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Dear Client:

**Even as oil and gas production enjoys another resurgence in Texas, the state has issued a positive report on *solar power*'s momentum as a separate energy source. "The long-term prospects seem as bright as the Texas sun," said Glenn Hegar, Texas Comptroller of Public Accounts. And, the cities of Austin and Georgetown were cited as examples of early adopters of the technology.**

Ten years ago, Texas' solar industry was fairly small, but today some believe it's ready to take on a **much larger share of the state's energy needs**, according to a report by **Patrick Graves** and **Bruce Wright**, of the State Comptroller's office. How big is the Texas solar industry?

**"Nearly 8,900 Texans work in the solar industry, in manufacturing, installation, sales, distribution and more,"** Hegar noted. **"Our state has 532 solar companies and nearly 100 solar manufacturers."** Hegar did acknowledge the Texas solar industry is "a relatively small slice of the national industry," but went on to say **"it's growing rapidly, driven by improved technology and falling prices."**

Research fellow with the Energy Institute at UT Austin **Roger Duncan** says **"solar is where wind was 10 years ago"** and he believes the **"economics of solar power are as good as wind energy, and maybe better."**

Austin was cited as being at the forefront of using these new energy sources: **"Between solar and its wind-power resources, Austin expects to be able to meet more than half of its total needs with renewable energies by 2020,"** the Comptroller's report noted.

It also pointed out nearby Georgetown signed agreements recently that will allow **"Georgetown's municipally-owned utility to rely entirely on wind and solar sources. The city will sell excess power to ERCOT, the state's power grid, which will also provide backup power for Georgetown in the event of any shortfall in its power resources."**

To be sure, "there are still unknowns that may rock the industry, including the fate of an **important federal tax credit and a recent tariff on foreign-made solar panels,**" said Hegar.

**Low unemployment in the Austin area has become a “same song, umpteenth verse” each month for so long it seems like a broken record repeating itself. The numbers change slightly, but they nearly always place the Austin metro among the nation’s leaders for an excellent employment picture. “Anyone who wants a job, can find one” is the economists’ mantra.**

An important facet to recognize is that **as the Austin metro area’s population explodes, enough jobs are being created to keep the unemployment low.** This is a good thing. And it is spread throughout the 5-county Central Texas Austin metro area. **Travis County had the best March unemployment rate at 3.0%.** Hays County tallied 3.1%. Williamson County was close behind at 3.2%. They were followed by Bastrop County at 3.7% and Caldwell County at 4.0%. Even the highest county unemployment percentages are among the best in the nation.

It’s also significant that those who are listed as **unemployed have decreased by 2.9% during the last 12 months.** The actual number of those unemployed in the five counties in March 2018 was 36,792. A year ago that figure was 37,896 – a **drop of 1,104, even as the metro area’s population increased dramatically.**

Other major Texas metros are also impressing with their good unemployment numbers. **Following the Austin metro’s 3.0%, San Antonio recorded 3.5%, Dallas and Fort Worth were close at 3.6%** and Houston, recovering from Hurricane Harvey and an energy industry downturn, still managed a respectable 4.7% unemployment.

**Now, when can you anticipate the City of Austin will start enforcing the mandatory paid sick leave policy on Austin businesses? The ordinance is scheduled to go into effect October 1, 2018. Should local businesses start drawing up and/or implementing policies regarding the city’s expressed intent that employees have guaranteed paid sick leave? Hold on. Not so fast. A wait-and-see policy appears the prudent way to go.**

We’ve told you in recent weeks, several area legislators were so upset by the city’s action they plan to **overturn the city’s law when the Texas Legislature meets nine months from now.** As you know, the conservative-dominated Senate and House are often at odds with City of Austin policies. However, the city law goes into effect 3-4 months *before* the legislature meets.

Yeah, but. Just this week, a coalition of business organizations filed a suit in Travis County District Court challenging the new mandated sick leave law. Its claim is the Austin ordinance is pre-empted by the state’s laws regarding minimum wages. **The lawsuit seeks temporary/permanent injunctions preventing the city from enforcing its regs.** So far, a judge has not ruled on the lawsuit.

