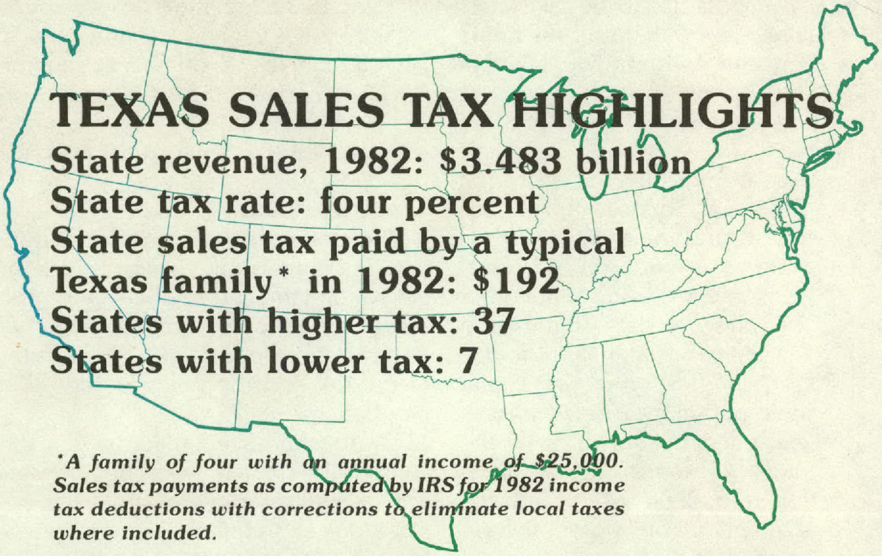
TEXAS RESEARCH LEAGUE
Est. 1952
ANALYSIS
Volume 4, Number 6 ★ **JUNE 1983** ★ 1117 Red River Street, Austin, Texas 78701

Sales & related taxes



TEXAS SALES TAX HIGHLIGHTS

State revenue, 1982: $3.483 billion
State tax rate: four percent
State sales tax paid by a typical Texas family* in 1982: $192
States with higher tax: 37
States with lower tax: 7

**A family of four with an annual income of $25,000. Sales tax payments as computed by IRS for 1982 income tax deductions with corrections to eliminate local taxes where included.*

MV SALES TAX HIGHLIGHTS

Tax Rate: 4%
States with higher taxes – 19
States with lower taxes – 14
States with same tax – 11

1982 Revenue:
State – $539 million
County – $ 28 million

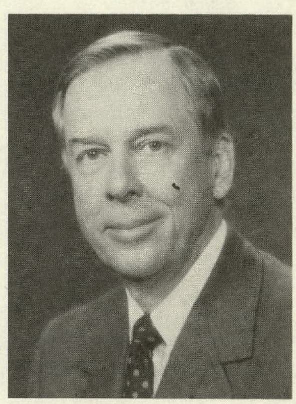
HOTEL TAX HIGHLIGHTS

Tax Rate: State – 3%
City – 2-4%
County – 1-3%

1982 Revenue:
State – $42 million
Cities – $51 million
Counties – $11 million

in this issue:

Chairman William T. Slick Jr.
The League has definitely been one of the more effective voices in Austin and it has accomplished this without lobbying—and without taking politically motivated positions on the issues at hand.



Vice Chairman T. B. Pickens Jr.
We need to be sure that the League has the necessary funds to meet the challenges before it. For they are our challenges.

General sales tax: in trouble?

The 1961 enactment of the general sales tax was a milestone in Texas' state fiscal history; it represented a sharp break with a long tradition of reliance on narrow-based selective taxes.

While the sales tax injected a much-needed major tax with significant growth potential into the state tax system, it was only after the original two percent rate was increased to three percent in 1968 that the sales tax replaced the motor fuels tax as the number one revenue producer of state government.

It was not until 1974, three years after the rate was increased to four percent, that annual sales tax revenue first exceeded a billion dollars.

Era of spectacular growth

Beginning with the 1973 fiscal year, the state sales tax entered upon a period of unprecedented growth, rising at double-digit percentage rates in every year except one—and failing to do so then only because of the new exemption of residential gas and electricity sales.

