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SPEAKER BILL CLAYTON *d. 2007*
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Place of Interview: Austin, Texas
Interviewer: Ronald E. Marcello
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Oral History Collection

Speaker Bill Clayton

Interviewer: Ronald E. Marcello

Place of Interview: Austin, Texas

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Dr. Marcello: This is Ron Marcello interviewing Speaker Bill Clayton for the North Texas State University Oral History Collection. The interview is taking place on November 16, 1978, in Austin, Texas. I'm interviewing Speaker Clayton in order to get his reminiscences and experiences while he was speaker of the Texas House of Representatives during the second special session of the 65th Legislature.

Mr. Clayton, you were an early proponent of this special session. Why was that?

Mr. Clayton: I think my main reason for asking the governor to consider a special session was the fact that I was concerned about the burden of property tax and the feelings and expressions that I'd heard from around the state from various groups and individuals, indicating that they certainly would like to see some relief in this area. I also knew full well that we had had surpluses in our treasury in 1975, when the regular session of the Legislature had met--a billion-and-a-half dollars, to be exact. I also had intentions of

giving some tax relief and maybe setting some of the surplus aside, but after 140 days and 4,000 bills and resolutions introduced, we didn't do it. Likewise, in 1977, we had three billion dollars, and the same thing occurred. Naturally, I felt that the only way to deal with tax relief was to deal with it as a singular subject in a special session so that we couldn't get derailed by the requests of agencies for appropriations and for other bills that might take precedence over tax relief. Consequently, that's what happened.

Marcello: Are you saying, in effect, that a surplus means that the state is taxing the citizens too much?

Clayton: Yes, I think that this is an absolute truth. I don't believe that state governments were designed to collect surpluses. I think that state governments--and as far as that goes, any government--were designed to provide services for its citizenry, and those services should be of a nature that we can predict with accuracy the amount of expense and likewise tax an equal amount to provide for that source of income and not to bring in surpluses in our treasury. Certainly, we realized that the economy of our state had been very good, and this is a blessing, and this had caused some of our surpluses. Inflation, being chief among all of them, I suppose, is a source that has given us additional revenues. Be that as it may, when we find that this is occurring, then

I feel that it is certainly imperative that the legislative branch of government make a decision, and that decision, in my opinion, should be one of two things: either give some tax relief or reduce taxes.

Marcello: What influence did the success of Proposition 13 in California have upon the call for a special session?

Clayton: I think it was the first true indication of a big vote by any certain area of the country, such as the State of California, for instance, in this case, telling us really the sentiment of the people. We probably, if we'd have searched it out, would have found some local situations, but it is difficult to ascertain just exactly what the ramifications of each of those local situations could have been. Here in California I think it was quite evident that people were just tired of an over-burden of property tax.

Marcello: Are you the one that approached Governor Briscoe on the need for a special session, or was this more or less a concensus that was arrived at simultaneously?

Clayton: I guess it was kind of a mutual thing. We were just visiting in the governor's office one day and just began to talk about this type of thing, and it grew from there.

Marcello: Did he more or less have the same reasons in mind for calling this special session as you did?

Clayton: As you well know, all through Governor Briscoe's administration,

he was keen on no new taxes and trying to reduce state spending. The more we talked about the situation and how we might be able to effect some legislation during the special session, interest began to grow. He called in advisors, and at that point in time I well knew that he was truly interested. He wasn't the governor to call many special sessions, if you'll remember, but I think he saw an opportunity here maybe to cut some of the surpluses that had accumulated in the state treasury and to give some tax relief.

Marcello: Where did Lieutenant Governor Hobby stand? Obviously, sooner or later he would have to come into this picture.

