



BRANDON CREIGHTON



LEGISLATIVE REPORT

SENATE DISTRICT 4

FALL 2014

SENATE DISTRICT 4


 COMMITTEES:
 OPEN GOVERNMENT
 STATE AFFAIRS


Dear Friends,

As we turn the corner into Fall, the Legislature is beginning to gear up for the next legislative session. Senate District 4 is well positioned to have a great say in the future dealings of the state.

As your newly sworn in State Senator, I look forward to working with all of you for the betterment of our state as a whole and Southeast Texas in particular.

The purpose of this newsletter is to highlight the issues facing our state and provide you with meaningful information so that you can remain informed, aware, and active in your state government. An informed and educated citizenry is the best guardian of liberty.

There are many issues looming on the horizon for the 84th Texas Legislature. Among those are reforming school finance and improving public education, the growing Texas budget, transportation and water infrastructure funding, and finding effective ways to halt federal overreach in its tracks in order to return power to the states.

In the face of all of these pressing issues, Texas must remain disciplined financially and in our shared convictions. Good financial stewardship will extend the Texas miracle far into the future and maintain our status as the nation's top state to earn a living and start a business. Remaining strong in our shared convictions will show the rest of the nation that the ideals of the United States Constitution are alive and well in Texas, even though they are under assault elsewhere in the country.

The upcoming legislative session holds great promise for Texas. As her sons and daughters we must seize the opportunity to do the things that we know to be right while we have the chance.

I look forward to hearing from and working with my constituents, state leaders, and other legislators for the continued betterment of our state. Please let me know how I can best serve you as your State Senator.

Respectfully,

Brandon Creighton



Issues Facing the 84th Texas Legislature



Franchise Taxes

Texas is consistently rated as one of the top states in which to do business. The growth of the state's population and increasing personal income are testaments to that fact. However, when businesses are asked what Texas can do differently to make the state an even better place to operate, they usually have the same answer: Do something about the Franchise Tax.

The Franchise Tax was reformed in 2007 in order to replace property taxation as a means of school finance. Neither has happened. The Franchise Tax is still unwieldy and generates far less revenue than anticipated. Meanwhile property taxes are still too high for many property owners throughout the state.

The Franchise Tax places a tax on a business's taxable margins for its operations in the State of Texas. Some states have no Franchise Tax at all, which can make those states more attractive in terms of business taxation. Many businesses feel that the tax is overly complicated, which further increases their costs for compliance. All of this adds up to a higher cost of doing business in Texas, which can deter some businesses from expanding into Texas or expanding their current operations already in Texas.

Texas must remain competitive with her sister states in attracting new businesses. This can be done by addressing the Franchise Tax to make the costs of operation in Texas more transparent and efficient. I look forward to seeing the best ideas put forth during this next session to address the many issues surrounding business taxation in Texas.

Education Finance

The current suit regarding Texas school finance is waiting for a hearing before the Texas Supreme Court. For decades now Texas has been in a reactionary cycle of tweaking



Senator Creighton addresses the House of Representatives during the 83rd Legislative Session.

formulas to satisfy judges, which eventually leads to more lawsuits, more judicial orders, and more tweaks.

The current case may not be resolved until after the 84th legislative session. It is unknown at this time if the Legislature will address school finance prior to the Texas Supreme Court ruling or wait for guidance from the court before proceeding. Whenever the Legislature does address this issue, it needs to be with an eye on finally ending this cycle of litigation, which only costs the state and taxpayers more money.

The balancing act that takes place between ensuring adequate funding for education and efficient spending of taxpayer dollars is a delicate one. The state must find a way to remain fiscally sound while providing a quality education for its citizens.

Fiscal Discipline

Like any everyday family, Texas must live within its means, make more than it spends, and work quickly to pay off debts. Texas has done better than most other states in this regard and may actually be the best. There is always room for improvement.

The 83rd Legislature took an important step in honest budgeting last session. Diversions and accounting gimmicks used to certify past budgets were cut down drastically. It is essential as a state to take a hard look at the budget and begin prioritizing our needs. The 84th Legislature will continue to find ways to make the budgeting process and our state's finances more transparent and honest for the long-term financial health and benefit of Texas.

