

Moneymakers

FIVE QUESTIONS WITH ROBERT MILLER

Legislature a challenge for businesses

The current session of the Texas Legislature already is expected to be a difficult one, with a school finance quandary and tax reforms on the table.

But add in the politics of an incumbent governor planning to run for re-election, and it makes for a particularly challenging session, says Robert Miller, an attorney with Locke, Liddell & Sapp in Houston.

The firm's clients include Landry's, Camden Property Trust and various pensions, all of which have something at stake this session.

Chronicle reporter Purva Patel spoke with Miller about what businesses can expect.

Q: What's on the agenda for some of your clients this session?

A: We'll definitely be following pension issues and tax issues related to real estate investment trusts. The lieutenant governor has suggested a transfer tax on real estate investment trusts that would raise \$1.5 billion by taxing every real estate sale. And if Texas is going to allow gaming in the state, Landry's would like the opportunity to participate in it. Currently there's discussion of putting a gaming terminal at a horse and dog track in La Marque. That would have a negative impact on Galveston Island because tourists will stop at La Marque and not come to Galveston.

Q: What about the franchise tax?

A: The franchise tax is broken. Only one in six Texas businesses pay it. Any business can restructure itself



E. JOSEPH DEERING : CHRONICLE

ROBERT MILLER: "The franchise tax is broken. Only one in six Texas businesses pay it. Any business can restructure itself to not pay it."

to not pay it. I think there's an agreement between the Senate and the House that we need a broad-based business tax at a low rate. What we haven't agreed on is the nature of the tax. Do we base it on gross receipts or something else? The question is "How do we restructure our tax system?"

Q: What does state Comptroller Carole Keeton Strayhorn's budget forecast released Monday mean for Texas businesses?

A: This is a surprise and good news for Texas businesses. Most observers had been expecting a shortfall in the \$1 billion to \$2 billion range. In my judgment, it will make the legislative leadership more reluctant to increase net taxes during the regular session. Now the only pressure for a net tax increase will be public school finance, and the Legislature could well wait for the Supreme Court to rule in April or May before deciding how much more money they need to spend. This good news

on the revenue estimate probably makes it more likely that school finance is ultimately addressed in a special session on school finance after the Supreme Court's ruling.

Q: What do you think will actually get accomplished during this session?

A: The Texas Legislature meets 140 days of the year. You can imagine the complex issues involved. Every session is tense. While there's a desire to get a lot done, I think we're very likely to see several special sessions.

We will pass the budget. That's required. We will reform workers' compensation and reauthorize the Public Utility Commission, which is up for sunset review. I think the Legislature will address a number of social issues. There will be reform of Child Protective Services and discussion on if there will be gaming in Texas.

Q: How has lobbying changed in the last 10 years?

A: It's become much more professional and less of a good-old-boy system and less of a "go out and drink into the wee hours of the morning" thing. There are more issues, the issues are more complex, and lobbyists tend to specialize. Businesses are also much more proactive. They recognize the large impact government has on business and recognize they need to take a constructive seat at the table with lawmakers.

purva.patel@chron.com