Clayton: The discussions centered around a special session and what it might do so far as legislation, I guess, for two or three weeks before the governor had really gotten down to the point of being very serious about the call. After he had called in other advisors and they advised him some of those advisors were Steve Oaks, Jess Hay, John Fainter in Houston and several others whom I can recall on two or three occasions when we were in visiting. Several members of the Legislature were also consulted. I think Tom Massey had been in on these consultations Jim Nugent and I could name several other legislators that he had conferred with, also, after the momentum had picked up on this subject matter.

I think about that time, when he began to really be serious

about calling one, then he began to also make some calls to Lieutenant Governor Hobby and get some of his opinions as to what might be good subject matter. Once he made up his mind definitely that he would call a session the governor, lieutenant governor, and myself sat down on several occasions and tried to develop an agreed package to introduce during the special session.

Marcello: What were the areas of agreement and disagreement during these sessions when the three of you got together to come up with an agenda?

Clayton: I think basically there was 100 per cent agreement and no question at all concerning repeal of the sales tax on utilities and the increased exemption on inheritance taxes. On the other subject matters that we took up, there were varying degrees of difference from small to great on the issues, like, tax reduction, the mandatory homestead exemptions, the agricultural open space exemption, the repeal of the intangibles from the mandatory section of the constitution, and all of these types of things.

Marcello: If you had to pinpoint one area of difference between Mr. Hobby, yourself, and Governor Briscoe, where would it be?

Clayton: Well, I'd say there was no difference between the governor's position and my position except on one issue, and that's the one on initiative and referendum. The governor decided he wanted

to push initiative and referendum, and I told him that, as far as I was concerned, I wouldn't mind seeing initiative being used on a limited basis of reduction in taxes only, but not a full-scale initiative-referendum. Other than that, I think we agreed pretty well on all issues--no problem at all.

I think there was quite a bit of disagreement between myself and Lieutenant Governor Hobby on how we were going to handle a mandated tax reduction so far as school districts were concerned and then get them a rebate back from the state. I preferred the mandated rebate. Any time that we were going to take from them, I thought it ought to be replaced with state dollars on a dollar-for-dollar basis, because, after all, that was a mechanism to bring about the tax relief and get the money out of the state treasury.

Marcello: What degree of enthusiasm did Lieutenant Governor Hobby have for a special session?

Clayton: I think when it was first mentioned he thought it was a good idea, and the closer we got to it, I think that then he realized he had a campaign to run and was then maybe a little bit reluctant to want to really get into the meat of it.

Marcello: Some observers wanted to read politics into the call for this special session. For example, there were some articles indicating that you wanted the special session because you had ambitions

for higher political office. How would you react to comments in that area?

Clayton: I might say this, I certainly am not going to close any doors to anything that might open down the line. But this was not the basic purpose for the session. The basic purpose in my opinion was that this was the only way we were going to get any tax relief, and I certainly was for the session, and I did prompt it.

Marcello: At the same time, some people liked to say that Governor Briscoe was trying to use this special session as a method or means of embarrassing Mr. Hill. Comment on that, if you would.

Clayton: I'd be glad to comment on that. I don't really think that this was the case. There might have been some thought along those lines of there being less monies available for some of the many promises that Hill had made in the primary race. I think the governor's real concern, very frankly, was trying to carry out the philosophy of his administration in seeing that the taxpayer was not burdened any more than was needed.

Marcello: We talked a moment ago about putting together an agenda for this special session. How much were you in consultation with, let's say, your people on the Ways and Means Committee?

Clayton: Before the special session, we had been working about a year or year-and-a-half on some proposed legislation to limit state spending. We used this proposal along with some others that

we'd been working on here in the office just exploring ideas of tax relief. When the call of the special session came, we basically put together a rough draft of legislation that would be in the form of constitutional amendment, and then the Ways and Means Committee had already during the regular session passed legislation concerning the repeal of the sales tax on utilities and the exemption on inheritance taxes.

