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# TEXAS

ASSOCIATION OF MANUFACTURERS

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“Texas Products, Texas Jobs”

## Texas Association of Manufacturers (TAM)



Established in 2006, TAM is a 401(c)7, member-driven advocacy group that is committed to advancing public policy that promotes quality jobs for Texans in the manufacturing sector.

With over 500 member companies, representing every manufacturing sector, TAM accomplishes its goals by being a forceful advocate for ALL Texas manufacturers at the local, state and federal level.





# Policy Principles

- TAM is governed by a set of core principles encompassing those issues that affect national and global competitiveness:
  - Energy Costs and Regulations
  - Environmental Regulations
  - Taxation
  - Transportation and Infrastructure
  - Workforce
  - Civil Justice



# Key Principles

- ◉ *The Texas Association of Manufacturers (TAM) supports policy initiatives that:*

## ENERGY

- ◉ Encourage the development of **market-based and cost-effective** generation sources that will provide Texas with greater generation fuel diversity, including **market-based, cost-effective renewable sources**.
- ◉ Require an **appropriate sharing of transmission infrastructure** costs between producers and consumers of electricity.

## WATER

- ◉ Promote cost-effective solutions to meet the state's water needs by **proportionally distributing any costs** in developing Texas water infrastructure statewide among all consumers.
- ◉ Promote water reuse incentives and sustainability initiatives developed in collaboration with innovative manufacturing partners to reduce the burden on the proposed water infrastructure.



# Key Principles (continued)

## AIR

- Maintain current, ongoing initiatives which have dramatically improved air quality in Texas and do not interfere with effective enforcement of existing effective state and federal air quality standards.
- Promote continued industry investment in technologically and economically feasible emission reduction solutions through market-driven measures rather than mandates.

## TAX

- Promote a competitive business tax environment in all state and local taxes.
- Maintain the structural integrity of Texas' new margins tax while seeking legislative and administrative technical changes and/or clarifications to create greater clarity and fairness in the new tax.
- Oppose attempts to further distinguish tax roles of residential and commercial entities, such as appraisal caps.



# Key Principles (continued)

- TAM supports **workforce and education** policies that:
- Fosters an effective, efficient and standards-based education system that meets the needs of the Texas manufacturing industry and its wide array of employment opportunities;
- Incentivizes public school districts, public and private universities, community colleges and technical schools to increase the number of graduates in critical fields such as engineering, math, science and career and technology.
- Encourages rigorous yet flexible pathways to post-secondary success; including accountable and relevant programs to meet diverse workforce needs.



# Key Principles (continued)

## Competitiveness

- ◉ *TAM supports policy initiatives that:*
- ◉ Keep Texas on the competitive cutting edge to attract manufacturers and grow jobs. Renewal of the Texas Enterprise Fund and Texas Emerging Technology Funds are critical in keeping Texas competitive.
- ◉ Ensure that Texas manufacturers continue to have the right as employers to set terms of employment and rules for their workplace related to prohibition of firearms on their private property or other safety measures.
- ◉ Support a fair and equitable civil justice system that promotes a sound business environment capable of attracting and retaining manufacturing jobs.

# MANUFACTURING MATTERS

- ◎ **Major Texas Employer:** Texas manufacturers employ **838,000 Texans**. (*Source: National Association of Manufacturers*)
- ◎ **Pays the Taxes:** Manufacturers are responsible for **1/3 of all corporate taxes** paid at all levels of government. (*Source: Data from State Comptroller and US Treasury*)
- ◎ **High-Paying Jobs:** Annual manufacturing compensation in Texas is **\$75,925** - 34 percent more than the rest of the Texas workforce. (*Source: National Association of Manufacturers*)
- ◎ **Mainstay of Texas Economy:** Manufacturing contributed \$159 billion to the Texas economy in 2009, a 13% share of the state's economy. (*Source: National Association of Manufacturers*)