For your planning, **watch the lawsuit to see if it stalls the enforcement of the ordinance until the Legislature convenes in Austin in January.** We’ll keep you posted.

**Quick Quiz: how many lobbyists does it take to lobby ten Austin City Council members, Mayor Steve Adler and their staffs? More than ever before, according to a list of those who have officially registered. When the year 2017 ended, there were 123 on the roster. While that may seem to be a lot, remember they may also lobby various city boards and commissions – not just the Mayor/Council.**

**Wanna know how crazy Amazon’s quest for its second headquarters, called Amazon HQ 2, is getting? Some media outlets are tracking the flight records of the private jet belonging to Amazon CEO Jeff Bezos (aka the World’s Richest Man). They’re matching the records with the shortlist of 20 city finalists, hoping to get a hint of the site selection.**

Well, so far, no bright gem of info has emerged, though several finalist cities were on the sites where his plane touched down. **No, Austin was not on the visit list, though Dallas Love Field was a destination this week.** Another bit of info on incentives was reported this week.

According to the *New York Times*, **Maryland has offered Amazon HQ 2 incentives amounting to \$8.5 billion** (you read that right: billion, with a “b”). This bid “includes cash grants for company relocations, subsidized land, **forgiving company taxes on everything from property taxes to sales taxes** and investments in infrastructure for the company.”

And, because Maryland levies a state income tax, **it is even “offering to give 5.75% of each worker’s salary back to the company, which is the maximum state income tax for individuals.** Employees will pay taxes that will be routed back to Amazon,” reported the *Times*. Pretty far reaching incentive.

Details of most bids to Amazon HQ 2 are being kept very confidential. For instance, Austin’s proposal has not been made public. So, why Maryland? The *Times* said **“the state made its bid public ... because these extreme incentives required special legislation.”**

**Speaking of bids, the City of Austin is looking for an ad agency to promote cultural tourism throughout the city. The annual contract provides for \$100,000, with an ad budget of \$200,000. A Request for Proposal was released by city staff this week.**

**They’re slammin’ hammers at a fast pace in the Austin area. Homebuilders are constructing homes about 13% faster than in Quarter1, 2017. This is reportedly the highest level in more than a decade.**

**Texas is often compared to California, especially since so many Californians have been moving to Austin and other parts of Texas. In many cases, these comparisons show stark differences, such as: California has the highest income tax rate in the nation and a crushing regulatory burden, whereas Texas has no state income tax and a light regulatory climate. How did this come to be? A former California lawmaker, now an Austinite, claims one reason may be that California has “professional” full-time legislators.**

Texas still has a citizen legislature. **Lawmakers earn a salary of \$7,200 a year and they meet in Austin every other year for 140 days** with the occasional special session. **“California lawmakers often make a career of full-time politics” while earning \$107,240 annually**, says **Chuck DeVore**, who served in California’s “professional” full-time legislature for six years before moving to Austin in 2011. DeVore has some interesting comparison stats, starting with the fact that the California legislature is dominated by Democrats and Texas by Republicans.

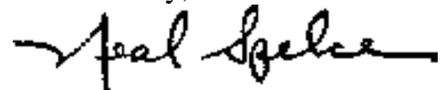
**“Of the majority California Democrats, only 17% were in business prior to getting elected while another 10% worked as trial attorneys,”** said DeVore. In Texas, of the majority Republicans, **“75% earn a living in the private sector while an additional 17% work as lawyers,”** he noted.

DeVore now works in Austin for the conservative think tank, the Texas Public Policy Foundation. **His conclusion is that since only a fraction of California’s “professional class of office-holders” come from the business world “they simply don’t understand how it works.”**

He points out California had the nation’s 6<sup>th</sup> highest state and local tax burden as a share of income while Texas ranked 46<sup>th</sup>. DeVore’s conclusion: **“That California has a professional legislature while Texas has a citizen legislature that must live under the very laws they pass likely explains much of this difference.”**

**Dr. Louis Overholster’s** son jokingly told his old man he was considering a career in organized crime. But the good doc had a quick rejoinder: “Government or private sector?”

Sincerely,



Editor/Publisher