So that was pretty well ready, but on the draft of the constitutional amendment, we basically got together with the chairman of the Constitutional Amendments Committee after we had already had a rough draft put together of some of the proposals we'd been working on for a number of months. We went over and kind of had an outline of what we wanted in legislation, and then they began hearings, if you will recall, a couple of days or so prior to the beginning of that special session so that through those hearings we might ascertain what would be popular and what wouldn't and what we could put into a draft to introduce at the beginning of that called session.

Marcello: As a result of the hearings that were held, or the investigations that were held, what particular items seemed to be most popular and most desirable?

Clayton: Frankly, we always felt there were two things of major importance

well, there were really more than that. I don't think you could narrow it down to two, because they were all important and they were all important in various segments of the society. The homestead exemption naturally was a very important one to those folks who were feeling the sting of high property taxes on their homes, and more particularly so, I suppose, by those that were sixty-five years of age and older because they favored the freeze on their school property taxes. I think it was a very important thing, because most of them are on fixed incomes and inflation was eating away their buying power. It was very appealing to them.

Secondly, I think the rural folks were greatly concerned about the tax on agricultural land, particularly since agriculture had been taking quite a beating in the last few years. The farmers and ranchers had really been caught in a cost-price squeeze, and anything to help them alleviate some of their costs was needed. Certainly, taxing open-space land on a productive basis rather than a market basis would certainly be a benefit to them, so I think this was an important factor for them.

Then you get into the urban areas again where your people are, and you talk about the intangibles. Certainly intangibles are going to be scattered throughout the economy, but they're concentrated where the people are concentrated,

let's face it. This was an issue. Since the School Tax Assessment Practices Board (STAPB) had come out with figures on intangible value for the state, a lot of these school districts, particularly in urban areas--the six or eight larger urban areas in Texas--found themselves with budget balance schools, and this was certainly going to be detrimental to them so far as funding or a school finance bill in the next session. So they were keenly interested, of course, in removing those intangibles.

Personal property exemptions, I think, had a satisfaction that was widespread among the populace because of the fact that the old constitution had a limit of \$200 to \$250 on household goods and personal effects. This removed the entirety of household goods and personal effects and would never leave the case for harassment by tax assessor-collectors going in and assessing and taxing that property valued over the old constitutional limits. I think this was an appeal, an appeasement, to the people, along with the idea that Legislature could exempt up to two automobiles in each family.

Then, of course, I think there was a great concern about spending limitations, and this is one that, of course, has come to the forefront, I think, in probably the last six, eight, ten years. It has been a growing thing. I guess it started back about ten years ago and finally has reached such a momentum that several states are now enacting legislation. I think, in

fact, six or eight states this past general election year enacted some type of state spending limitations, This was a portion of, or one section of, the constitutional amendment that was proposed and passed here in Texas. It is not as strong a one as I would have liked. I think we were lucky to get it included, because it really wasn't much of an interest to the Senate. They didn't particularly want it, but they agreed to it. I must say that we had excellent cooperation from Lieutenant Governor Hobby, because he knew that we had to have a few things like that in the resolution to get it passed over in the House, so he was very cooperative once the session was underway. The spending limitations, like I indicated, was not as strong as I would have liked, but at least it's a start, and I think that maybe we can build on that.

Marcello: Are you referring to the idea of basing spending upon the growth of the state economy?

Clayton: Right, right.

Marcello: One of the more outspoken critics among your colleagues seemed to be Representative Bryant. What seemed to be his major criticism for the calling of this special session?

Clayton: Very frankly, I think we have to look at the broader aspects of the whole picture, and you can get an indication of maybe what was happening. We had a governor's race that had just finished the primary stages, and I was very much involved in helping

the incumbent governor, Dolph Briscoe. John Bryant and some of his colleagues that were more vocal in the special session were very actively engaged in campaigning and helping the attorney general, John Hill. I think the election carried over into the special session, and certainly I think they were desirous of trying to use the special session, in all probability, to weaken my chances of becoming a third-term speaker and trying to embarrass me through the session by my not being able to get any legislation out. I think that a lot of the criticism was concerned about that. You know, any debater can take a side on any given issue and bring out good points, I think the election results of about a 7-1 victory for the amendment ought to have been decisive enough to have convinced John Bryant that maybe the people were really wanting something to express opinion.

