



Serving the counties of District 2: Fannin, Delta, Hunt, Hopkins, Rains, Rockwall, Kaufman, Van Zandt, and part of Dallas County

Balanced Budgets; No New Taxes.

Until the Texas government decided to declare 90 percent of Texas businesses “non-essential” and arbitrarily close them indefinitely, Redistricting loomed as the biggest challenge facing the upcoming 87th legislative session. However, with the double whammy of the Chinese COVID-19 shutdowns and the unprecedented drops in oil and gas futures, there will be different priorities. Delivering a balanced budget for the next biennium (2022 - 2023) will undoubtedly prove to be a huge challenge.

Comptroller Glen Hegar recently announced that April state sales tax revenue dropped roughly 9 percent from the same period last year and we can expect several more months yet with a significant drop in sales tax and most all other forms of state revenue.

The pain of significant revenue reductions will also be felt at the local level for cities, counties and ISDs. While the federal government is providing bailout money, it will most likely be a mere penance of the actual short falls.

The silver lining is that this is not the first time the state has faced financial crisis. And, the resulting low tax, reduced spending model that addressed a \$10 billion shortfall in 2003 actually spurred the growth of the Texas economy for the following decade. To replicate the success of that budget crises, state leaders should take immediate action in the following areas:

- Immediately reduce agency spending;
- Implement Zero-based budgeting for all state agencies;
- Providing state leadership on how to cut government expenditures for our local government partners; and
- Balance all budgets without tax increases.

Reduce Agency Spending Immediately

If we are to meet our Constitutional requirement of “living within our means” we must begin spending reductions now, not next year. To do this, all state agencies should immediately begin to eliminate all “non-essential” activities. If we can declare 90% of private businesses as “non-essential”, arguably an equal amount of government could be so classified. Agencies should submit a plan for achieving at least a 20% reduction in expenditures that are not constitutionally required for the balance of this biennium and beyond.

As Comptroller Hegar said in an interview last month, “It’s better to ask agencies to reduce their budgets for a longer duration than a shorter duration. So you’re better to go shallow for long and still attain a significant savings for this biennium and next biennium than waiting six more months and having to go deeper.”

Zero Based Budgeting for 87th Legislative Session

We are Texans. We have successfully done it before and we can do it again. In 2003, in response to revenue projections of a \$10 billion shortfall, Governor Rick Perry delivered a budget with all zeros to the Legislature. Though facing tough times, his message was that he would not sign a budget that included a tax increase. Through the diligent work of the House Appropriations and Senate Finance Committees, the budget was built block by block —what is constitutionally required, what is statutorily authorized, what is highest on the list of priorities. It was a hard process, but it was a good budget. The 87th Legislature needs to replicate that process.



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State Leadership

State government should lead the way with timely and meaningful budget management action.

Texans have a strong history of stepping up and doing the difficult when it is required. The dire financial situation we are about to face needs to be explained so that we will have community resolve in taking the steps needed to collectively “tighten our belts.” All state elected officials need to lead by example, showing our local governments how to return government focus to protecting liberty by making every tax penny count in delivering “essential” services.

Balance All Budgets Without Raising Taxes

Just as in 2003, the budget process will not be easy. There will be painful cuts in programs that may go beyond cutting “the fat.” Like in our personal lives, we will find there are things we are paying for that are nice, but not necessary. An honest answer to the question “is this ‘essential’ will clearly identify things that were historically ‘nice’ but not ‘necessary.’

The people of Texas are suffering greatly; physical, mentally, emotionally and financially because the government told them they were non-essential and prohibited them making a living for their family. The purpose of government is to serve the people by protecting liberty. That service which imposes an excessive financial burden on the people robs them of that liberty.

All levels of government elected officials owe it to the citizens of Texas, to whom they took an oath to serve, to balance all budgets without raising taxes.

