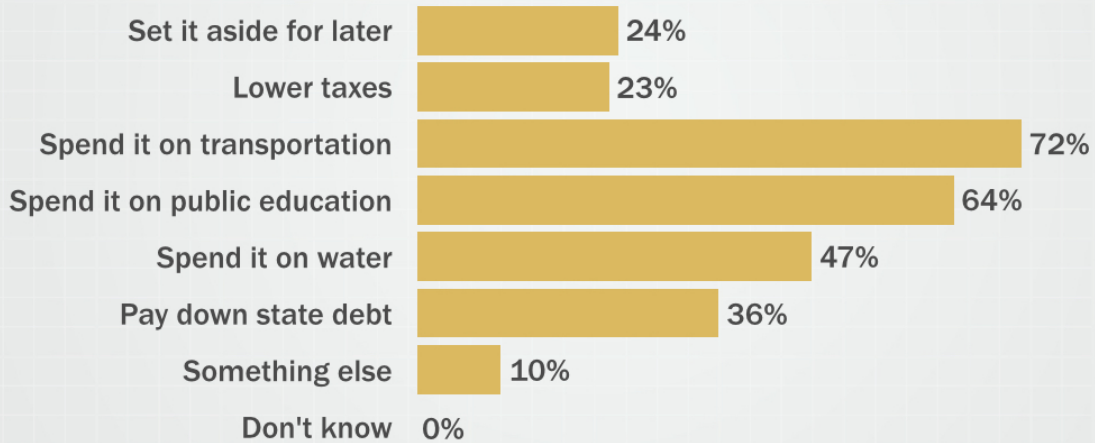


“INSIDE” INTELLIGENCE

*The Texas Weekly/Texas Tribune insider poll
for the week of 5 December 2014*

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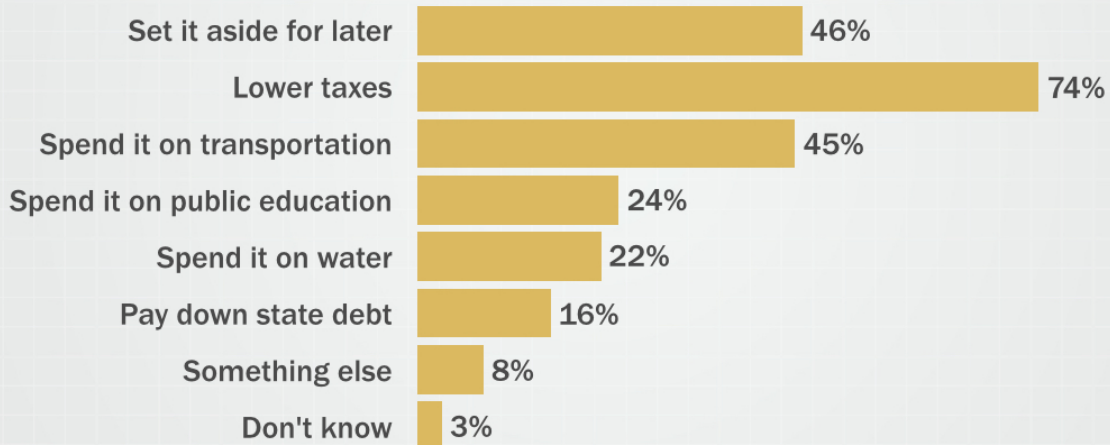
What *should* lawmakers do with the budget surplus?



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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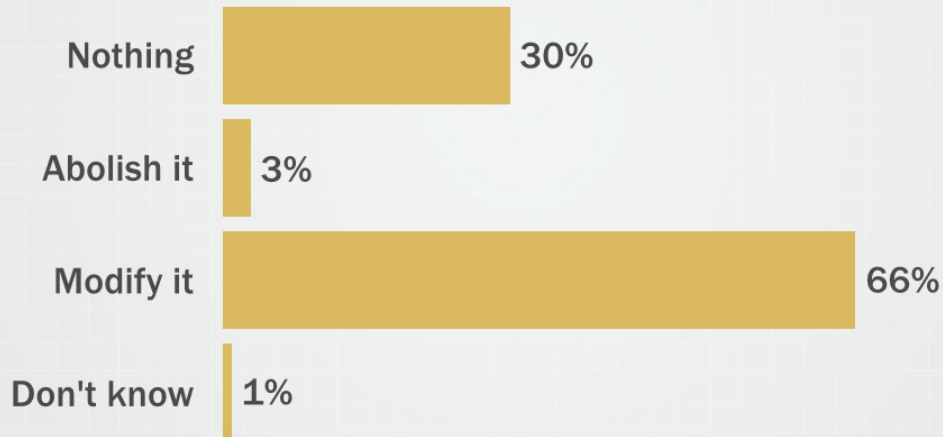
What *will* lawmakers do with the budget surplus?



