

Giovanni's Journal

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The Impact of Lower Oil & Gas Prices on the Texas Budget

By Rep. Capriglione

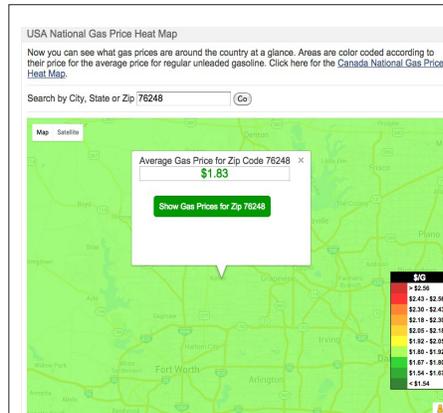
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Growing up, there were always certain items that popped up at the dinner table. At any given time my dad knew – and by extension I knew - the price per gallon of gasoline. Gas prices play a significant role in how consumers feel about the economy. It is also one of the few prices you see almost every day. Given the outsized role that oil & gas plays in the Texas economy, in today's article I will be discussing the effects that lower prices might have on the state budget.

As you may know, the Texas Legislature meets every other year, and our budget projections are predicated on factors far into the future. The Comptroller, Glenn Hegar, releases his initial Biennial Revenue Estimate (BRE) at the beginning of each legislative session. In the BRE report, the Comptroller must include estimates on everything from sales tax revenue to registration fee collections to oil & gas severance tax revenue. Since his BRE was released, the price of oil has been under severe pricing pressure as production and supply hit record highs, and a slowdown in various economies has kept demand anemic. In fact, the price of oil has dropped by about half in the past 12 months and new drilling activity in Texas has hit a six-year low.

With all of this in mind, the Comptroller recently released his Certification Revenue Estimate (CRE) detailing the latest predictions on the state's budget for the rest of the biennium. The updated estimate predicts general revenues available for spending of \$110.3 billion, down from the initial estimate of \$113 billion in January.

This decrease means that the state will have a smaller budget surplus, but not a deficit. The final spending budget came in at \$106.2 billion, well under available



The Texas Gas Prices website, www.texasgasprices.com, tracks current gas prices in your area and compares nationwide through detailed heat maps.

funds of the new \$113 billion revenue estimate. Because of that, the downward revision means the state will have around a \$4 billion surplus at the end of the biennium rather than a nearly \$7 billion surplus.

In an elegant example of checks and balances, the Constitution requires an elected non-legislative branch official (the Comptroller) to independently give the Legislature the amount of tax revenues it has in its budget. This is one of the four spending limits imposed on the legislature by the Texas Constitution. These hard limits, along with self-imposed fiscal restraint, have provided a cushion for the State budget on the drop in oil & gas prices.

In summary, while the decrease in oil prices will have a negative impact on state revenues, and of course, the general economy, the Texas State Budget is still expected to have a surplus in the budget cycle.

The above includes information from the Texas Comptroller's Office and the office of State Representative James Frank. If I can be of any assistance, please do not hesitate to call 817-431-5339 (Keller office) or 512-463-0690 (Austin office).

Thank you again for allowing me the privilege to serve you in the Texas House.

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“Take A Veteran to School Day” Honors Armed Forces

On November 11, Charter Communications and HISTORY Channel teamed up to add Keller Middle School to the growing list of schools participating in HISTORY’s “Take a Veteran to School Day.” This program was developed to provide students a link to veterans beyond coursework or textbooks. Events ranging from class visits to school assemblies allow students to learn about Veterans Day through the eyes of a veteran and hear their personal stories.



Representative Capriglione had the honor of meeting keynote speaker Sgt. Joe Washam, a U.S. Army Veteran and 1998 Keller High School graduate. Washam discussed the important purpose of Veterans Day and shared his personal experience, including a tour in Iraq to search for weapons of mass destruction, and becoming severely wounded in an explosion at a suspected chemical weapons site in Baghdad, to later being awarded the Purple Heart on his 24th birthday.

“I expect everyone left with a greater appreciation for our brave veterans,” said Representative Capriglione.

House Speaker Joe Straus Announces Interim Charges

On November 4, House Speaker Joe Straus released interim charges to Texas House committees, focusing on jobs, education, and transparency. For the next year, House committees will hold hearings in which they will research the issues at hand and report their findings on the topics assigned to their committee. Hearings will be scheduled periodically throughout the year, and will result in a formal report back to the Speaker shortly before the start of the 85th Legislative Session in January 2017.

As a member of both the Appropriations and Investments & Financial Services committees, Representative Capriglione will study topics such as potential fiscal policy challenges for the 2016-17 biennium, as well as the current state of cybersecurity of financial institutions in Texas. As hearings proceed, this newsletter will provide constituents with information on current findings from both committees.

The full list of interim study topics by committee can be found at www.house.state.tx.us. Previous interim charges for committees and select committees, as well as interim reports from past sessions may be found at www.house.state.tx.us/committees/reports/.

December Events in District 98

- **Dec. 2: GRACE Christmas Cottage Open House** 4-7 p.m. at 815 S. Main Street in Grapevine. Holiday treats will be served for the children at 4 p.m., with wine and hors d’œuvres at 5:30 p.m. for adults. This GRACE program provides new, unwrapped gifts to families facing financial hardship. Gifts can be dropped off at 610 Shady Brook Drive in Grapevine - the Christmas Cottage program will be open from December 8-22. Please RSVP for this free event to events@GRACEgrapevine.org.
- **Dec. 3: Westlake’s Annual Community Tree Lighting** 6-8 p.m. at Westlake Academy campus and Town Green located at 2600 J.T. Ottinger Road.
- **Dec. 3: Grapevine’s 39th Annual Parade of Lights** at 7 p.m. beginning at the Grapevine Chamber of Commerce.
- **Dec. 4: Colleyville Tree Lighting Celebration** at 5 p.m. in Colleyville City Hall. Open the holiday season with the lighting of trees decorated by local community groups, photos with Santa, choral groups, and children’s crafts and activities.
- **Dec. 4: Keller’s Holly Days: Christmas at Town Center** at 6 p.m. Enjoy the Very Merry Light Parade, Santa Scurry 5k Run/Walk, the lighting of the Christmas tree, Santa’s arrival, stage entertainment, a two-lane snow hill, arts and crafts, bounce houses, and more. For a full schedule of events, parking information, and road closures, please visit www.cityofkeller.com.
- **Dec. 5 & 12: Southlake’s Breakfast with Santa** 7:30-8:45 a.m., 9-10:15 a.m., and 10:30-11:45 a.m. at the Southlake Town Hall Lobby. Make holiday crafts while enjoying breakfast treats. Kids, bring wish lists and parents, bring cameras. Registration must be completed online early, and is \$10 per person. For more information, please visit: www.cityofsouthlake.com.
- **Dec. 7: Southlake’s Meet the Mayor** 5:30-7 p.m. at the Mayor’s Office in Southlake Town Hall. This monthly get-together with Mayor Laura Hill will be centered around topics of interest to Southlake citizens.
- **Dec. 25: Christmas Day**
- **Dec. 31: New Years Eve**



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