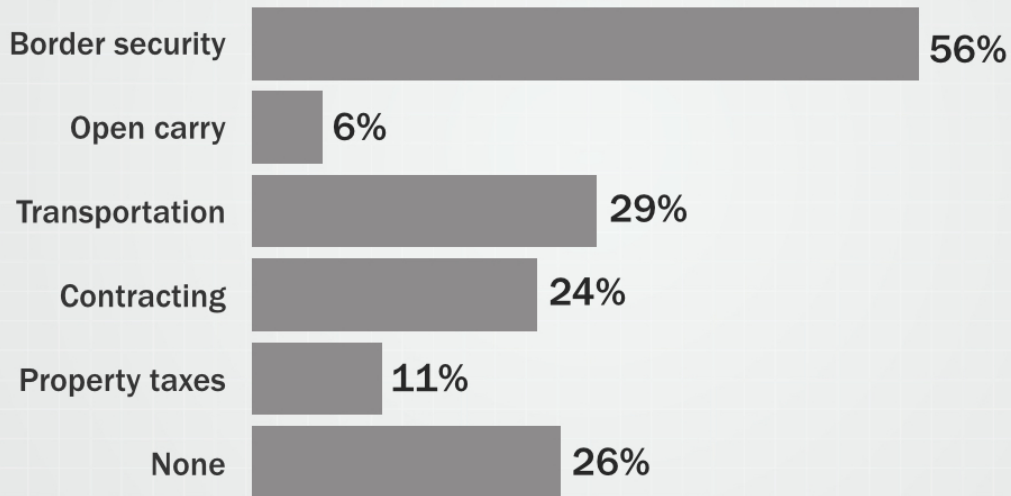


“INSIDE” INTELLIGENCE

*The Texas Weekly/Texas Tribune insider poll
for the week of 23 January 2015*

INSIDE INTELLIGENCE

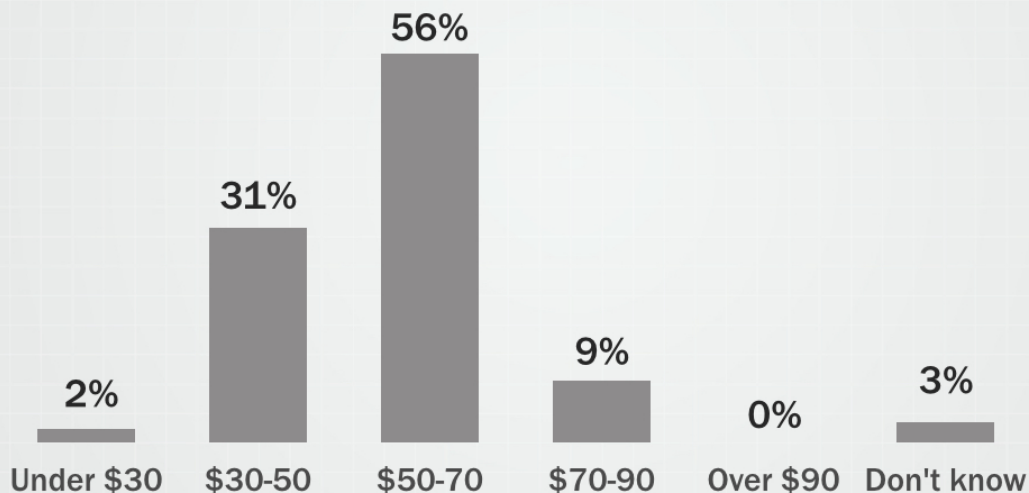
WHAT WILL BE ON ABBOTT'S EMERGENCY LIST?