# MANUFACTURING MATTERS

- ◎ **Economic Ripple Effect:** Every dollar of final sales from manufactured goods supports \$1.40 in output in the rest of the economy. *(Source: Manufacturers Alliance)*
- ◎ **Investment in the Future:** Manufacturers are responsible for almost **two-thirds of all private sector R&D spending**, which ultimately benefits the entire Texas economy by promoting innovation, investment and job creation.
- ◎ **Leading Exporter:** Manufactured goods account for 93% of all Texas exports. *(Source: National Association of Manufacturers)*
- ◎ **Diverse Job Opportunities:** Texas manufacturing jobs span several sectors including computer and electronics, chemicals, petroleum products, fabricated metal, processed food, non-metal minerals, motor vehicles and parts, and plastics and rubber, to name a few. *(Source: National Association of Manufacturers)*





# 82<sup>nd</sup> Texas Legislature

- 2010-2011 Budget Deficit: \$4.3 B
- 2012-2013 Shortfall: \$15 - \$27 B
- Census:
  - Texas' population is now 25,145,561. That's a 4,293,741 increase from 2000's figure and 20.6 percent change.
  - 4 New Congressional Districts
  - 181 Legislative Districts

# Excerpts from Letter from Comptroller Combs to State Leadership, January 10, 2011

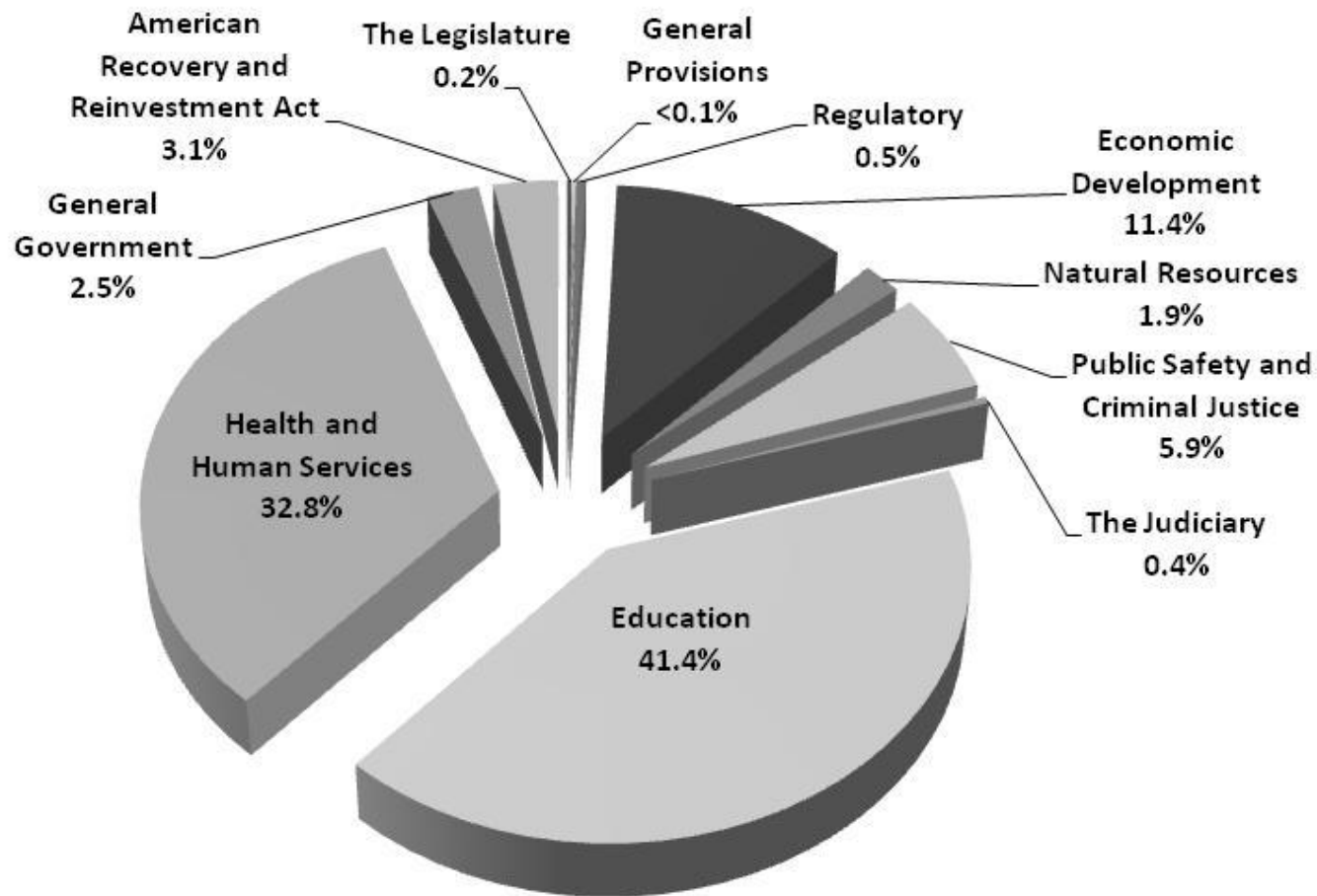
- For 2012-13, the state can expect to have \$72.2 billion in funds available for general purpose spending.
- This represents a 2.9 percent decrease from the corresponding amount of funds available for 2010-11.
- General Revenue-related tax and fee collections in 2012-13 are estimated to reach \$77.3 billion, with tax revenues accounting for 87 percent of the total. Approximately 64 percent of state tax revenue will come from the sales tax. Other significant sources of General Revenue include:
  - motor vehicle sales and rental taxes,
  - the franchise tax,
  - the oil and natural gas production taxes,
  - Insurance taxes, and
  - lottery proceeds.
- Reserved from \$77.3 billion is \$866 million representing oil and natural revenues that will be deposited to the Economic Stabilization (Rainy Day) Fund.
- Offsetting the anticipated revenue collections of \$77.3 billion for 2012-13 is the ending 2010-11 General Revenue-related balance, projected to be a *negative \$4.3 billion*. *This projected ending balance is a reflection of worse-than-expected revenue collections due to the recession – notably, the all-important sales tax which was battered by rapidly rising unemployment and contracting state and national Economies.*