Marcello: You know, awhile ago we were talking about the possible political advantages for you in having a successful special session. At the same time, we have to keep in mind that there are obviously certain dangers involved if the special session failed.

Clayton: Absolutely! And this certainly, I think, was one that some of my opposition tried to capitalize on, and I don't blame them. Had I been in opposition to those that might have been in leadership at that time, I would have probably done the same thing. But it just didn't work.

I might say that this session was a very rough, stormy session for me. It wasn't easy by any stretch of the imagination. But the end product was certainly worth the worry and the sweat that went into this special session. If we had to do it over, knowing the outcome of it, I'd certainly be willing to go through it again.

Marcello: Somewhere along the line, the Peveto Bill or the "Son of Peveto Bill" crops up again. How does that enter into this whole spectrum of the special session?

Clayton: Very frankly, I had hoped that maybe we could use the Peveto Bill or ad valorem tax reform as a mechanism for achieving some of these things that we put in the constitutional amendment. It didn't prove that way, however. The Peveto Bill did get considerable consideration in that it was going to be considered by the House until the Senate voted and killed it, and then there was no use to bring it up. Even though the governor had never included it in his call, by interpretation of the constitution and the rules, we felt like that anything involving taxes could be considered at the special session. Consequently, had it come out of committee, we would have ruled that it was within the call and would have let it continue for discussion and debate and vote.

Marcello: This refers to that case back in 1886, I believe, Jackson vs. State.

Clayton: Right.

Marcello: Is this the method by which the Peveto Bill, or some version thereof, was injected into the special session?

Clayton: I think so. I think, of course, the bill would have had a little more emphasis had it been placed in the call. But at the same time, I think this Supreme Court case was a valid point in the consideration of anything we wanted to in the way of taxes.

Marcello: There were several people who said that there really couldn't be any tax relief without tax reform. Here again, they were referring to the Peveto Bill. How do you feel about that?

Clayton: I certainly think it would have been easier to provide a uniformity in tax relief with tax reform. However, that wasn't the case. I still believe that we're going to be able to achieve some tax relief, anyway. Then again, we're coming up in January with a regular session of the Legislature, and I'm sure that there will be some introduction of various forms of ad valorem tax reform in that session. Certainly, with the passing of the constitutional amendment, some of the fears might be alleviated in the minds of people who have been opposed to ad valorem tax reform in that for certainty there would not be a central czar in Austin that would be in charge of all the re-evaluations and the assessments of property throughout the state. In fact, it would be done at the local level, and

should there be penalties or fines or decisions that needed to be appealed, they would start at the local level.

Marcello: Do you feel that the ad valorem property tax is the really oppressive one in Texas?

Clayton: I think that the property tax is probably the one most felt by the citizenry, particularly the young and the old--the young, who are trying to make a start in life and trying to buy a home or property; the old, who are on fixed incomes. I think this tax puts a pinch on them probably more than the middle-age and middle-income-producing group.

Marcello: How important was the acceptance of some sort of a Peveto Bill in getting most of the governor's package passed by the House? In other words, did you have to compromise here, or was the Peveto Bill used as a lever in getting the necessary two-thirds vote for certain parts of the package?

Clayton: Certainly, it was a point of strategy. There is no question about it. We brought the Peveto Bill along, and by bringing the Peveto Bill along at that point of the game, I think it did help us with some votes, and that was very necessary.

Marcello: And this is the way the game is played.

Clayton: Absolutely (chuckle)!

Marcello: What personal lobbying did you or your staff do on the floor in order to get the necessary votes for the passage of this package?

Clayton: Naturally, we continued visiting with members from time to time.

