out through reporting. It never happened or came close to happening."
- "It looks too much like 'pay to play.' Yes. But the programs should be

monitored and evolved to focus on what incentives work best and to broaden measures of success beyond direct jobs created to include indirect jobs, capital investment and secondary economic impacts."

- "Texas geography gives us built-in advantages. However, for many large companies, incentives have become part of the price of admission."

- "This is a keeping up with the Joneses deal - don't do it and other

state's deals look better. That doesn't mean our system couldn't use some reform or that our deals must be dollar for dollar as high as other places. We should take into account our already impressive business climate."

- "Only in very rare cases."

- "I say film incentives only. We lose many film projects to other states."

Will the state auditor's findings about mismanagement of the Texas Enterprise Fund lead lawmakers to kill that program and others like it?

- "It will unwillingly force the legislature to enforce a set of minimum standards on the process."

- "Reform, tweak, modify, or revise--yes. Kill? No."

- "Greg Abbott will get some lawmaker to change the name of the Texas Enterprise Fund."

- "I said yes, but don't know that it'll be that definite. They'll at least closely examine it."

- "Don't throw the baby out with the bathwater. Better staffing of the fund is needed but it's a good program that should be retained."

- "Wishful thinking."

- "It remains to be seen whether professed conservatives really care about protecting taxpayers."

- "I don't know but I certainly hope so."

- "The Comptroller 'found' weaknesses from the first couple of years of the program that the Governor's office had already identified and cleaned up themselves."

- "I certainly hope so."

- "The report will be one of several forces that will combine to kill the program."

- "The Enterprise and Emerging Tech funds were in trouble anyway. Hopefully the skepticism will extend to Chapter 313 school property tax abatements, which cost the state multiples of what's wasted on the high-profile funds."

- "The problems were all corrected in the 2011 session."

- "Virtually every region of the state has had communities seek out the TEF to help lure some type of business to their area. Every legislator is now dependent on the fund as an eco devo tool. They will put some 'safeguards' on it during the session...but not kill it."

- "Elements of the Tea Party are sure to make a run at killing it! Many of the Tea Party faithful assume that companies want to be here because we're Texas."

- "There will be much fussing and consternating and then the funds will be restored, keeping the owners' box happy."

- "Quite possibly."

- "Some will certainly try, but if administered properly, TEF can be a great asset to the state."

- "Yes, if they can't find a way to increase legislative oversight, they will kill the program completely"

- "Refinements will need to be made"

- "It will not help but I am sure there will be more controls put on it."

- "It will not kill, but it will change the oversight."

- "Too many vested interests, but a Tea Party/Dem coalition could do it. That would be a shame as the state needs some tool to compete with other states or stimulate a new,

cutting edge business. Oversight with measurable policy objectives is the key.

#ThisIsWhyWeCantHaveNiceThings"

- "If not, why not?"

- "Hopefully."

- "This particular problem should be deleted and a new methodology developed. However, we should not throw the baby out with the bath water and need to continue to attract business to Texas."

- "Legislature will likely take its cue from Governor Abbott. He's now extremely vulnerable on this issue because of his AG rulings, and if he's smart, he'll kill or trim back both incentive programs."

- "They shouldn't. Most of the issues occurred earlier on and have been addressed. Auditing is good, but should be part of an ongoing evaluation and improvement."

- "Yes. There are always many that are willing to cut off their noses to spite their faces."

- "Greater oversight, yes. Kill, no."

- "Mend it, don't end it."

- "Some minimal program will survive with enormous 'reform' attached to it, but it will be much smaller than what we've had. Certainly Emerging Tech fund needs to die a slow and brutal death."

Will the state auditor's findings about TEF have any effect on Rick Perry's political future?

- "That ship has sailed. No one outside of Austin has any idea what TEF is or does."
- "This issue alone won't persuade folks one way or another. Couple it with other issues, however, and it *might* play a role in how voters view him."
- "No. Despite the wasted money, the fact is that Texas has a great economy, which grew significantly under Governor Perry's watch. Whether it was because of or despite him is for voters to decide."
- "There is no accountability in Texas."
- "What political future?"
- "GOP primary voters in a future Presidential contest will not look kindly at a candidate who clearly had no damns to give about peoples' tax money flying out the door at his whim. The greatest irony? Wendy Davis passed the bill that killed Rick Perry's big dream."
- "Either way, he'll never win another election."
- "Of course, it adds another facet to the legacy."
- "It should but this often gets lost after a few weeks."
- "As if his attachment to crony capitalism needed any further proof."
- "On the heels of the indictment, the bad national press will begin to have an accumulative effect, regardless of merit. He will appear too damaged for sufficient major donors to throw in behind him."
- "One more problem for him"
- "Further confirmation that Governor Perry's rein has been shockingly under-reported and under-investigated. There is blood in the water."
- "Will be another embarrassment in Presidential campaign"
- "What political future? He is a wackadoodle republican attempting to run for President again! As we saw before, he cannot handle being questioned, scrutinized or even interviewed by the media! And NO, the 'liberal' media is not out to get him - he just spent his entire political life being shielded from his own stupidity by the Texas media - the national media - not so kind!"
- "Add another nail to the political coffin."
- "He will not be President."
- "This will be Perry's personal EX-IM bank scandal and many conservatives hate the EX-IM bank."
- "His political future is over anyway"
- "One hopes."
- "Records matter."
- "Just another nail in the coffin. I wasn't convinced he had much of a

political future even without these new revelations."