## Excerpts from Letter from Comptroller Combs to State Leadership, January 10, 2011

- In addition to the General Revenue-related funds, the state stands to collect \$100.5 billion in federal receipts and other revenues dedicated for specific purposes and therefore unavailable for general-purpose spending. State revenue collections from all sources and for all purposes should total \$177.8 billion.
- The state's fiscal condition, severely impacted by declining state revenues, has been strengthened, however, by recent budgeting decisions by the Texas Legislature. Dollars flowing rapidly into the state's Economic Stabilization Fund associated with oil and natural gas tax revenues during the mid- and late- 2000s were not spent but retained in the Fund. In 2007, the Legislature moved \$3 billion from the General Revenue Fund into the Property Tax Relief Fund and, more recently, state leadership has instructed agencies to trim their budgets in response to economic conditions and the effect on state finances.

# All Funds 2010-2011 Budget: \$182,188.0 Million

## Percent of Budget by Function

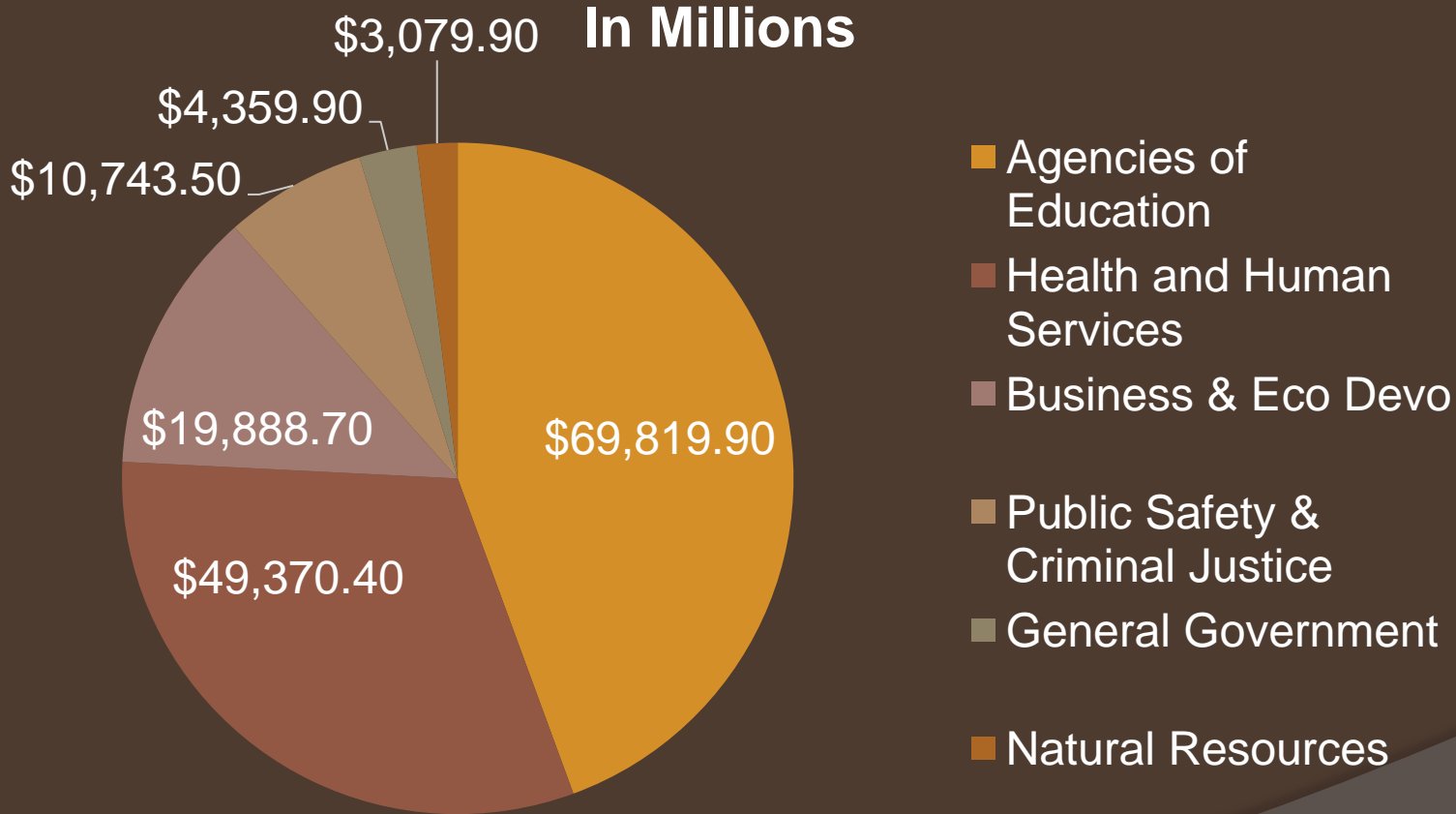


# 2012-13 Biennial Recommendations

## All Funds

**TOTAL = \$158,653.4**

**\$3,079.90 In Millions**



# All Funds Comparison 2010-11 to 2012-13 (estimated)

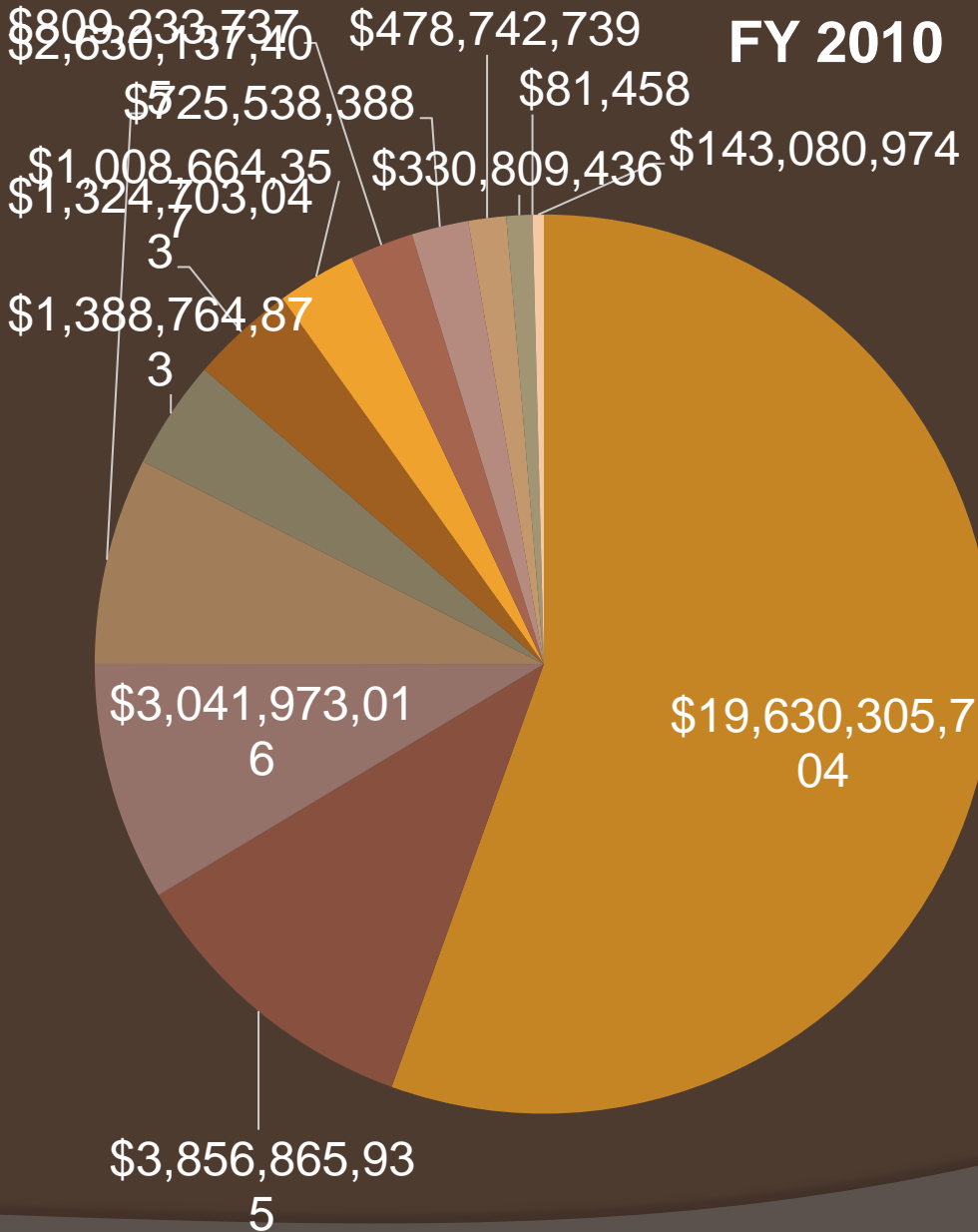
Article & Function	Budgeted 2010-11	Recommended 2012-13	Biennial Change	Percentage Change
I – General Government	\$4,807.9	\$4,359.9	(\$448.0)	(9.3%)
II – Health * Human Services	\$65,477.6	\$49,370.4	(6,107.2)	(24.6)
III – Agencies of Education	76,441.5	69,819.9	(6,621.6)	(8.7)
<i>Public Education</i>	<i>53,701.5</i>	<i>48,278.4</i>	<i>(5,423.1)</i>	<i>(10.1)</i>
<i>Higher Education</i>	<i>22,740.0</i>	<i>21,541.5</i>	<i>(1,198.5)</i>	<i>(5.3)</i>
IV – The Judiciary	673.9	604.2	(69.7)	(10.3)
V – Public Safety and Criminal Justice	12,073.9	10,743.5	(1,330.5)	(11.0)

# All Funds Comparison 2010-11 to 2012-13 (estimated)

Article & Function	Budgeted 2010-11	Recommended 2012-13	Biennial Change	Percentage Change
VI – Natural Resources	3,649.0	3,079.9	(569.1)	(15.6)
VII – Business and Economic Development	23,202.8	19,888.7	(3,314.0)	(14.3)
VIII – Regulatory	798.7	522.1	(276.6)	(34.6)
Article IX – General Provisions	0.0	(70.9)	(70.9)	NA
Article X – The Legislature	372.8	335.5	(37.2)	(10.0)
<b>Total, All Functions</b>	<b>\$187,498.1</b>	<b>\$158,653.4</b>	<b>(\$28,844.7)</b>	<b>(15.4%)</b>

# Tax Revenue By Source 2010

**FY 2010**



- Sales Tax
- Franchise Tax
- Motor Fuels Taxes
- Motor Vehicle Sales/Rental Taxes
- Tobacco Taxes
- Insurance Taxes
- Oil Production Tax
- Alcoholic Beverage Taxes
- Nat Gas Production Tax
- Utility Taxes
- Hotel Tax
- Inheritance Tax
- Other