When the final package was presented on the floor of the House, well, certainly we talked to various members. You know, the first vote back a couple of weeks before the special session was over certainly gave us a hundred votes, but all of a sudden we missed one young lady who had to go to the restroom-- it seemed that was on purpose--when the verification for the vote was called. Of course, we had kind of a strange situation during the special session in that our voting machine was torn out for making preparation for being replaced with a new one, and so we had to take all votes either by voice or roll call. This certainly hampered us so far as time was concerned. All in all, I guess it worked out all right. I can't complain too much.

Marcello: Who was the young lady that excused herself?

Clayton: That was Betty Denton of Waco.

Marcello: About this same time that we have the formation of the group of dissidents known variously as the "Shifty Fifty" or the "Filthy Fifty" or whatever else. What do you see as the motivations for the formation of this informal group?

Clayton: Very, very simple. Again, this was started by basically the nucleus of those that opposed me and were supporting Buddy Temple for speaker. They were striving to find any point that they might pull others into their camp to try to unseat me. It was just that simple. So they tried this at the beginning of the

session. Of course, you can call it the "Shifty Fifty" or the "Filthy Fifty" or whatever you want to call it. Actually, after the session was over, when it got down to the really nuts and bolts of it, there were sixteen of them, and I call them the "Sweet Sixteen." Really, it was a core of those who opposed me, trying to use any method they could of persuading others to come with them.

At the first meeting or two, maybe even three, they were concerned about trying to find someone who might even be more effective in a race against me than Buddy; and so they told Buddy Temple that if they could find a candidate, they were going to. They asked several of my friends. They asked Wayne Peveto; they asked Ben Grant; they asked John Wilson. I forget others now, but there were several that they asked if they would be a candidate. They asked Gib Lewis; he was another one. There were several, anyway, that they asked if they would be candidates against me for a third term speakership, and they couldn't find anybody for a taker.

So then they began to concentrate on something else, and finally they agreed amongst themselves, "Hey, let's just forget this idea about the speaker thing. Let's look at the rules."

Marcello: What was the basis of their opposition to you for a third term as speaker? Was it philosophical or personal grudges or what?

Clayton: I think it was just basically that they were the ones that were

for Buddy Temple. Naturally, they had to find some way that they could get at it. Those who were opposed, I think, when they finally realized that Buddy couldn't beat me, then they felt like they were already on the outside anyway; so if they could find someone else that could do it, fine. That would be a help to them. There might be some gain for them. It certainly wouldn't be a loss to them.

Marcello: Dave Allred seemed to be one of the outspoken individuals in this group.

Clayton: I think Dave Allred's concern was more on rules than it was on who might run against Bill Clayton, because Dave Allred has committed to me a vote for the third term.

Marcello: Representative Bryant, I think, was another one who was very active among this group.

Clayton: John Bryant certainly has been one of the leading proponents of Buddy Temple and has always been opposed to me and probably always will be.

Marcello: Would you care to comment on a charge by this group that there was a so-called "speaker's list" of representatives who evidently were not voting the right way?

Clayton: This was a list that was compiled by my staff at the request of Tim Von Dohlen, I believe it was, and Jim Nugent to see how we were going in the process of getting enough votes for the constitutional amendment. Then the list apparently got xeroxed

and passed out to two or three folks, and when it got out that way, it got out in the hands of everybody. They began then to call it a "speaker's list" of those who were voting right and voting wrong, and they tried to make all kinds of hay out of it. These lists are put out on the floor all the time by various ones. It's just like taking a poll to see where you're at on an issue. It is a very insignificant list, but they tried to capitalize on it and make something of it.

Marcello: They also seemed to single out Mr. Gullahorn for a good deal of criticism?