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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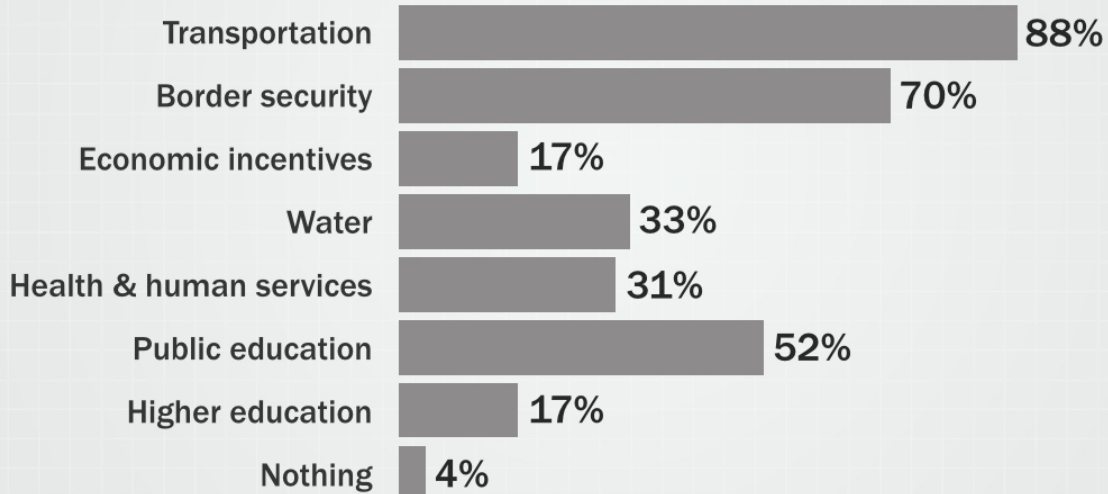
THE PRICE OF OIL ON SEPTEMBER 1?



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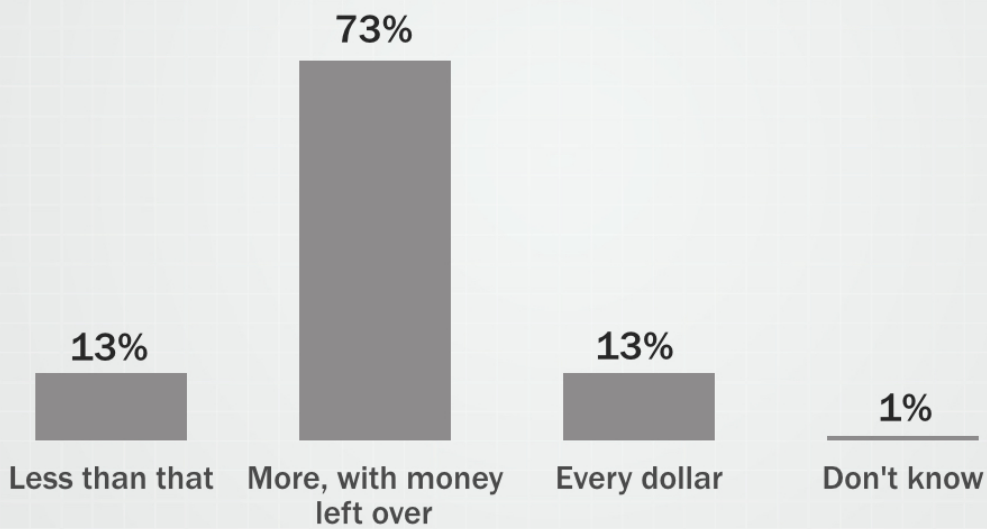
LAWMAKERS WILL EXCEED BASE BUDGET SPENDING ON...



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COMPARED TO THE BASE BUDGET LAWMAKERS WILL SPEND...



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Which topics are likely to make Gov. Greg Abbott's list of emergency items? (Choose all that apply)

- "They will be too busy unpacking boxes to be ready to declare emergency legislation."
- "The assumption is that he has to designate emergency items. I don't think he has to or will. But if he does, it'll likely be property taxes, border security, and public education. At least judging by his speech yesterday..."
- "And don't forget those liberty threatening plastic bags... that's definitely an emergency"
- "He will only declare an emergency if he is using it to fund something around the spending cap. "
- "I believe GA will be very conservative (safe) with his emergency issues. Transportation is the only issue which is relatively safe."
- "There were a number of bills passed in the 83rd addressing the state's procurement process via the House Committee on Government Efficiency & Reform and the Senate Committee on Government Organization, those bills might get a review, with urgency perhaps, but not under a declared emergency item."
- "After the news coverage of the HHSC and DPS contracting issues, that one seems to fit the bill. "
- "If Abbott declared border security an emergency item it will clearly put him in league with Patrick against Straus. "
- "No politician without a direct and immediate debt to the NRA should touch open carry in 2015. Even R primary voters are freaked out by gun-toting weirdos threatening legislators. "

Take a turn on the revenue estimator hot seat: What will be the price of a barrel of West Texas Intermediate on September 1?

