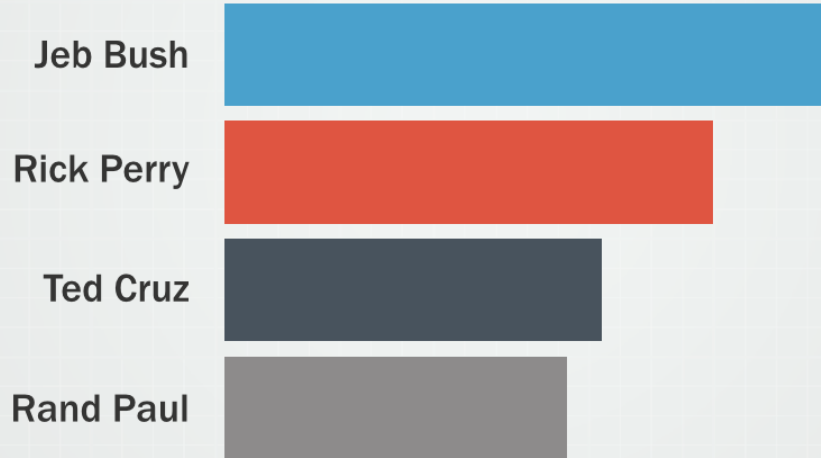


“INSIDE” INTELLIGENCE

*The Texas Weekly/Texas Tribune insider poll
for the week of 1 January 2015*

INSIDE INTELLIGENCE

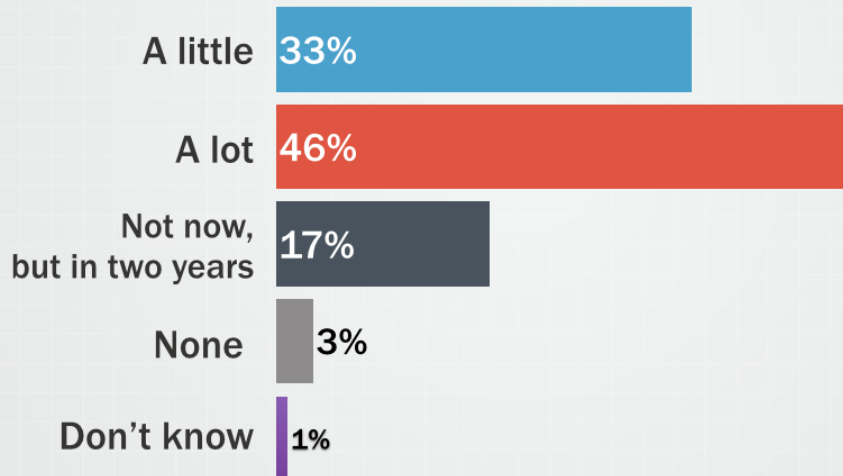
HOW WILL THESE CANDIDATES FINISH IN THE GOP PRESIDENTIAL PRIMARY?



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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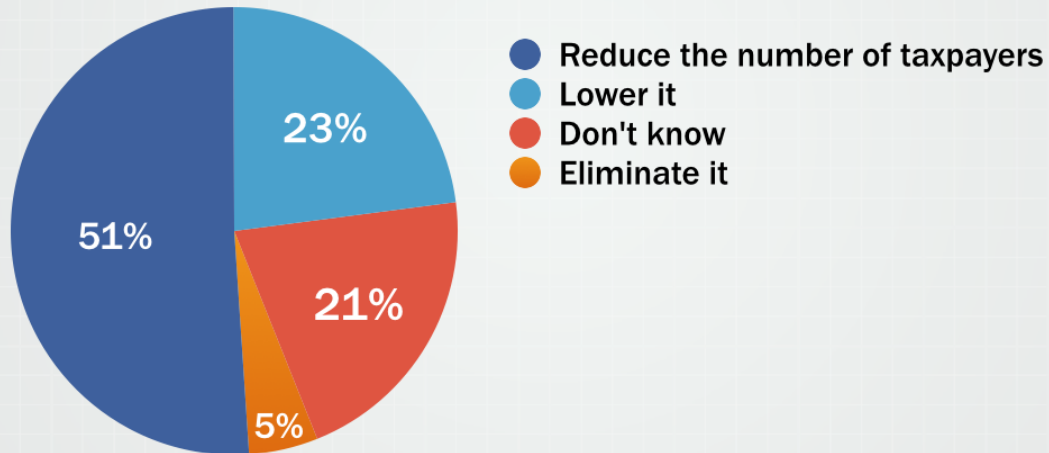
HOW WILL THE DROP IN OIL PRICES AFFECT THE BUDGET?