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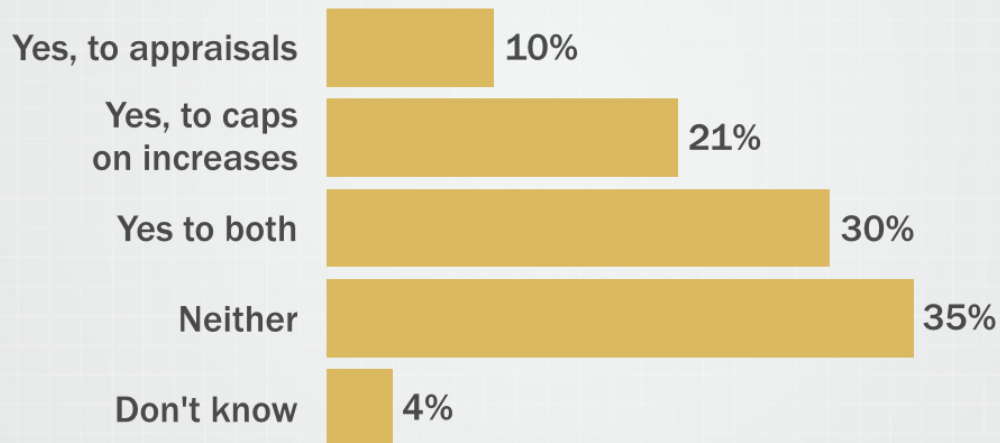
What will lawmakers do to the business margins tax?



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Do you expect property tax reform?



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What SHOULD lawmakers do in 2015 with the expected budget surplus?

- "You get the picture? It's already spent..."
- "Use it to provide health insurance!!"
- "Health care infrastructure--delivery efficiencies and public health"
- "Now it's public education's turn"
- "Don't admit it, but save some for the school lawsuit."
- "With price of oil depreciating, any surplus should be held back."
- "State employee retirement which has been underfunded for years"
- "When surplus is a result of high price of oil/severance tax, we should spend it on infrastructure. Then use new revenue from population growth to sustain."
- "Some attention ought to be paid to both higher education and public education this session."
- "They will go for headlines and not priorities, but they don't get it..."
- "All the above."
- "The concept of 'surplus' is really illusory and using it is not very helpful. Clearly the legislature will address transportation issues because they WANT to and education issues because they will HAVE to."
- "Outsiders make fun of us for driving trucks and SUVs, but a quick drive down any major city avenue will let you know why we need them...our infrastructure sucks. "
- "Given the position of education bureaucrats to denude accountability, there should be no increases for education at this time."
- "Pay the debt owed to ERS & TRS. Both have been underfunded by the state for years! There is no surplus if you have bills due. These particular bills are OVERDUE!"
- "To the extent that funds are available after adequately funding education, transportation and water needs, the Legislature should attempt to lower taxes."
- "Want to know how I know this list was not created by a right-thinking person? There's no option to return the surplus to the people."
- "They're gonna owe some money when the public education lawsuit I'd finally resolved. May as well save for it or Abbott will have to sign a tax bill"

What WILL lawmakers do in 2015 with the expected budget surplus?

- "No confidence in Senate to really address state priorities."
- "Pat each other on the back for kicking the proverbial can down the road"
- "They don't know yet, but first bucks out will be tax breaks. "
- "With oil prices dropping (and everybody knows the so-called 'Texas Miracle' had everything to do with oil and gas and nothing to do with the governor or legislature), the decline will provide an excuse for setting some aside and cutting taxes."
- "The question whether or not there will be tax cuts, it's how much and who benefits"
- "They might crash and burn on the budget and disagree."
- "Plummeting price of oil will scare off strategic surplus spending."
- "All the above, but only through a very painful tortured process. "
- "My Comments are directed at the senate. I know the House has more sense."
- "Lowering taxes is great direct-mail material and let's not forget that the campaigning will start in less than 11 months."
- "Be stupid and set it aside or lower taxes, rather than investing in what we NEED."
- "They will say they want to lower taxes, they will pose for press events saying they will focus the money on priority issues like transportation and more. BTW, when will we learn that more money is not the answer to education and figure out to how to get meddling judges out of the equation? Last I checked they were not there for so called social justice they are there to interpret the law. "
- "They'll spread it around a few areas, none of which will be meaningful."
- "They'll do tax breaks nobody will notice and pay down debt that costs almost nothing."