During the same period, revenue from state oil and gas severance taxes increased at even more dramatic rates. Nevertheless, it was during this period that the sales tax solidified its hold on first place among Texas' state taxes. In 1973, the sales tax provided just under 33 percent of all state tax revenue; by 1982, it provided 38 percent.

There is no denying the revenue importance of the oil and gas severance taxes, each of which produced more than a billion dollars in 1982. Even so, the two severance taxes *combined* produced only two-thirds as much as the sales tax that year.

Obvious growth reasons

There are a number of obvious reasons for the growth of the sales tax during the seventies.

First, the population of Texas was growing very rapidly, largely due to inmigration. More people naturally meant more consumers and more taxable sales.

Second, personal income of the people of Texas was rising much more rapidly than in most states. At the beginning of the decade, per capita personal income in Texas was *below* the national average; by 1980, it *exceeded* the national average. With more money to spend per person, sales rose at a faster clip than in many states.

Third, there have been social changes that probably have impacted taxable sales in Texas and the 44 other sales tax states. For example, the vast expansion of two-wage-earner families has meant that a higher proportion of food is consumed in restaurants or from ready-to-eat establishments (taxable in all states) and relatively less purchased for home preparation and consumption (exempt in Texas and 25 other states).

But here is a fact that none of these explain:

- ☐ According to the Internal Revenue Service, Texas has one of the most modest of all state sales taxes on individual consumers. Seven of the other 44 sales tax states imposed a lower tax on a family of four.
- ☐ Yet, in 1982, the per capita yield of the Texas sales tax was exceeded by only five of the other 44 states after allowing for rate differentials and the exemption of motor vehicle sales in Texas!

The real growth factor

There is only one explanation for this anomaly of a *low* tax burden on individuals with an exceedingly *high* level of collections. *Much of the vastly increased yield of the sales tax during the seventies resulted from purchases by business consumers.*

This was discussed in the May issue of *ANALYSIS*. Since then, a new study by the state comptroller has clarified the specific sales tax role of the oil and gas industry. According to this study, direct purchases by the industry accounted for nearly 11 percent, or $372 million of the 1982 sales tax revenue. Indirectly, the industry accounted for another 19 percent ($654 million): purchases by both individual and other business consumers that are ultimately traceable to the activities of the oil and gas industry.

The conclusion of the comptroller's study is worth quoting:

> ". . .(This). . .helps to explain a large part of the steady, high level of sales tax growth in the 1970s and the recent, dramatic drop in receipts. Over the past decade, the petroleum industry has provided an additional growth spur to the sales tax which is now missing. It may be a number of months before the industry begins to pull out of its slump, and this fact is likely to continue to act as a drag on sales tax receipts."*

Trouble Ahead

There is no question about the fact that Texas sales tax collections are lagging during the current fiscal year; it is a virtual certainty that annual revenue will decrease for the first time in the history of the tax and the only question is by how much.

Those who have hinted that the state comptroller's latest revenue estimates are unduly pessimistic should take a close look at his figures. As of the end of March, sales tax receipts are down 5.5 percent from the last fiscal year, but the comptroller projects that the full-year decrease (i.e., through 8-31-83) will be only 1.7 percent.

In other words, he expects that sales tax receipts during the balance of the fiscal year will run *ahead* of the record level of 1982. That does not seem pessimistic.

Further, the revenue estimates anticipate a quick and substantial recovery. Projections for the first year of the next biennium (1984) call for a 9.6 percent increase over 1983 and anticipate that 1985 will show a further gain in excess of 12 percent over 1984.

If these projections are correct, sales tax revenue in 1985 will be more than *$700 million dollars (21%) greater than in 1982*. This is anything *but* pessimistic!

If it turns out to be too optimistic—if the sales tax is in for an extended period of only modest growth—then the budgetary problems of the current legislative session merely foreshadow still more serious problems in the near future. ★

*Bob Bullock, Texas Comptroller of Public Accounts, "The Petroleum Industry and the Texas Sales Tax," a *Special Financial Report*, April 1983, p. 7.