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WHAT WILL THE LEGISLATURE DO WITH
THE BUSINESS MARGINS TAX?



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Many of the state's elected officials are new. How will they differ from their predecessors?

- "The biggest changes will be the vendor revolution as Perry's cronies lose their sweetheart deals."
 - "The conservative lean will be evident in all of the positions, but the LtGov seat is going to change the most at the whims of our new LtGov."
 - "Policy wise, I wouldn't anticipate the incoming freshman will veer to far from their predecessors. Tone and temperament wise, it'll be like a blue norther just blew through."
 - "Abbott, same policies, different style. Patrick, nothing is sacred."
- Paxton, who knows? Hegar, big learning curve. Bush, a jumping off office. Miller, all hat. Sitton, ?"
- "In Governor's office, perhaps not much difference in policy positions, but far less cronyism. More thoughtful consideration driving policy decisions, as opposed to politics - at least I think and hope. Just the opposite in the AG's office."
 - "Paxton is slow starter."
 - "'Meet the new boss, same as the old boss.'"

- "Abbott will not ask his contributors or appointees to do business with family members, like what Perry did"

- "If he stays out of jail, Ken Paxton will continue the OH SO successful routine of getting up everyday filing lawsuits against the Federal Government - how GREAT. "

- "Expect more color."

- "No real changes except for the Ag commission, where total

incompetence and political gamesmanship will be the status quo for at least the next four years."

- "I bet this Comptroller can actually do 'Comptroller-y' things like, ya know, correctly estimate state revenues and stuff like that."

- "Very excited to see the innovated ideas George P. will bring to the Land Office."

Will the drop in oil prices have much effect on the state budget written this year?

- "Lawmakers need to be very careful about spending money on programs that won't be sustainable in two years."

- "Falling oil prices will provide a ready excuse for candidates-turned-lawmakers to get out of everything they promised, including tax-cuts. Besides, they'll also say they need to save money for the public education lawsuit. Transportation is the only winner because people are filling up their tanks and the Constitution protects their funding!"

- "The Texas Legislature never needs an excuse to do nothing, now they have it. "

- "Fiscal restraint was a BIG campaign promise across the board. It's now time to deliver on that promise."

- "Who knows, but it's pretty surely not 1986 again."

- "If they use their brains.... oil is now 'one time' money...don't spend it on recurring costs.... tax cuts, spending, etc."

- "A lot of effect on the TxDOT budget (because of the new way that money goes to the Economic Stabilization Fund)."

- "Anyone who thinks the budget won't be affected is crazy. The last two sessions saw great prices for oil. In fact, in Feb. 2011, it was at about \$110, and in 2013 it was at about \$105. Today it's at \$52. See the difference? "

- "Although the Texas is economy is diversified well beyond the oil and gas industry today, the O&G impact on state tax revenues is much greater than its impact on the overall State economy."

