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Perry privately pushing tax plan

Holds discussions with key businesses

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AUSTIN — The educational system getting so much attention from Texas officials may be public, but privacy has been a key feature of Gov. Rick Perry's efforts to hammer out school funding changes.

From the Bahamas to Houston, the governor has held a series of closed-door meetings with selected members of a key constituency — the business community — in pursuit of consensus.

The extent of his success, if any, is unknown, even though he announced last week a package of education funding proposals, including cuts in local property taxes and an assortment of new or higher state taxes for the public schools. He has yet to say when — or if — he will call lawmakers back to Austin to address his proposals in a special session.

If the main purpose of Perry's private meetings was to win widespread support for a separate statewide property tax on businesses, a key part of his plan, he apparently failed. Opposition to the idea remains strong because business leaders fear they would be singled out for higher school taxes over residential taxpayers.

Spokeswoman Kathy Walt said the tour was part of Perry's "consensus-building effort." She said the governor also has discussed his proposals with teachers, school administrators and representatives of public school groups.

The select sessions had about 130 invitees, which the governor's office said included the state's top employers. A number of the governor's major political contributors were among them.

Twenty of the 29 business execu-

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Perry

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tives invited to a meeting with Perry last week in Houston had contributed \$738,500 to the governor since May 30, 2001. Their contributions were either made individually or through their companies' political action committees.

In some respects, Perry's approach isn't unusual. Governors and legislative leaders, Democrats and Republicans alike, traditionally have courted business support for new policies, and many private meetings have been held over the years among elected officials and special interest supporters.

The late Lt. Gov. Bob Bullock, a Democrat, met privately with several dozen lobbyists at the Capitol to enlist their support for the state's last major tax increase, which helped bridge a revenue gap in 1991.

"He (Perry) has private meetings all the time," Walt said. "He also has met with legislators privately to talk about his ideas on school finance and educational excellence."

Advocates of open government, nevertheless, find Perry's approach troubling.

"The public's interest is best served if they have an opportunity to listen to the discussion," said Suzy Woodford, executive director of Common Cause of Texas.

"It's the taxpayers' money that is being discussed ultimately.

The taxpayers have the right to know what's being plotted to impact their wallets before it's sprung on them," she added.

Woodford's suspicions — and those of other critics — were heightened with news that Perry, his wife and key staffers had spent a February weekend in the Bahamas with three conservative advisers with controversial views on public education and how to pay for it.

One was James Leininger, a wealthy San Antonio businessman, major Perry donor and

strong advocate of using tax dollars for private school vouchers, an idea supported by the governor and Republican legislators but opposed by many Democrats.

Another was Brooke Rollins, director of the Texas Public Policy Foundation, which also favors vouchers.

Also on the trip was Grover Norquist, president of the Washington-based Americans for Tax Reform.

"He (Perry) went to the Bahamas with the biggest proponents of vouchers in this state," Woodford said. "What about the average students in one of the property poor school districts? What are their expectations supposed to be?"

Perry has defended his Bahamas trip, saying there was "progressive conversation made."

Richard Kouri, a spokesman for the Texas State Teachers Association, whose political action committee usually supports Democrats, said it was "clear where (Perry) is getting his advice on education policy. It's from folks who oppose public education in general, who believe we should focus on vouchers as a primary education delivery system."

One of the first groups to be briefed in private on Perry's proposal to tax business property separately from homes was the leadership of the Texas Association of Business, which played a major role in electing the Legislature's Republican majority.

The group is being investigated by Travis County District Attorney Ronnie Earle, a Democrat, for spending corporate money for issue ads against several Democratic legislators in 2002. The group denies any wrongdoing.

The association's executive committee was first told of the business property tax plan in January by Mike Toomey, the governor's chief of staff.

Bill Hammond, the association's president, said some of his members have attended subsequent sessions with the gover-

nor and other business people in Brownsville, Midland, El Paso, San Antonio, Dallas, Fort Worth and Houston.

"I think they (the meetings) are very important," Hammond said. "I think the governor's made a legitimate decision to sit down with some of the leading employers and get honest feedback."

Hammond joined the leaders of 15 other business groups and trade associations in signing a March 29 letter to legislators, opposing a separation of property taxes levied on businesses from those on homes. But Perry publicly proposed the so-called "split roll" approach anyway last week.

The governor, however, has been cool toward creation of a new, broad-based business activity tax, another major revenue alternative that some legislators would prefer but is opposed by some business people.

Missing from Perry's private meeting in Houston was Rob Mosbacher, chairman of the Greater Houston Partnership, which is actively pushing for more revenue for the public schools than the governor is advocating. One major difference is the partnership's endorsement of an increase in the state sales tax, which Perry opposes.

Walt, Perry's spokeswoman, said Mosbacher has discussed his proposal in a visit to the governor's office.

Investment banker Jodie Jiles, the partnership's vice chairman, was invited to the Houston meeting. So was Houston homebuilder Bob Perry, who is not related to the governor but is one of his and the Texas Republican Party's biggest financial contributors.

Other Houston invitees included executives of Continental Airlines, CenterPoint Energy, Randall's Food Markets, Exxon-Mobil Production Co., Waste Management, Halliburton, DuPont, Williams Brothers Construction, Marathon Oil, Boeing and ConocoPhillips.

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