# FY 10

## Other Major Sources of Revenue

Revenue Source	Amount	Percent of Total	Percent Change from FY 09
Federal Income	\$36,856,626,791	42	19.4
Licenses, Fees, Permits, Fines and Penalties	\$ 6,862,918,564	7	(4.7)
Interest and Investment Income	\$ 1,058,575,154	1	(21.4)
Net Lottery Proceeds	\$ 1,633,922,591	1	3.3

# 82<sup>nd</sup> Legislature Generally

## ◎ BILL FILING STATISTICS

Bill Type	2011	2009	+/-
◎ House Bills	3801	4697	-896
◎ Senate Bills	1871	2439	-568
◎ House JRs	153	139	14
◎ Senate JRs	48	49	-1
◎ Totals	5873	7324	-1451

# TAM Specifically

- ◎ TAM is currently tracking over 400 pieces of legislation.
  - 50 Tax Related Bills
  - 164 Energy Related Bills
  - 75 Environment Compliance Bills
- ◎ Other Issues of Interest
  - Sunset Review (ERCOT/PUC, TCEQ, Railroad Commission, Dept. of Insurance, TxDOT, Division of Workers Compensation)

# The Big Picture

- 2010-11 Deficit: \$4.3 b  
(After 5 – 10% cuts made beginning in 2010)
  
- Economic Stabilization Fund: \$3.6 b
- Increased Sales Tax Collection: \$ 300m
- Additional Agency Cuts: \$ 400m
  
- 2012-13 “Shortfall” \$15 - \$25 b
  
- Potential Revenue Sources:
  - Deferred Payments: ~\$2 – 3 b
  - Tax Collection “speed-up”: ~\$1 b
  - Increased Fees, Licenses, Fines & Penalties ? 1 b
  - Sales Tax Rate (1 cent, current structure) \$2 b
  - High Cost Gas Incentive: less than \$500 m
  - Sales Tax Exemptions
    - **Materials Used in Manufacturing** \$10 b
    - Manufacturing Machinery & Equipment \$550 m
    - Packaging and wrapping supplies \$300 m

# TAM Member Companies

(550 diverse companies)

Board of Directors (50)

## TAM

- Director
- Leg Coordinator
- Development

TAM Media

TAM Lobby/Regulatory Team

- 8 contract lobbyist with specific responsibilities.

Member Company Representatives

# TAM's Media is Second to None



- In addition to providing a daily clipping service to all of our members, TAM has become a go-to contact and source for all media outlets in Texas, as well as nationally.
- In the past year alone, TAM has been cited or featured in over 100 news stories.

# Lobby & Regulatory



- 80% of member dues go directly toward our unparalleled team of 8 lobbyist.
- TAM operates with the lowest overhead in the Austin advocacy community.
- Over the past 18 months TAM has served as the industry's authority involving:
  - State Budget and Tax Proposals
  - PUC/ERCOT Sunset
  - The ongoing fight with the EPA over Texas air permits

# Membership Benefits

- ◎ Affiliate (\$100 and up)
  - Daily News Clipping Service
  - Access to TAM's Legislative Tracks and Reports
  - Special Invites to TAM sponsored events
- ◎ Partner (\$5000 and up)
  - Same as Affiliate
  - Attendance at TAM's weekly legislative committee meetings
  - Attendance at TAM Board of Directors Meetings
  - Exclusive Event Opportunities
- ◎ Voting Member (Dues formula based on employees and assets)
  - All Affiliate and Partner Benefits
  - Full Voting Rights
    - Legislative & Policy Committees
    - Board Opportunities Available

# TAM's Workers Comp Purchasing Group

- ⦿ Receive an up-front 11.00% premium discount.
- ⦿ Receive up to an additional 12.00% discount for choosing Texas Mutual's workers' comp health care network (for qualifying employers).
- ⦿ Possibility of receiving Texas Mutual individual policyholder dividends *and purchasing group dividends*. \*
- ⦿ Industry-specific safety plan, interactive safety tools at [texasmutual.com](http://texasmutual.com) and loss prevention seminars.
- ⦿ You retain your own policy and experience.
- ⦿ You maintain your long-standing relationship with your insurance agent.



- *The time to act is now. Join your fellow Texas manufacturers as we continue to fight for Texas products made from Texas jobs.*
- For more information please visit our website:
  - [www.manufacturetexas.org](http://www.manufacturetexas.org)
- Contact information
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