What do you think the Legislature will do with the business margins tax in 2015?

- "Unless lawmakers are able to come up with the funds to replace the margins tax, I doubt anything will be done."
- " Make it meaningless"
- "Maybe a few more special-interest breaks from the House version last

session, plus making the 0.95% rate permanent."

- "It's too big to repeal. Look for more HB 500-esque changes."
- "No new governor wants a tax fight, so will appoint a 2 year Tax Commission. "
- "If they can afford it and lower oil prices don't give them the yips they could abolish it, but they will probably only reduce the rates."
- "\$5M exemption"
- "It should be revised to produce the amount of revenue initially anticipated."

• "There will be a lot of talk about abolishing it but no agreed upon course of action. "

- "Yap yap yap talk talk talk and nothing in the end, maybe some window dressing"
- "Any change to taxes can be spun as a tax increase (for someone) so nothing will happen."
- "Too expensive to get rid of it, so they'll just keep excluding folks from paying it."

Do you expect major property tax reform this session?

- "Hopefully, the House agree with Kirk Watson and notes the hypocrisy of some new Senate members."
- "At least that seems to be the direction--over the cliff"
- "Hopefully something to get downtown office buildings on the rolls at closer to real market value. Plus increasing the school tax homestead exemption. And giving local governments the option of a flat-dollar-amount homestead exemption, instead of (or along with) a percentage exemption. It's been a hot issue in the Austin mayoral race. But bad things could happen too, like a lower appraisal cap or stricter rollback rules."

• "Appraisal caps may be irresistible, even if inadvisable. Common folks back home want that."

- "No new governor wants a war between seniors and corporations, so will appoint an interim study group."
- "Too complicated, too many moving parts and too many with a stake in the outcome. While the system is archaic to be sure, our process and institutions are simply not built to deal with it at a meaningful level."
- "It's Patrick's #1 issue (well, behind Border Security...and education) so I expect the Senate to do something. I think the House is also likely to do something, but the trick question is whether the House and Senate will

agree on what the property tax reform might look like."

• "Effective tax rate calculation and roll back elections will also come up."

Our thanks to this week's participants: Gene Acuna, Brandon Aghamalian, Victor Alcorta, Brandon Alderete, George Allen, Charles Bailey, Amy Beneski, Andrew Biar, Allen Blakemore, Tom Blanton, Chris Britton, Raif Calvert, Lydia Camarillo, Kerry Cammack, Thure Cannon, Snapper Carr, Janis Carter, William Chapman, Elna Christopher, Beth Cubriel, Randy Cubriel, Denise Davis, Hector De Leon, Eva De Luna-Castro, David Dunn, Jeff Eller, Jack Erskine, John Esparza, Jon Fisher, Wil Galloway, Dominic Giarratani, Bruce Gibson, Stephanie Gibson, Eric Glenn, Daniel Gonzalez, Jim Grace, John Greytok, Clint Hackney, Bill Hammond, John Heasley, Ken Hodges, Steve Holzheuser, Deborah Ingersoll, Cal Jillson, Mark Jones, Robert Jones, Walt Jordan, Lisa Kaufman, Robert Kepple, Richard Khouri, Tom Kleinworth, Sandy Kress, Dale Laine, Nick Lampson, Pete Laney, Dick Lavine, James LeBas, Luke Legate, Leslie Lemon, Myra Leo, Ruben Longoria, Vilma Luna, Matt Mackowiak, Mike McKinney, Steve Minick, Bee Moorhead, Mike Moses, Steve Murdock, Keir Murray, Nelson Nease, Keats Norfleet, Pat Nugent, Todd Olsen, Nef Partida, Gardner Pate, Jerod Patterson, Jerry Philips, Tom Phillips, Richard Pineda, Allen Place, Gary Polland, Jay Pritchard, Jay Propes, Ted Melina Raab, Karen Reagan, David Reynolds, Carl Richie, Kim Ross, Grant Ruckel, Tyler Ruud, Andy Sansom, Barbara Schlieff, Stan Schlueter, Bruce Scott, Robert Scott, Steve Scurlock, Nancy Sims, Jason Skaggs, Ed Small, Martha Smiley, Mark Smith, Dennis Speight, Bob Strauser, Colin Strother, Sherry Sylvester, Sara Tays, Gerard Torres, Trey Trainor, Vicki Truitt, Corbin Van Arsdale, Ware Wendell, Ken Whalen, David White, Darren Whitehurst, Woody Widrow, Seth Winick, Peck Young, Angelo Zottarelli.