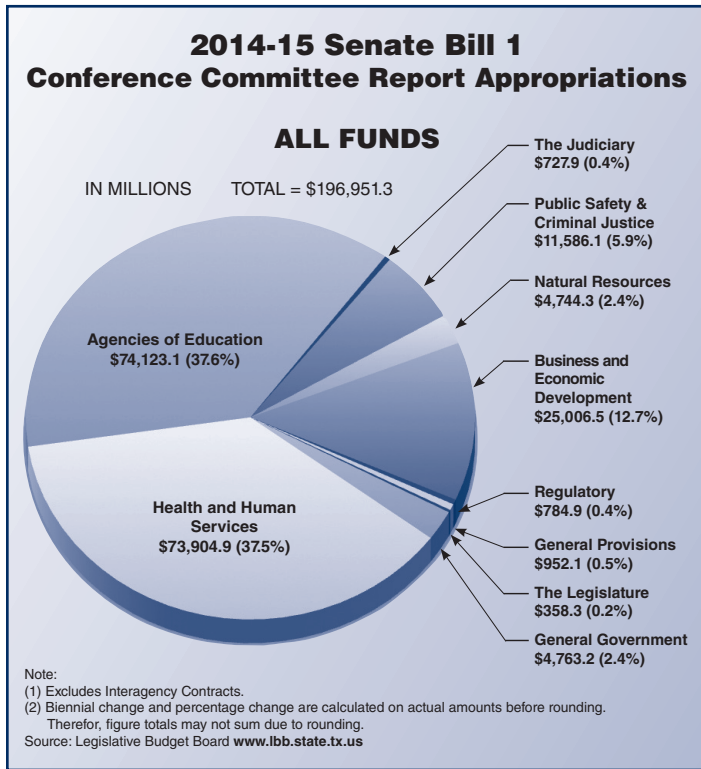
Honesty and transparency in budgeting are only part of the equation for fiscal discipline. Guarding against unnecessary increases in state spending is absolutely essential. For example, during the 83rd Legislative Session the Budget Conference Committee came back with a budget that ultimately spent



Senator Creighton speaks to constituents in Conroe regarding drug testing for unemployment.



Issues Facing the 84th Texas Legislature



over \$1.5 billion more than what was originally asked for by either the Senate or the House of Representatives. \$1.5 billion in expenditures that were not publicly vetted or even sought by either chamber of the Legislature. If Texas hopes to remain the beacon of success for the rest of the country, this is exactly the type of unnecessary expenditure we must resist.

Proposition 1 and Transportation Funding

On November 4 Texas voters went to the polls again to choose our state leaders. But in addition to those races, voters were also asked to vote on Proposition 1 to provide for transportation funding.

Proposition 1 will take half of the severance tax money that normally goes to the Economic Stabilization Fund, also known as the Rainy Day Fund, and instead send it to the Texas Department of Transportation or TxDOT. Recent estimates have said that TxDOT needs an additional \$5 billion every year in transportation funding just to maintain current congestion levels. Proposition 1 could provide as much as \$1.7 billion in its first year for transportation funding.

Currently the Texas Senate and House of Representatives have a joint committee to study the financial viability of the Economic Stabilization Fund. After studying the Economic Stabilization Fund, the committee is tasked with setting a floor, which the Fund must remain above for Proposition 1 to have any effect. In other words, if the Rainy Day Fund is not projected to be above the protected floor, then transfers to

TxDOT would not take place. This is a key safeguard in order to protect the Rainy Day Fund and the state's credit rating.

The Legislature must return to work in January with the understanding that there is still much to be addressed in terms of transportation funding. Transportation infrastructure is a large component of the state's business success and must be maintained at a high level for Texas businesses and residents to meet their full potential.

First Committee Hearing as State Senator

I had the honor of attending an interim hearing for the Senate Committee on State Affairs in Austin on Monday September 15. It was my first hearing as the State Senator for Senate District 4. Some of the topics discussed included patent lawsuit abuse and a lively debate on the Affordable Care Act.

It was important to hit the ground running and show the constituents of Senate District 4 that their State Senator is hard at work. People like to know that their locally elected legislators are engaged and working hard. Our system of representative democracy does not work when those elected are disengaged and uninterested in the work that they were sent to Austin to do.

These interim hearings play a big part in preparing for the upcoming legislative session. They provide good information on potential issues facing the state and possibly the nation. As a national leader in many subject areas, Texas must remain on the cutting edge even though the Legislature only meets every two years. Participating in interim hearings is a good way to stay current on pressing issues and ensure that legislators and other state leaders are engaged in moving our state forward.



Senator Creighton with his family as Governor Perry administers the oath of office.

Interim Update



- ★ BUSINESS TAXATION
- ★ EDUCATION & TRANSPORTATION FUNDING
- ★ INTERIM COMMITTEE HEARINGS



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