

STAFF REPORTS

TEXAS GOVERNMENT AFFAIRS

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The fourth quarter of an even numbered year is typically a busy quarter for PBPA members and staff on the Texas Legislative front. This is the quarter where we prepare for the start of the Legislative Session which is set to begin at noon on January 12, 2021. In addition to the contentious Presidential and federal races in the fourth quarter, the PBPA monitored all Texas House and Senate races as well as the Railroad Commissioner race. Energy policy was a major topic in many races, from the race for President on down the ballot.

As to the state House of Representative races, each party lost one incumbent in the Texas House, keeping the balance of the chamber at an 83-67 Republican majority. In the Texas Senate, Senate District 19, which Republican Pete Flores held for the last two years (and covers the furthest south and west portions of the Texas side of the Permian Basin) returned to the Democrats, and will likely present the Senate with an 18-13 Republican majority.

PBPA staff consulted with our members regarding the important issues ahead of those elections. We continue to keep the membership apprised as the impacts of the elections are more fully understood. PBPA has met with legislative members and staff since then, as well as the presumptive speaker of the Texas House, Dade Phelan (R-Beaumont.)

The 2021 Texas Legislative Session will have three overarching issues that will dominate the session:

- The state budget;
- Redistricting; and,
- The impacts of Covid-19.

We have an estimated Budget Shortfall of \$4.6 Billion. The Governor has already asked the agencies to cut their budgets by 5%. It is manageable, but to balance the Budget will require cuts and some accounting tricks (push back payments to the schools by 30 days). Everyone will be thinking about closing current exemptions as sources of new revenues and new revenue sources. It is here the oil and gas industry is most vulnerable. Please note the Budget is the only bill they have to pass.

Redistricting the Congressional, State Senate and State House seats will be on the Legislature's minds every day. When the census data arrive is an open question. It may be after the session. We should not be surprised if the Legislature does not resolve this issue. It may ultimately be decided by the Legislative Redistricting Board (Lieutenant Governor, Speaker of the House, Attorney General, Comptroller, and Commissioner of the General Land Office.)

Covid-19 will impact all aspects of the session, from access to the Capitol, committee hearings, and when the House and Senate meet. Relationships are always vital, but having a relationship and a member's cell phone number will be even more important in this session.

Working throughout all of the above will be the new Speaker, new House committee chairman and new committee members.

While the Texas Legislative Committee continued to meet in the interim, we will begin holding weekly meetings the first week of January 2021 and this schedule will continue throughout the session.