- "I don't think anyone can accurately predict the future price of oil. What can be predicted is that companies will be trying to drastically reduce costs and increase assets. We are already seeing service company layoffs as drilling slows down to a lease maintenance level. Some companies will sell properties at prices lower than their acquisition costs to get cash and those with cash will improve their positions. All will tighten their belts further. The new driver in the market of the last decade was shale and that we weren't running out of oil. The new factors for the next decade will be expanded domestic manufacturing based upon lower oil and gas prices and whether or not the U.S. will allow exports except as refined or manufactured products. "

- "If I had any credible way of predicting the price of oil, would I be a lobbyist?"
- "The average price the past ten years is about \$83, but during those years--especially the early years--we didn't have today's volatile environment around the globe driving down the price. I would expect the price to come up slightly. One thing's certain: the recent heyday(s) of \$90-100+ are gone for the foreseeable future. "
- "It will take about a year for the slow down in drilling to affect the supply side. What remains to be seen is the world economy and the demand side. If the world economy improves and demand kicks up around the time that supply is going down, then we could see a rapid upswing in prices followed by more drilling."
- "Unfortunately my education and skill set has only prepared me to estimate the price of Brent Crude on August 22. "
- "President Obama is going to make history by approving US oil exports."
- "Don't put me in that hot seat."
- "It will be heading up or up by last a quarter of this year. The dictatorial thugs in South America need to sell their oil at a higher price to feed their "people". Unrest is not a good thing. Another question that needs to be asked is how long and how much pressure do we want to keep putting on Putin and Iran. That is a part of the equation many people are not addressing. "
- "I predict the price per barrel will be \$38.50"
- "The glut (overproduction) won't last more than 3-4 months...OPEC (not the Saudi's) cannot tolerate the prolonged effects of overproduction and the Russians need a higher barrel rate given the sanctions imposed via its own folly in the Ukraine. "
- "As a royalty owner I hope it's higher. "
- "Just north of \$50. "
- "I am cautiously optimistic that oil will get just above \$50/barrel."

The Texas House released a base budget which spends \$98.8 billion in GR, leaving billions of available dollars on the table. Budget writers will spend...

- "Doesn't the base budget always grow a little bit?"
- "The low price per barrel will sober up all the extraneous spending talk."
- "The House will pass a budget using every dollar and the Senate will strip it back."
- "They may, or may not, set aside some for school finance, but not in a very direct or public way. The amount may also depend on what spending decisions they punt to the voters (a la Water and Roads) to get out from under the spending limit."

- "I include tax reductions as spending."
- "Not only will the constitutional spending limit force the Lege to leave money on the table, but the Senate will insist on bragging rights about low spending and go even lower than the House."
- "Abbott already fundraising for TPPF. They aren't going to criticize. "
- "They'll spend more than the House base budget, but there will be 9 or 10 billion left for tax cuts or putting in the bank."
- "With a Lt. Governor who voted against the budget TWICE, the legislature will probably be unable to even spend up to the \$107 billion within the spending limit. It will be an interesting Session!"
- "Those who ran on cutting government will work hard to spend less but reality is they will not be able to have an impact."
- "Significant tax savings will be passed by the Texas Legislature"
- "The issue of tax cuts is real, it was not a campaign gimmick...the '...lots left over.' will go back to the taxpayers."
- "They won't spend it all. They'll underfund Medicaid and education per the usual, and look for some tax cuts. But with the school finance decision coming any year now, they'll be smart and keep some money in reserve. "
- "They will spend an amount equal to the increases in population and inflation. "
- "They'll stick to that number. "
- "Including tax 'relief'"
- "As long as they zero out UT System, all will be fine."