- "The Auditor's report suggests an astounding lack of concern for taxpayer funds and an administrative inefficiency that is fairly breathtaking. Perry's Republican presidential primary opponents, should Perry run and he seems to be pointing toward it, will very reasonably use this against him."
- "He can take care of that without any help."
- "Perry's credential as a presidential nominee is his claim to have run, or

managed, a large enterprise. (Unlike Sens. Obama, Cruz, Rubio, Paul.) This is how he has managed -- corruptly."

- "He has already sunk his own political future and doesn't need any more help."
- "If I were running against him for the presidential nomination of the Republican Party it would."
- "Oops"
- "Because this undermines his signature achievement, it might dog him when other issues have not."

Will the state auditor's findings about TEF operations have any effect on any of these statewide races this year?

- "Early voting starts in two weeks. Voters already know who they are voting for. This issue does nothing for anyone."
- "Plain and simple; Abbott knew about these misgivings and he's hiding it."
- "None of the current candidates for these offices have had anything to do with the TEF. Why should they be held accountable for operations outside and beyond their control?"
- "It should affect all of them."
- "It will again give Wendy Davis something to talk about but no one will care."
- "Nobody cares."

- "The list should include all of those in the legislature who voted to create and fund these programs, and those who voted against bringing additional transparency. That said, only insiders and corporate types are going to care about this."
- "All these current office holders have been involved in these 'verbal applications' committing to millions of state dollars to profit making companies, hopefully the voters are taking note about the next set."
- "In the end, the report won't change the outcome of any election. It will just provide some bilious fodder for campaigns."
- "Finally, Wendy has an issue she can use to pound Abbott directly."

- "All of the above. Look for statements out of Lt. Gov race for and against the future use of these funds."
- "Every candidate will agree that more oversight needed and none will suffer from it."
- "It should but being a republican in Texas means that short of being caught with a sheep you will get elected."
- "Perry's purse."
- "No, though Abbott is implicated on the fringes of this."
- "These revelations might damage Abbott slightly, but not enough to affect his election."
- "Some candidates may be called to explain whether they support the programs are not by the anti-economic development crowd."
- "Republican sweep..."
- "I doubt it. We are pretty much sleeping through them anyway. Couple pledges on the stump, but that's about it."
- "If Davis was unable to get traction on CPRIT against Abbott, how can this TEF issue make any waves at all?"
- "Ugh the statewide elections are already over, nobody has told you?"

Our thanks to this week's participants: Gene Acuna, Cathie Adams, Brandon Aghamalian, Victor Alcorta, Brandon Alderete, Clyde Alexander, Jay Arnold, Charles Bailey, Dave Beckwith, Andrew Biar, Allen Blakemore, Tom Blanton, Chris Britton, Raif Calvert, Lydia Camarillo, Kerry Cammack, Thure Cannon, Snapper Carr, Janis Carter, William Chapman, Elna Christopher, Harold Cook, Beth Cubriel, Randy Cubriel, Curtis Culwell, Denise Davis, Eva De Luna-Castro, June Deadrick, Glenn Deshields, Holly DeShields, Tom Duffy, David Dunn, Richard Dyer, Jeff Eller, Jon Fisher, Wil Galloway, Norman Garza, Dominic Giarratani, Bruce Gibson, Stephanie Gibson, Eric Glenn, Kinnan Golemon, Daniel Gonzalez, Jim Grace, John Greytok, Wayne Hamilton, Bill Hammond, Susan Hays, John Heasley, Ken Hodges, Laura Huffman, Deborah Ingersoll, Cal Jillson, Mark Jones, Robert Jones, Walt Jordan, Richard Khouri, Tom Kleinworth, Sandy Kress, Nick Lampson, Pete Laney, Dick Lavine, James LeBas, Luke Legate, Leslie Lemon, Ruben Longoria, Vilma Luna, Matt Mackowiak, Luke Marchant, Jason McElvaney, Steve Minick, Mike Moses, Nelson Nease, Keats Norfleet, Pat Nugent, Todd Olsen, Nef Partida, Gardner Pate, Jerod Patterson, Robert Peeler, Tom Phillips, Wayne Pierce, Allen Place, Kraege Polan, Gary Polland, Ted Melina Raab, Karen Reagan, Patrick Reinhart, David Reynolds, Grant Ruckel, Tyler Ruud, Jason Sabo, Luis Saenz, Barbara Schlieff, Stan Schlueter, Robert Scott, Nancy Sims, Ed Small, Martha Smiley, Larry Soward, Dennis Speight, Tom Spilman, Jason Stanford, Bob Strauser, Colin Strother, Michael Quinn Sullivan, Sherry Sylvester, Jay Thompson, Trey Trainor, Corbin Van Arsdale, Ware Wendell, Darren Whitehurst, Seth Winick, Peck Young, Angelo Zottarelli.