Clayton: That's right. Jack Gullahorn, my executive assistant, has probably caught the brunt of that, and some of them wanted his neck. They couldn't really see that they could do anything by hollering for mine, so I think the brunt of that exercise was taken out on Jack. Many of them wanted me to fire him at that point in time. Ironically, Jack had been planning to go into private practice for some time and had already made arrangements and commitments to do so and was leaving and would have probably left right after the special session had that not have come up. Since that came up, I have convinced Jack to stay on with me until mid-November, and he is now still on our staff simply because of the fact that I didn't want any of them to think that they were big enough to run him

off, because they're not.

Marcello: Ultimately, the House does come up with a bill, and from what I read into it, it was a combination of both tax relief and tax reform. What happens to the bill at this stage?

Clayton: This constitutional amendment, as adopted by the people, will certainly require a lot of enabling legislation. We're looking forward to January when we can jump right in the middle of this and get with it. I think the people spoke with a clear mandate, so let's get on with the show.

Marcello: Let me just back up here a minute. Evidently, when the Senate got a hold of the House bill, a great many of these reform items were gutted, so to speak.

Clayton: They were to some extent. Yet, some of the concepts were held--some that we felt would be workable. Knowing the sentiment of the Senate and the leadership in the Senate, to get something through the entire session we knew that we were going to have to give quite a bit. So the lieutenant governor and I visited back and forth quite a bit and decided on which points we could give and take. This is where we then encouraged the Senate to take House Bill 57 and set aside the \$450 million. Up until then they wouldn't have done it.

Marcello: All in all, were you rather satisfied with the final compromise version that came out of the Legislature this session?

Clayton: I would have to say that, I would certainly say that it was a

good package, considering it against nothing. If I were writing the package myself, I would have wanted to give more relief and more restriction on the legislative branch so far as spending limitations were concerned.

Other than that, I think it turned out pretty good.

Marcello: In closing this interview, Speaker Clayton, let's see what sort of a political prognosticator you turn out to be. Up to this time we've been looking at the Legislature from the benefit of hindsight. Let's look at it with a little bit of foresight now. Next session you're going to be working with a Republican governor. Would you care to comment on what you foresee down the road?

Clayton: As I view the circumstance and the campaign platform on which he ran, I can't see that there is going to be a great deal of change. The session, so far as the legislative branch is concerned, will probably proceed with a little more caution, not really having experienced this in a 104 or 105 years, being a Republican governor in Texas. I think Mr. Clements is going to be willing to cooperate and work with the legislative branch, and some of the proposals that he put forth are not far different from those that I have espoused for a number of years, and many of the other legislators. I certainly can't see any harder time for the enabling legislation to the constitutional amendments as far as tax relief

and issues like that because I know that he is for those types of things.

Marcello: We talk about this being the first Republican governor in a hundred-plus years and the problems that he might encounter. I think we also have to remember that you as speaker of the House are confronting the first Republican governor in over a hundred-plus years, too.

Clayton: That's absolutely correct, and we've thought about this on a lot of occasions since the election and have wondered how we're going to handle the situation over here. Quite frankly, I think we want to proceed on the basis that there is a division in government, legislative and executive, and we're going to mind the legislative house, and hopefully the governor is going to tend the executive branch. As long as we don't try to run the executive and he doesn't try to run the Legislature, I think we're going to get along all right.

Marcello: In closing, I think the 66th Legislative Session is going to be a very interesting one. I'm looking forward to interviewing you again at the conclusion of that session.

Clayton: Very frankly, I'm looking forward to it, because, as you well know, this will be a kind of a history-setting session in that we've never had a speaker to serve in three consecutive terms in the House as speaker. It is going to be quite a challenge, I think, so far as I'm concerned, in seeing if I

can continue to provide the leadership that I have in the past two sessions, and I believe that we can, I think, frankly, we'll have a greater cooperative effort from the House as a whole, because, again, we're all facing some unknowns.

Marcello: Speaker Clayton, once again I want to thank you very much for having taken time to talk with me. I realize you're a very, very busy man, and I'm really appreciative of your giving me this time. Once again, your thoughts have been most candid, and, of course, that's what we're looking for.

Clayton: It's been a pleasure.