***Lawmakers will spend more than the base budget amounts on...
(Choose all that apply)***

- "Locals will demand more on Transportation although with a downward economy due to oil and gas prices, this may be delayed. I think they will have to spend more on public education to get vouchers but not too much more until after a court decision. I think they will spend more on higher education to get re-regulation. Re-regulation will become called by some other name because regulation is a negative Tea Party term."
- "They *have* to spend more on HHS; transportation, border security, and education are priorities of voters, so they'll get additional funding (not a whole lot more, but more than the baseline)."
- "Once these newly elected crazies hear from their actual constituents they will change their tune...maybe:)"
- "They will spend more on transportation but only after seeking

the safe harbor of a constitutional amendment dedicating motor vehicle sales tax. They will also, just because it has become a habit, intentionally under-budget Medicaid."

- "Also on prisons. If the additional money isn't in the budget by the end of the regular session, it'll have to be added by end of fiscal 2017 (supplemental)."
- "Things will go in only one direction this session - toward preventing being primaried."
- "They'll spend more on transportation because everyone wants it and the Speaker has promised an end to diversions. It

won't be enough, but it will be an accomplishment box they can check. They'll spend more on Health and Human Services, not because they want to, but because it just costs more and their ability to cut it is low."

- "They will continue on the road to ending diversions and pay down debt."
- "Child Protective Services will likely see a big bump."
- "Unfortunately Public Education won't be on this list."
- "Reducing the amount of dedicated funds needed to balance the budget"

Our thanks to this week's participants: Gene Acuna, Cathie Adams, Brandon Aghamalian, Brandon Alderete, Clyde Alexander, George Allen, Jay Arnold, Charles Bailey, Tom Banning, Amy Beneski, Andrew Biar, Allen Blakemore, Tom Blanton, Chris Britton, David Cabrales, Raif Calvert, Lydia Camarillo, Kerry Cammack, Janis Carter, William Chapman, Elna Christopher, Harold Cook, Kevin Cooper, Beth Cubriel, Randy Cubriel, Curtis Culwell, Eva De Luna-Castro, June Deadrick, Nora Del Bosque, Holly DeShields, Tom Duffy, David Dunn, Jack Erskine, John Esparza, Jon Fisher, Tom Forbes, Dominic Giarratani, Eric Glenn, Daniel Gonzalez, Thomas Graham, John Greytok, Clint Hackney, Bill Hammond, John Heasley, Ken Hodges, Kathy Hutto, Mark Jones, Walt Jordan, Robert Kepple, Richard Khouri, Tom Kleinworth, Ramey Ko, Sandy Kress, Dale Laine, Nick Lampson, Pete Laney, Dick Lavine, James LeBas, Luke Legate, Leslie Lemon, Ruben Longoria, Homero Lucero, Vilma Luna, Matt Mackowiak, Steve Minick, Bee Moorhead, Keir Murray, Nelson Nease, Keats Norfleet, Pat Nugent, Todd Olsen, Nef Partida, Gardner Pate, Robert Peeler, Jerry Philips, Tom Phillips, Wayne Pierce, Richard Pineda, Allen Place, Gary Polland, Jay Pritchard, Ted Melina Raab, Tim Reeves, Patrick Reinhart, David Reynolds, Carl Richie, Jeff Rotkoff, Jason Sabo, Andy Sansom, Jim Sartwelle, Barbara Schlieff, Stan Schlueter, Bruce Scott, Robert Scott, Steve Scurlock, Ben Seabee, Jason Skaggs, Ed Small, Larry Soward, Leonard Spearman, Dennis Speight, Jason Stanford, Bob Strauser, Colin Strother, Sherry Sylvester, Sara Tays, Jay Thompson, Trey Trainor, Vicki Truitt, Corbin Van Arsdale, Ware Wendell, Ken Whalen, Darren Whitehurst, Seth Winick, Angelo Zottarelli