The overall sales tax picture

In 1967, the legislature provided cities with the right to enact one percent sales taxes to be administered by the state. A decade later, in 1977, similar authority to levy a locally-imposed, state-collected sales tax was granted to metropolitan transit authorities.

In 1982, these local sales taxes produced more than $900 million dollars; $714 million for nearly 1,000 cities and $188 million for two transit authorities in Houston and San Antonio.

Altogether, there are 31 states which permit at least some local governments to levy sales taxes. Since most Texans live in sales tax cities, it is of interest to see how the overall, state-local sales tax burden compares in various communities.

The table below lists 15 major cities where there is a combination of state and local sales taxes. Three of those cities are in Texas; Houston with a combined six percent rate, San Antonio with a combined 5.5 percent rate, and Dallas, where the combined five percent tax is typical of other Texas cities.

Because the taxes differ in both rate and coverage, the table ranks them on the basis of the annual sales tax paid by a family of four with an annual income of $25,000. The three Texas cities rank last.

TOTAL STATE-LOCAL SALES TAX, RATE AND ESTIMATED ANNUAL TAX PAID BY FAMILY OF FOUR, 15 MAJOR CITIES

City	Total Sales Tax Rate	Jurisdictions Levying Tax*	Annual Tax Paid by "Typical Family"**
Chicago	7%	S,M,C,T	$575[a]
New Orleans	6	S,M,Sch	525[a]
New York	8.25	S,M,T	497
Birmingham	6	S,M,C	428
Albuquerque	4.5	S,M,C	415[b]
Atlanta	5	S,M,T	410
St. Louis	5.625	S,M,T	409[b]
Los Angeles	6.5	S,C,T	365
Cleveland	6.5	S,C,T	335
Denver	6.5	S,M,T	329
Little Rock	4	S,C	313
Oklahoma City	4	S,M	294
HOUSTON	6	S,M,T	288
SAN ANTONIO	5.5	S,M,T	264
DALLAS	5	S,M	240

*S = State; M = Municipal; C = County; T = Transit; Sch = School District.

**"Typical Family" is arbitrarily defined as a family of four with an annual income of $25,000.

Sources Tax rates and levying jurisdictions from Commerce Clearning House, *State Tax Guide* plus local contacts.

Annual tax paid "Typical Family" computed from IRS instructions for Form 1040, 1982 tax year except as noted below:

[a]Both in Chicago and New Orleans, part of the tax applies to food and part does not. The TRL staff estimated the total using the IRS data for other states to produce a total reasonably comparable to the local situation.

[b]IRS figures adjusted to take into account higher state tax rates effective 1-1-83 in Missouri and 7-1-83 in New Mexico.

Annual tax estimates do *not* include sales tax paid if an automobile is purchased during the year.

HOW HIGH CAN IT BE?

There is no legal limit to how high the rate of a sales tax—either state or combined state-local—can be. Political acceptability is the only real limit and the parameters of acceptability have changed over time.

Twenty-five years ago, the highest sales tax in the nation was 3.5 percent and most states had only a two percent tax rate.

Today, most states levy sales taxes at four or five percent, but there are several states with even higher rates. Only one lone state—Oklahoma—continues to levy its sales tax at two percent.

And, as the table on this page illustrates, that doesn't tell the whole story—local government sales taxes substantially increase the total.

As this issue went to press, the highest combined sales tax rate in the nation was the 8.25 percent state-city tax levied in New York City. But it would not be surprising to see that ceiling breached this year or next as the states and local governments struggle to balance budgets in a period of recession and reduced federal aid.

Sales tax exemptions are another aspect. When, in 1961, Texas adopted its state sales tax at the then-typical two percent rate, it was one of only a handful of states that exempted food "purchased for off-premise consumption"—groceries. Today more than half the sales tax states provide a full or partial exemption of groceries, and many of these states have preferred to increase rates rather than try to abolish that exemption.

A somewhat similar trend is seen in regard to an exemption important to business and industry. In recent years a number of states have acted to exempt, either in full or in part, machinery and equipment purchased for use in manufacturing, mining and utilities. While such exemptions often are defined to include only machinery and equipment directly used in processing, the states that provide them are sacrificing a significant source of revenue.

