

EXEC REPORT

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Democrats Narrowly Defeat Murkowski Resolution In Senate

The Democratic leadership in the Senate was able to hold just enough votes to defeat by a 53-47 vote on a proposal by Sen. **Lisa Murkowski** (R-Alaska) that would have prohibited the EPA from regulating greenhouse gases under the Clean Air Act. Even though many Democrats have expressed concern about EPA's regulatory authority, Democratic leaders promised a vote on a narrower bill from Sen. **Jay Rockefeller** (D-WV) to impose a time-out for two years on EPA rules aimed at industrial emitters.

Rockefeller, who voted for the Murkowski resolution, has said that he favors his narrower approach over Murkowski's more sweeping measure, which the Obama administration has warned will undo EPA's greenhouse gas emission limits for cars. The West Virginia Democrat has several moderate Democratic co-sponsors, several of whom opposed Murkowski's resolution in favor of Rockefeller's.

Democrats voting for the Murkowski resolution were: **Rockefeller** (WV), **Lincoln** (Ark), **Pryor** (Ark), **Landrieu** (LA), **Nelson** (Neb) and **Bayh** (Ind). We had hoped to get voted from **Dorgan** (ND), **Conrad** (ND), **Johnson** (SD), **Begich** (Alaska), **Bennett** (Colorado) and **Bingaman** (NM), but failed. All Republicans voted with Murkowski.

Texas Lawmakers Face Tax Revenue Shortage

The financial challenges facing state legislators gets bigger as the Comptroller released May franchise tax collection data that were down 14.6% in May 2010 compared to May 2009. The decline in franchise tax follows news that sales taxes were down 10%. Tax receipts for the two are off \$2 billion from last year. Some believe the budget gap will be between \$15 billion and \$18 billion as lawmakers meet in January to begin writing the 2012-2013 state budget.

Governor **Rick Perry** has asked regulatory agencies to trim \$1.2 billion for this budget period, and he asked agency heads not to request additional funding and plan on an additional 10% in cuts (approximately \$3 billion to \$4 billion). However, roughly two-thirds of state spending – Medicaid, public education, employee benefits, etc. – will be exempt from these requirements.

Where will the difference between revenues and expenses come from? First, the state could use some or all of the Rainy Day Fund, which comes primarily from taxes on natural gas production. There's about \$9 billion in the Rainy Day Fund. Also, expect lawmakers to look at changes in the franchise tax (margin tax), which yields about \$4 billion annually, and is \$2 billion below original estimates. Already the Ways & Means Committee has held hearings on oil and gas taxation.

Townes Pressler Becomes Chairman Of Texas Alliance Oil & Gas PAC

Alliance Chairman **Tom Taylor** has appointed **Townes G. Pressler** to be the new Chairman of the Texas Alliance Oil and Gas PAC. He will be assuming the duties from **Robert Eagle** of Abilene, the founding chairman who has served since its creation in 2006. Eagle resigned effective April 1 after five years of service. Townes Pressler is a native Houstonian and well known independent producer and consulting engineer (Pressler Petroleum Consulting, Inc.). Pressler has served on the Executive Committee of the PAC since 2007, and is a former chairman of the Host Committee of the Houston Wildcatters.