

Houston & Texas News

State Comptroller Susan Combs says Texas has \$14.3 billion in new money to spend in the coming two years, but adds that some economic sectors are cooling and a cautious approach is needed.

JAMES NIELSEN: CHRONICLE



Jan. 9, 2007, 1:00AM

\$14 billion surplus projected

Comptroller urges caution as state lawmakers return for session

By PEGGY FIKAC

Copyright 2007 Houston Chronicle Austin Bureau

AUSTIN — Lawmakers return to the Texas Capitol today with \$14.3 billion in new money that could boost programs including education and help slash local school taxes, but signs of a slowing economy should make them wary about spending it all.

That was the word Monday from state Comptroller Susan Combs, whose overall available general revenue estimate of \$82.5 billion is the most lawmakers can spend over the next two-year budget period, assuming they can get around a constitutional spending cap that could put billions out of their reach.

"The news that I have for Texas today is good, but there are some indications of cooling in our economy," Combs said. She cited a reduction in new home starts, plus expectations that consumer spending will decline while oil and gas prices recede.

Lawmakers will "start with, 'Gee, it's wonderful' to have \$14.3 billion, she said. "But they'll also take a look at housing, they'll take a look at the economy ... and they'll say, let's be cautious."

Almost half the new money will be left over from the current two-year budget period, the largest balance ever, she said. Her office said the overall estimate of new money is the largest in Texas history.

The comptroller's announcement, normally the biggest news in town as a new legislative session opens, was fighting for attention Monday with the battle for leadership of the Texas House, as Rep. Jim Pitts of Waxahachie pushed his challenge of his fellow Republican, Speaker Tom Craddick of Midland.

The winner will help shape issues including state spending because the speaker names lawmakers to committees, designates committee leaders and can exert power over whether legislative ideas make it to the full chamber for debate.

Craddick, Lt. Gov. David Dewhurst and Gov. Rick Perry hailed the revenue estimate as a sign that stringent spending and focused tax policies under the GOP trio's leadership have been a success. Lawmakers met a \$10 billion budget shortfall in 2003 without new taxes, and last year they approved a plan to cut local school property taxes rates by expanding business and cigarette taxes and using part of a state surplus. That plan will cost the state billions of dollars into the future.

"This surplus should reinforce our commitment to the principles and policies that helped create it,"

RESOURCES



KARL STOLLEIS: CHRONICLE

LATEST NEWS

[See Combs' presentation](#)

[State's economy cooling](#)

[Floor fight for Texas speaker comes to fore today](#)

[\\$14 billion surplus projected](#)

RESOURCES

[Texas Politics: Battle for speaker](#)

[Complete Texas Legislature coverage](#)

Perry said in a statement. "State leaders must continue to be fiscally disciplined, we must continue to set clear but limited priorities, and we must remember that every expenditure affects not only those who receive a government service, but also the taxpayers who pay for it."

The Texas Public Policy Foundation, which advocates for limited government, immediately urged lawmakers to deepen the already-promised local school property tax relief.

Others have urged more spending in public schools and higher education, where tuition has risen rapidly, and in health and human services, which was hit in 2003.

A number of cuts have since been restored. But senior analyst Dick Lavine of the Center for Public Policy Priorities regards the new money as built on the picked-over bones of programs for lower-income Texans.

As for the \$7 billion projected to be left over from the current two-year budget cycle, Lavine said, "The main reason for that is that in 2003, we cut the budget below bare bones. We haven't even restored all those cuts yet."

State general revenue spending in the current two-year budget period is \$68.2 billion. The \$14.3 billion would put available general revenue at \$82.5 billion. That doesn't count federal funds, and it doesn't count more than \$8 billion in expanded state taxes already dedicated to local school property tax relief.

There is a spending cap tied to the growth of personal income in Texas that would allow a spending increase of no more than \$9.5 billion from such revenues. However, lawmakers could vote to surpass the cap.

Craddick has estimated that in addition to the money from dedicated state taxes and \$2.1 billion already flowing in general revenue, lawmakers would need to pull another \$2.7 billion from extra revenue over the next two years to meet their commitment to lower local school taxes.

Combs noted that there are other commitments pulling on the rest of the \$14.3 billion. Leaders have noted the need to pay for school population growth, teacher raises, overflowing prisons and health and human services caseloads.

Austin Bureau Staff Writer Lisa Sandberg contributed to this report.

pfikac@express-news.net



ADVERTISING: [Contests](#) | [Fraudulent Ads](#) | [Information & Rates](#) | [Place An Ad](#) | [Singles In Houston](#) | [Yellow Pages](#)

CHRONICLE: [Subscribe Now](#) | [Subscriber Services](#) | [Buy Photos](#) | [Chronicle in Education](#) | [Corrections](#) | [Public Affairs](#) | [RSS Feeds](#)  [RSS](#)

SERVICES: [Copyright Notice & Privacy Policy](#) | [Help](#) | [Registration](#) | [Report a Problem](#) | [Site Map](#) | [News Alerts](#) | [Newsletters](#)