Again, many states have preferred to increase rates rather than eliminate the M&E exemption which is an important plus in making a state more attractive to new industrial development.

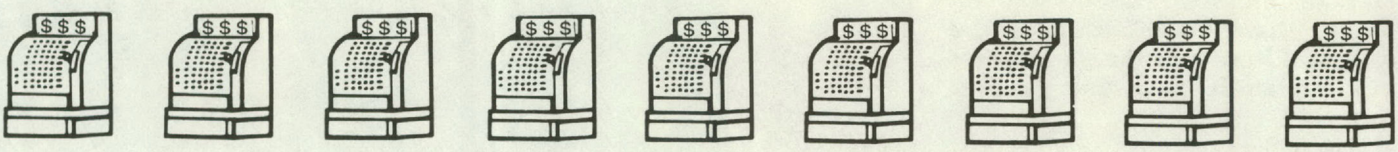
No one can say just what the political limit on the sales tax may be. It varies from time to time and from state to state. And, almost certainly, it is impacted by the type of exemptions in the tax—especially those provided for groceries and for basic industry machinery and equipment.

Sales tax facts at a glance

In 1981 the Texas sales tax was 20 years old, and on that occasion the League published a five-part series of articles by Jim McGrew reviewing the history of its enactment, rate increases over the years, examination of exemptions and, finally, an evaluation of its equity as between taxpayers.

Readers who wish to obtain copies of these five articles may contact the League public information office at P.O. Box 12456, Austin, 78711, or by calling 512/472-3127.

In the final article, McGrew summarized his findings and conclusions in 10 points reproduced below. (From *ANALYSIS*, Vol. 2, No. 12, Dec. 1981, p. 12.)



Overall conclusions

This is the concluding article in the series on the Texas general sales tax. The findings and conclusions of the series may be summarized as follows:

1. The general sales tax was truly the "savior" of the Texas state revenue system when it was enacted in 1961. Despite the great controversy that surrounded its enactment, the final bill was a reasonably "clean" one. Most of the political compromises that were necessary to secure enactment were removed in a 1963 revision. At the same time, provisions that had proven to be vague were rewritten and clarified.

2. Although the sales tax was certainly unpopular prior to its enactment, public opinion polls taken about a year later indicated a very substantial degree of public acceptance. Now—20 years later—one frequently hears proposals for even more intensive use of the tax.

3. Since 1961, the legislature has turned to the sales tax whenever it needed large amounts of additional revenue. These were obtained from rate increases.

In addition, the legislature has authorized a local option sales tax for the cities which has been very popular. More recent local option taxes for metropolitan transit districts have been enacted in two major jurisdictions.

4. The overall sales tax paid by most Texans is five percent—four percent state, one percent city. In the Houston area, it is six percent and in the San Antonio area, 5.5 percent. These levels are the same as those generally prevailing throughout other states.

Although several million people (most of them in New York City) pay sales taxes of seven and eight percent, the six percent level has proven hard to exceed in most of the nation. This, of course, may change in the future and the day may come when combined state-local sales taxes as high as 10 percent will be common.

5. The Texas sales tax contains many exemptions, especially for individual consumers. This is not at all unusual. Other sales tax states also have many exemptions and, over the years, more and more states have modified their sales taxes so that today they more closely resemble the Texas tax than was the case in 1961.

New exemptions added to the Texas tax since 1961 have tended to be relatively minor in terms of their revenue effect; the major exception being the exemption of residential utility service.

6. The largest and most important exemptions in the sales tax are those designed to prevent it from being a turnover or gross receipts tax. Similar exemptions are found in almost all other states and it is widely believed that these exemptions produce the most equitable type of sales tax.

7. The major exemption difference between Texas and other states is that Texas does *not* grant an exemption for production machinery and equipment. Most other major industrial states have an exemption of this type.

8. A large proportion of the Texas sales tax is paid, in the first instance, by business purchasing taxable goods for ultimate use in the business.

The exact percentage of the tax derived from such transactions is a matter of some dispute, but it is agreed that it is large enough to make the sales tax the most important business tax levied for the support of our state government.