- "Impact will be greater in the next biennium one would think"

- "I griped (loudly) when gas was >\$4/gal, and now I'm not suppose to be pleased that gas is <\$2/gal? Jeez, is this conundrum a paradox or an allegory? Or just plain bullshit?"
- "The LBB looks brilliant in comparison to Moody's. "
- "The Legislature apparently wasn't going to add much to the current budget anyway."
- "Caution will abound."
- "Legislators will be extremely worried that it will go lower. "
- "It will be used as a tool by the Tea Party to hold needed investments back."
- "The sky is falling and we cannot be spending like those liberals...and we need tax cuts."
- "If half of your heart quits pumping, does it have an effect on your health?"
- "It should not, but we now how repubs LOVE to count their chickens and then BLAME Washington for the drop in prices and our budget woes! (Because the one thing we need to BOOST our oil prices is cheap, tar sands oil coming across the TransCanada pipeline - since we don't need to sell any of our oil overseas)"
- "Few people understand how bad this is going to be. As one observer put it, to those who point out the small percentage that oil constitutes of the state economy, I remind them that their heart constitutes only a small part of their body."
- "They're already using fairly conservative revenue estimates, which should help matters."
- "The 2013-14 budget was written with oil at \$80, the next budget will assume oil at slightly less."
- "The budget will be tight with or without revenue. The drop in oil prices will affect moves to reduce taxes."

Will lawmakers manage to change the business margins tax?

- "Reduce, then eliminate it in 2017."
- "It's cheap to buy off lots of small businesses with a bigger exemption, but TTARA won't like it."
- "Funny how 'small businesses' make lots of money these days."
- "I suspect that elimination is now off the table. More likely to increase the exemption if anything (see #3, supra)"
- "The Comptroller finally understands how to implement it; businesses now know how to hide assets from it. The Lege will reduce the # and corral the escapees. "
- "They will probably lower it with some long-term prospect for further relief, or at least studies of whether it can and should be repealed or replaced."
- "Bidness gets what bidness wants"

Our thanks to this week's participants: Gene Acuna, Cathie Adams, Brandon Aghamalian, Jennifer Ahrens, Brandon Alderete, Clyde Alexander, George Allen, Jay Arnold, Charles Bailey, Tom Banning, Andrew Biar, Allen Blakemore, Tom Blanton, Chris Britton, Blaine Bull, Raif Calvert, Lydia Camarillo, Snapper Carr, Corbin Casteel, William Chapman, Elna Christopher, Harold Cook, Kevin Cooper, Beth Cubriel, Randy Cubriel, Denise Davis, Eva De Luna-Castro, June Deadrick, Nora Del Bosque, Glenn Deshields, Tom Duffy, David Dunn, Richard Dyer, Jeff Eller, Neftali Garcia, Dominic Giarratani, Bruce Gibson, Stephanie Gibson, Eric Glenn, Kinnan Golemon, Daniel Gonzalez, Jim Grace, Clint Hackney, Wayne Hamilton, Bill Hammond, John Heasley, Ken Hodges, Laura Huffman, Kathy Hutto, Deborah Ingersoll, Bill Jones, Mark Jones, Walt Jordan, Lisa Kaufman, Robert Kepple, Richard Khouri, Tom Kleinworth, Sandy Kress, Nick Lampson, Pete Laney, Dick Lavine, James LeBas, Luke Legate, Leslie Lemon, Myra Leo, Ruben Longoria, Matt Mackowiak, Jason McElvaney, Steve Minick, Bee Moorhead, Nelson Nease, Keats Norfleet, Pat Nugent, Todd Olsen, Nef Partida, Jerod Patterson, Robert Peeler, Jerry Philips, Tom Phillips, Wayne Pierce, Richard Pineda, Allen Place, Gary Polland, Jay Pritchard, Karen Reagan, Tim Reeves, Patrick Reinhart, David Reynolds, Carl Richie, Tyler Ruud, Jason Sabo, Luis Saenz, Andy Sansom, Jim Sartwelle, Barbara Schlieff, Stan Schlueter, Bruce Scott, Robert Scott, Ben Sebree, Bradford Shields, Ed Small, Martha Smiley, Larry Soward, Leonard Spearman, Dennis Speight, Tom Spilman, Bob Strauser, Colin Strother, 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.