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Dear Client:

If you thought Gov Rick Perry's aggressive, successful drive to bring jobs to Texas might taper off under new Gov Greg Abbott, think again. Abbott is keeping the pedal to the metal, charging full-speed-ahead to take advantage of the Texas Legislature's recent pro-business, tax-cutting actions. And, he is taking an in-your-face approach to other states.

One thing about it, Gov Abbott is not shy about taking on the governors of other states. When New Hampshire Gov **Maggie Hassan vetoed a bill that would have granted significant reductions in that state's business profits tax and business enterprise tax** – worth about \$1 billion in tax cuts – Abbott jumped right into that fray with a message to businesses in New Hampshire, to wit:

“Texas is wide open for New Hampshire businesses looking to escape the restrictive tax burdens solidified by Governor Hassan's unfortunate veto of the state budget. Fortunately for those businesses, the Lone Star State offers a chance to thrive in an economic environment free of over-regulation and over-taxation that limits their success.”

Then he ticked off Texas' numerous advantages -- **as exemplified by \$4 billion in tax cuts over two years recently passed by the Legislature** -- by suggesting New Hampshire businesses visit <https://TexasWideOpenForBusiness.com/>. Not subtle.

Connecticut also did not escape the governor's poaching. And in this case, he went after one of the US's business gorillas – General Electric (GE). While it may be a long shot, **he made a pitch to move GE's HQ to Texas by telling the corporate giant that Texas is a much better state for doing business than Connecticut** that is coincidentally raising both corporate and personal taxes.

Don't look for a let-up in Abbott's aggressiveness. He recently told a group of Texas economic developers **“I will go anywhere, anytime to continue keeping Texas Number One in the nation for attracting jobs and attracting businesses.”** So far, he is making good on that promise.

As befits the governor of a major state, **Abbott has a bully pulpit that opens a lot of doors (including media doors) for his message.** And, obviously, he is fully using that pulpit.

How solid is the financial footing on which the State of Texas stands? Consider that for nearly three decades the state has borrowed money for a short term, generally until its revenue catches up to payments it must make at the beginning of a fiscal year. Well, that ain't gonna happen this year. The needed money is under control of the state to cover those payments, though it will take some shuffling of funds from account to account.

In a nutshell, the state provides nearly 50% of its payments to local school districts in the first three months of the fiscal year that begins in September. In the past, the state went into the financial markets to borrow the money – paying interest, of course – until the state's revenue made up those payments. State Comptroller **Glenn Hegar** will not follow that practice.

To pay the school districts, Hegar **will borrow money internally from other state operations and repay those state funds by May 2016, with interest.** (That date coincides with receipt of the 2016 franchise tax revenues.) “The state's available large cash balances represent tremendous assets for Texas,” Hegar said. **“The responsible thing to do is to make sure that money is working for taxpayers and not send interest payments out of state when we don't have to.”**

By the way, \$5.4 billion was borrowed externally last year. Hegar said it will be fully repaid at the end of the current fiscal year on August 31, 2015.

The Texas governor is early in the first year of a four-year term. Is it too soon to ask about his future political plans? Well, probably. But whatever his plans, he is building a huge political war chest to fund whatever plans he may have.

Following the pattern he established as Texas Attorney General, Gov **Greg Abbott** is fund-raising like there is no tomorrow. In fact, **from June 22nd to June 30th 2015 – just 9 days – the governor raised \$8.25 million from more than 2,000 donations.** Impressive as that is with re-election not a consideration until 2018, **Abbott's current fund-raising brought his total to \$17.7 million cash on hand.**

Of course these funds will not be limited to spending on direct election activities. He can tap into this large piggy bank for a variety of expenditures not covered by the state. For instance, **if he travels on non-state business, he can pay for that travel and for special security should he need that.** He can buy gifts for key supporters. **And he can pay for events that may not be related to his official duties as governor.**

But, importantly, **it can be used to pay for staff and fund activities (such as issue surveys, favorability rankings, etc.) that will focus on his political reputation.** And if Abbott decides to run for something other than re-election, these expenditures will help pave the way.