9. The Texas sales tax is mildly regressive, but substantially less so as a result of the food (grocery) exemption. It is much less regressive in comparison to after-tax income. Regressivity *within* any given income level results from differences in family size and is as significant as regressivity *between* income levels.

10. The sales tax rapidly became the most productive component of the state tax system and it holds that position today. It seems likely to remain the most productive state tax for many, many years to come. The local option sales taxes constitute the second largest source of local government tax revenue and, although far behind the property tax, will undoubtedly continue to hold that position for the foreseeable future.

Motor vehicle/related sales tax

Texas began taxing the sale of motor vehicles in 1941. Twenty years later, when the general sales tax was enacted, several other small selective sales taxes were repealed. But the motor vehicle tax was left intact as a separate statute, and vehicles were exempted from the general sales tax.

At that time, motor vehicle sales were taxed at 1.5 percent of the gross value of the vehicle, with no allowance for any trade-in. In contrast, the general sales tax was levied at two percent and, where applicable, the value of trade-ins was deducted from the taxable sales price.

In 1963, the MV sales tax was brought into conformity by increasing the rate to two percent and allowing credit for trade-ins. Since then, the statutory history of the MV sales tax generally has paralleled that of the general sales tax—both were increased to three percent in 1968 and to four percent in 1971. An interim 1969 increase in the general sales tax to 3.25 percent was *not* extended to the MV sales tax.

Three other taxes related to the MV sales tax have been enacted in recent years and are described later.

Revenue

The MV sales tax is a major revenue producer. In 1982 the gross total was $567.6 million, of which $539.3 million flowed into the state treasury, and the remaining $28.4 million (five percent) was retained by the counties as a fee for collecting the tax.

The comptroller expects state revenue from this tax to decline slightly in the current fiscal year, but is projecting that it will produce a little over $1.2 billion in the 1984-1985 biennium. This figure is consistent with his general projection that the economy will improve somewhat beginning in the fall of 1983.

While the general trend of the MV sales tax has been strongly upwards, it has been a hard tax to estimate with great accuracy because the increase has varied so greatly from year to year. During the past 10 years the tax actually declined once and was almost constant on two occasions. At the other extreme, revenue from this tax increased 34 percent between the 1975 and 1976 fiscal years.

Comparisons

All of the 45 states that have general sales taxes also tax the sale of motor vehicles, and 35 of them simply include such sales under their general sales tax statutes. Three of these latter states have a lower tax rate for motor vehicles than that applied to other taxable sales—in effect, a partial exemption.

Texas is one of 10 states that exempt motor vehicle sales from their general sales tax, but impose a separate although similar tax on motor vehicles. Like Texas, most of these states impose the same tax rate on MV sales as that used in their general sales tax, but three have lower tax rates.

Insofar as *state* taxes are concerned, therefore, the Texas MV sales tax is lower than that found in 19 states, higher than 14 states and the same as 11 states. Five states do not use this tax.

Except where MV sales are taxed under a separate statute, local sales taxes also apply. Looking at the 15 cities in the table on page 3, the tax on an automobile with a net cost of $10,000 would range from $825 in New York City down to $200 in Oklahoma City (Oklahoma, like Texas, has a separate state tax statute).

Birmingham also would have a lower tax because motor vehicles are partially exempt. In all Texas cities, the tax (state only) would be $400, the same as in Little Rock. All the other cities listed would impose combined state-local sales taxes in excess of those in Texas, Alabama, Arkansas and Oklahoma.

MV RENTAL TAX

Until 1971, car rental businesses paid the motor vehicle sales tax when they purchased vehicles, but did not collect a separate sales tax on their rental charges. This was inconsistent with the treatment of other rentals under the general sales tax laws of Texas and most other states.

Usually the gross value of rental charges would be greater than the cost of the vehicles. To secure the advantage of this higher tax base, the 1971 legislature exempted vehicles purchased by rental agencies from the MV sales tax and made the rental charges subject to a four-percent tax.

While the revenue from this tax was modest in the beginning, it has shown a strong growth pattern and the MV rental tax produced nearly $18 million in 1982. The state comptroller is estimating that it will produce $49 million in the 1984-1985 biennium.

