

Short-sighted Cuts Costly to Poor

Written by by Ellis and Turner
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By State Sen. Rodney Ellis And State Rep. Sylvester Turner

Last session, the Texas Legislature faced a record \$27 billion budget shortfall. As was widely reported, those in charge chose to respond to this shortfall with dramatic cuts to education, health care and financial aid. Indeed, almost every segment of state government was affected, including numerous programs that assist you and your neighbors on a daily basis.

As we face record triple-digit temperatures and a historic drought, Texans will soon discover that environmental and energy programs also bore the brunt of the cuts. This will make life hotter, dirtier and less healthy across the entire state.

For example, almost \$100 million was cut from the System Benefit Fund Low Income Discount program - also known as LITE-UP Texas - that provides for an electricity rate discount for qualifying low-income customers. Created in 1999 as part of the deregulation of the state's electricity market, it is funded through a monthly fee on everyone's utility bill. The fund's goal has always been to assist the least fortunate Texans in braving the summer heat, and as temperatures across the state soar to increasingly high levels, that mission is more critical than ever. Unfortunately, the short-sighted cuts from last session will harm far too many vulnerable elderly and low-income Texans.

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What makes this situation even more untenable is that those in charge chose to leave more than \$650 million sitting in the fund in order to protect tax breaks for oil and gas companies and make up a portion of the \$27 billion shortfall. That's right: While Texas bakes, more than \$650 million that could have gone toward assisting Texans with their utility bills and energy-efficiency upgrades sits unused and cannot be touched.

This is dishonest governing, pure and simple: telling Texans their money will be used for one purpose but instead redirecting it to another without voter approval. Our state deserves more from its budget than smoke-and-mirrors and diversions.

Fortunately, Texas has an opportunity to do better during the next legislative session. We can and should assist our state's most vulnerable citizens as the law currently provides. It will take additional revenue to help fill the hole dug by those in charge, but this can be done without any new taxes. Instead, a systemic review of the state's loophole-ridden tax system is long overdue.

The Texas Tax Code contains numerous preferential corporate tax giveaways that were inserted into the code in the distant past. These loopholes live on today as unjustified and, in effect, hidden spending programs benefiting a few at the expense of the many.

For example, the so-called "high cost" natural gas tax loophole gave away more than \$7.4 billion from 2004 to 2009 to natural gas producers simply because their lobbyists have been able to maintain an antiquated definition of "high cost" in statute. This tax incentive was created in 1989 to help companies with the costs of drilling high-cost wells, which made sense then as a means of spurring new technologies to access hard-to-reach natural gas. Now, however, virtually every new well produced is a high-cost well, meaning all new drilling receives a tax incentive to do what is already going to be done. From new drills established in 2009 alone, Texas will lose another \$7.9 billion over the next 10 years.

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While the Legislature cannot do anything about the heat, we can help those most in need and be honest about how taxpayer funds are spent. Accomplishing that while also cleaning up a tax code full of outdated tax breaks may lead to some hot days in Austin come next session, but the state will be far better off.

Ellis, a Democrat, represents Texas Senate District 13. Turner, a Democrat, represents Texas House District 139.