This comment may be a stretch, but we'll explain: you can add Austin City Councilman Don Zimmerman to the list of pot-stirring politicians like Republican Donald Trump and Democrat Bernie Sanders. The difference in Zimmerman's favor is that he has already been elected, so his actions have more effect than just campaign rhetoric.

Trump and Sanders, each in his own way, are making waves in the fledgling presidential campaign. Who knows what the ultimate effect will be. But, locally, **Zimmerman "is having an effect" on the governing process with the new 10-member Austin City Council.** He hasn't always been successful. But he continues to stir the city policy pot. Want examples?

By tradition, each councilmember gets his/her turn at appointing citizens to various boards and commissions, usually with no pushback. **But a recent Zimmerman appointee was deemed so controversial by most of the Council, the appointee was not confirmed.** Zimmerman reared up and questioned other councilmember's appointments, making noise but not necessarily succeeding. (Do we need to point out Zimmerman is probably the most conservative on a liberal-majority Council?)

Each councilmember now represents a certain district in the city. So, **when a \$140 million budget was allocated for mobility and transportation projects, Zimmerman ran the numbers and pointed out his district got short shrift** – only 0.6% of the total, while other councilmembers district's totals ranged from 2.8% on the low side to 29.8% on the high side. (Click on the "Archives" button at the top to go to our 5/29/15 edition for the details.)

He's now focusing on what many city watchers feel is a big-time boondoggle. He is using his district budget to investigate a previous Council's commitment to spend **\$2.3 billion for energy from a Biomass plant in East Texas "even though it is expected to produce very little – if indeed any – power."**

"This boondoggle was sold to Austin ratepayers under dubious benefits such as reducing carbon emissions," he said. **"The cost, which was and still is exorbitant and unaffordable, was never underscored."** In fact, he points out **"the City of Austin contract is still shielded under confidentiality."** So he is bringing energy contract experts onto his staff to analyze the contract and compare it to a sister-facility contract in Florida that has been released to the public.

Zimmerman claims **"the main justification for building the plant was to hit the artificially set goal of generating 30% of Austin Energy's electricity through renewables by 2020."** In fact, when the Council signed the agreement to facilitate the construction of the Biomass plant, Zimmerman says Austin Energy GM **Roger Duncan** was recommending adding another 100 megawatt Biomass Plant in 2016.

Not gonna happen – since the current plant is rarely used. **And the City continues paying \$50 million a year under the Biomass contract,** while raising rates on Austin Energy customers.

It was a big deal that you may have missed because it occurred over the Independence Day holiday weekend. It should bring economic benefit to San Antonio specifically and to Austin on an ancillary basis. We're talking about the designation of The Alamo and four other missions as World Heritage sites – the first time Texas sites have been so designated.

This puts those Texas missions right up there with other US sites such as the **Statue of Liberty, the Grand Canyon, Yellowstone, Mesa Verde, etc. in importance to world history.** And it should result in an increase in tourism traffic. The Alamo is already high on the list of tourist attractions in Texas, but this broadens its appeal worldwide.

The attractions are officially known as the San Antonio Missions National Historical Park. Now they add the World Heritage site designation. **Many future visitors to the site, especially those drawn by this new recognition and the publicity it will generate, are likely to include a stopover in Austin as well.**

It's long been known that visitors travelling IH35 – that originates at the Canadian border – make several stops along the way. This should benefit Austin.

To understand the significance of this first-ever designation in Texas, consider this: at the same time The Alamo and other missions were added to the list this past week, so were the **ancient Greek and Roman settlements at Ephesus in Turkey, once the site of the Temple of Artemis – one of the Seven Wonders of the World.** A big deal for Texas, indeed.

A new item about the end of the years-long drought in Texas: The US Drought Monitor this week declared one remaining “smidge of drought” in the Texas High Plains should be gone by the end of the month. At the same time, the Drought Monitor issued its good news for the end of the drought in Texas, it pointed out the drought will persist or intensify in the hard-hit states of California, Oregon, Washington, Nevada and large portions of Arizona, Utah and Idaho.

Dr. Louis Overholster says California is so dry, the gyms replaced Zumba with rain dancing!

Sincerely,



Editor/Publisher