MOTOR CARRIERS TAX

From the inception of the MV sales tax it had been assumed that a motor vehicle purchased in another state could be operated in Texas without incurring any tax liability unless the owner was moving to Texas and planning to register the vehicle in this state.

In 1980, the state comptroller noted that this meant that a business vehicle could be purchased in any neighboring state (all with MV sales tax rates lower than Texas) and be primarily operated in Texas without paying any tax.

The comptroller contended that the Texas MV sales tax, or at least some substantial portion of it, applied to such vehicles and he proposed to collect the tax, perhaps retroactively.

This contention was disputed, and the result was a compromise law enacted in 1981—the Motor Carriers Tax.

As a result, taxes are imposed on vehicles purchased outside Texas, but operated for business purposes partly within the state.

The tax is levied at the rate of four percent of the purchase price times the percentage of miles operated in Texas. Credit is given for sales and use taxes paid in other states.

The tax applies only to those interstate motor vehicles purchased or first brought into Texas after the effective date of the new tax—January 1, 1982.

The new tax was in effect for only eight months of 1982 and produced less than $3 million that year. The comptroller estimates that the motor carriers tax will bring more than $14 million into the state treasury in the 1984-1985 biennium.

MANUFACTURED HOUSING SALES TAX

Historically, manufactured or mobile homes had been considered a form of motor vehicle (house trailer) and, as such, subject to the MV sales tax. For a

Continued on page 6

The hotel-motel tax

In 1959 the legislature imposed a three-percent tax on the rental charged for hotel and motel rooms. In the first year, collections totaled a little over $2 million. In 1982, combined state, city and county hotel-motel taxes produced nearly $105 million.

There are exemptions for facilities similar to hotels that are operated by nonprofit organizations for religious, charitable or educational purposes; rooms rented to members by private clubs also are exempt.

Some people reside permanently in hotels, and to avoid levying the tax on housing per se, occupancies of at least 30 consecutive days are exempt.

Finally, any room renting for less than $2 per day is exempt. Anyone discovering such a facility in 1983 probably deserves a finder's fee at the very least.

Revenue

Revenue from the state hotel-motel tax has grown consistently over the years with no change in the original tax rate. Year-to-year growth was modest for a long time—it took 15 years for the tax to produce more than $10 million annually in 1974. Since then, the growth has been quite substantial with state revenue exceeding $42 million in 1982.

The state comptroller expects continued strong growth from the hotel tax —projecting biennial revenue of $109 million in 1984-1985.

Local Taxes

In 1965 the legislature authorized cities to levy additional hotel-motel taxes at a rate not to exceed three percent. The limit was raised to four percent in 1977. In 1981 four named counties (El Paso, Galveston, Harris and Webb) were authorized to levy hotel-motel taxes.

Like the general sales tax, this is a local option tax; unlike the sales tax, it is administered and collected locally, not by the state.

A number of cities enacted the tax as soon as possible and each year since has seen a growth in the number of jurisdictions making use of this source of revenue.

Aside from the general need for revenue, the increased interest is probably attributable to the growing revenue potential of the tax. That, in turn, is doubtless the result of a combination of greatly increased daily rates plus a growth in demand stimulated by the expansion of business and industry and, above all, the emergence of a vibrant tourist industry in Texas.

In 1974 the combined revenue from state and city hotel taxes was $19 million, $10.8 million to the state and another $8.2 million collected by 62 cities.

In 1982 revenue topped $100 million: state $42.4 million, 206 cities $51.3 million, 3 counties $11.2 million, Total $104.9 million.

The importance of this tax to local governments and the high level of combined rates probably makes this an inappropriate area in which to seek additional state revenue.

Comparisons

Many states have hotel sales taxes, some levied as part of a general sales tax statute, and others, as in Texas, in separate laws. Many states either specifically permit (or do not prohibit) the levying of additional taxes by local jurisdictions—most frequently cities, often counties and, in some cases, both cities and counties.

For this reason, any effort to make a state-by-state comparison is an effort in futility; the only valid comparisons would be on a city-by-city basis and the variations are too numerous to summarize.

In Texas, the combined state-local tax is most frequently seven percent—three state, four city. There are, however, a number of cities that still have three percent taxes (combined rate six percent) and a few with two percent (combined five percent) rates.

The highest combined rates are found in Houston and El Paso where the combination of the three-percent state tax, the four-percent city tax and the three-percent county tax produce an overall tax rate of 10 percent.

The combined taxes in Houston and El Paso are among the highest hotel-motel taxes in the nation. A $100-a-day room would be taxed at $10 in these Texas cities, just 25¢ less than a similar room in New York City. At $120 or more per day, a room in Houston or El Paso would carry a tax higher than that imposed in Gotham. ★

MOTOR VEHICLE TAXES . . . continued

number of reasons, this was not very satisfactory either to the industry or to the state; the result was a new tax enacted in 1981.

The new tax exempted manufactured housing from the MV sales tax, but imposed a special state sales and use tax on 65 percent of the sale price. The rationale was that roughly 65 percent of the final price represented the cost of materials, and the effort here was to seek a tax base comparable to that which would be used in applying the general sales tax to conventional home construction (construction materials are taxable, labor and other service charges are not).

The original tax rate, which took effect March 1, 1982, was 6.5 percent. Thus, a $20,000 mobile home would be subject to a tax of $845—$20,000 x 65% = $13,000 tax base x 6.5%. The rate automatically drops to five percent—$650 in the example above—on September 1, 1983.

During the brief period that the tax was in effect in the 1982 fiscal year, it produced more than $15 million, and the yield is expected to increase to about $34.5 million in the current fiscal year.

With the drop in rate, revenue also will decrease, but the comptroller is bullish on the potential of this tax. Even with a rate significantly lower, he anticipates that the manufactured housing sales tax will produce $62.7 million in the 1984-1985 biennium.

Revenue summary

Taken altogether, the four related MV sales taxes are expected to produce over $1.36 billion of state revenue in the 1984-1985 biennium, the bulk of it, of course, from the basic MV sales tax. All of the manufactured housing sales tax goes into the General Revenue Fund; receipts from the other taxes (sales, rentals and motor carriers) are divided three-fourths to GRF and one-fourth to the Available School Fund.

During the same two-year period, the counties will receive an estimated $65 million in fees for collecting the MV sales tax. ★

Research staff members met with the Executive Committee at the spring meeting of the board.

EXECUTIVE COMMITTEE–STAFF MEET

On May 11, the day before the spring board of directors meeting, the members of the League's executive committee held an all-day session with Dr. Jared E. Hazleton, President, and the entire 10-member professional research staff.

With Research Director Robert Norwood moderating, each member of the staff reported on the projects currently occupying their time and explained the general area of interest which they are assigned to follow on a continuing basis.

Committee members followed the presentations closely and frequently asked incisive questions about the subject—questions that often led to additional discussions that ranged well beyond the presentations that had been planned in advance.

This "first ever" meeting between the executive committee and the full staff was organized at the suggestion of League Chairman William T. Slick Jr., Senior Vice President, Exxon-USA, Inc.

Following the meeting, President Hazleton was asked for his reaction and responded:

"Several committee members expressed their appreciation and volunteered the statement that they had no idea of the depth of information and interest that the staff had in the government of our state.

"As for the staff, while they all appreciated that the members of the Executive Committee have a real interest in the work of the League, I don't think that any of us fully appreciated the depth and extent of that interest.

"Our staff now knows, from their personal contact, that every member of the executive committee is sincerely interested in good government.

"Committee members, for their part, now realize more than ever that the League has assembled a staff that shares that interest and which has the knowledge and competence necessary to make a real contribution to that end."

Attending the meeting, in addition to Slick, Hazleton and Norwood, were Executive Committee members:

Walter Corrigan, Corrigan Enterprises; C. F. Grisette, Vice President, Texas Eastman Company; Paul N. Howell, Chairman of Board, Howell Corporation; Joe Kilgore, Partner, McGinnis, Lochridge & Kilgore; W. G. Marquardt, President, Texas Electric Service Company; W. C. McCord, Chairman & President, Enserch Corporation; T. B. Pickens, Jr., Chairman, Mesa Petroleum; Robert T. Present, Chairman of Board & Chief Executive Officer, Texas Commerce Bank—Austin; A. W. Riter, Jr., Chairman of Board & Chief Executive Officer, InterFirst Bank Tyler; E. Bruce Street, Sr., Independent Oil Operator.

Research staff attending were: Alan Barnes, Senior Research Associate; Janet Beinke, Research Analyst; Jim Burdett, Research Analyst; John Kennedy, Senior Research Associate; Claire Oxley, Intern; Terry Peters, Research Analyst; Augustin Redwine, Research Analyst; Harold Sanders, Research Analyst; Karen Sorrell, Intern.

BOARD HEARS REPORTS AND ADOPTS RESEARCH

The spring meeting of the League's board of directors was held in San Antonio on May 12 and opened with a keynote address by Chairman William T. Slick Jr. The full text of Slick's speech will be sent to League members under separate cover; some highlights of his remarks follow.

"During the past four months, the League, through the work of its staff, has had a marked impact on Texas government—perhaps as much or more than any organization in our state.

"The League has definitely been one of the most effective voices in Austin and it has accomplished this without lobbying—and without taking politically motivated positions on the issues at hand. During these four months, working with a new governor and a new legislature, the League staff has enhanced the reputation for competence and trust that the League has enjoyed throughout its 30 years of service to our state.

"I am pleased to report that shortly after taking office, Governor Mark White came to the League to request help in coordinating the Task Force on Emergency Jobs and Unemployment Trust Fund. This was a substantial undertaking with an important impact on business in Texas. Elvis Mason, a member of our Executive Committee,

Continued on back page

REPORTS . . . continued

was appointed chairman of the Task Force by Governor White.

"It is worth noting here that the League staff was instrumental in developing a plan which will restore long-term solvency to the Unemployment Trust Fund and at the same time correct a number of flaws in the current law which have existed for many years.

"The League is truly a blue-chip organization. I trust you share with me the great sense of pride I have in being associated with the caliber of business leaders who make up our board and in the results achieved by League work."

Vice Chairman T. Boone Pickens Jr., chairman of the League's finance and membership committee, reported that real progress was being made in meeting the 1983 budget and in instituting the new dues structure adopted last year. "The League," he said, "has earned the respect and trust of public officials."

"It is having an impact on legislation including taxes, spending and planning at both the state and local levels—and that means it is having an impact on our businesses and the lives of our people.

"It is time for us to lay it on the line. We need to be sure that the League has the necessary funds to meet the challenges before it. For they are our challenges.

"I ask you for that commitment. Your support is needed and it is an investment. The dividends will come in keeping good economical government and a sound economy in future years."

RESEARCH AGENDA APPROVED

The Board acted to approve a new research agenda covering the next 18 months. Three major studies of statewide significance comprise that agenda:

1. A study of public school education with emphasis on state policies which impact the existing public education delivery system.

2. A state tax policy study designed to equip public officials and League members with information necessary to anticipate fiscal developments rather than merely to react to financial crises already upon us.

3. A study of state-local government relations including the development of a city-county data book similar to the "Bench Marks" reports published by the League for local school districts.

In presenting the new research agenda for approval, research committee chairman John Holmgreen described these three studies as perhaps "...the most significant that the League has undertaken in years...of tremendous importance not only to the state, but also to League supporters."

LOCAL STUDIES

The Board also approved new guidelines for requested local government studies as recommended by the executive committee. Under the new policy, no more than one local government study will be made during each 18-month research cycle and the League will require reimbursement for all study costs (including staff salaries) from local area contributors.

One of the purposes for the new guidelines is to avoid having the League be in direct competition with private sector consultants. ★

PUBLICATIONS

For more information, and for literature published by the League on various topics, contact Richard McCune, Public Information Director, Texas Research League, 1117 Red River St., Austin, Texas 78701. Tel. 512/472-3127.

TEXAS RESEARCH LEAGUE ANALYSIS

P.O. Box 12456
Austin, Texas 78711

Address correction requested

Nonprofit Org.
U.S. Postage
PAID
Austin, Texas
Permit No. 2104

CITY OF DALLAS
OFFICE OF THE CITY MANAGER
RESEARCH LIBRARY
CITY HALL
DALLAS TX 75201