



TEXAS

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BUSINESS REPORT



EPA/Obama Launch Blow to Texas Economy

Radical Environmentalists Target State's Jobs.

In Washington's seemingly tireless battle of the past fourteen months to derail the Texas economy, our state has stood resolute against a \$75 million job tax, the nationalization of education standards and the threat posed by Cap & Trade to our energy industry.

Just this month, however, the Obama administration launched its latest salvo by attempting to take air permitting authority, previously delegated to Texas, away from the Texas Commission on Environmental Quality (TCEQ) and put it in the hands of the federal Environmental Protection Agency (EPA).

The mainstream media and numerous blogs have been filled with observations about how the federal government has finally been forced to exercise its authority against a stubborn state agency and how the industries in Texas that have escaped any real regulation will finally be required to comply with the requirements imposed in other states and the air in Texas will finally begin to be cleaned up. The only problem with these "observations" is they are completely untrue.

The federal Clean Air Act establishes the authority of EPA to set national air quality standards for things like ozone but delegates to the states considerable latitude in how each state chooses to meet those standards. The Texas Legislature and the predecessor agency to the TCEQ realized years ago that to achieve the necessary reductions in air emissions in this state would require not only the resolve to identify

and make the reductions, but a process for efficient administrative, legal and technical review that would enable approval of the changes so that the environmental and public health benefits could be realized as early as possible.

Texas faced a difficult situation in attempting to design ozone control plans, however. On the one hand,



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WORKFORCE Q&A

One of our employees is married to a career military officer, who is being deployed overseas for the first time. We are covered by the Family and Medical Leave Act and the employee is an eligible employee under the Act. Our employee has asked to take time off to attend various briefings related to her husband's deployment. Are we required to give the employee time off for these types of activities?

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ONLINE TEAM

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Join us today at twitter.com/txbiz and facebook.com/txbiz for the latest on the issues important to the Texas business community!

TAB MISSION

To make the Texas business climate the best in the world.

WORKFORCE Q&A



*C.B. Burns,
Kemp Smith LLP, El Paso*

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In 2008, the Family and Medical Leave Act (FMLA) was amended to provide an additional type of family leave for qualifying exigencies that arise when an employee's spouse, child or parent ("covered servicemember") is called to active duty. The regulations defining qualifying exigency were issued in early 2009 and allow for leave in a variety of situations arising from a covered servicemember's call to active duty. For example, an eligible employee can take leave to handle childcare or school issues for a child of a covered servicemember that arise when the call to duty necessitates a change in childcare or school enrollment. An eligible employee also can take leave to handle financial or legal arrangements for the covered servicemember, to attend counseling sessions related to the call to duty, to attend arrival ceremonies upon the return of the deployed servicemember, to spend up to five days of rest and recuperation leave with the servicemember, and to attend military-sponsored ceremonies, programs or events, including family support/assistance programs, related to the call to duty. Additionally, the employer and employee can agree that other events related to the call to duty constitute an exigency for which leave can be taken. Initially, these types of leave were limited to situations where the covered servicemember was a member of the National Guard, Reserves, or a retired member of the Regular Armed Forces. However, the National Defense Authorization Act for FY 2010 revoked this limitation, so that qualify exigency leaves are available when the covered servicemember is a member of the Regular Armed Forces who is deployed to a foreign country. Accordingly, your employee, assuming she has FMLA leave available to her, is entitled to take time off, without penalty, to attend military briefings (and other qualified events) related to her husband's deployment.

Employment Relations questions?

***Don't forget to call TAB's Employment Relations Hotline
for your next HR Question***

1.800.856.6721, ext. 164 or E-mail smcgee@txbiz.org

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EPA aims to take over Texas air permitting

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many of the sources of pollution, such as motor vehicles, are regulated by the federal government and the schedules for reducing emissions at the federal level were simply not going to happen fast enough. Also, as we developed state statutory and regulatory mechanisms to improve air quality, EPA failed to affirmatively approve or disapprove those measures, even though the same Clean Air Act requires such action within 18 months.

In Texas, we have been waiting for up to 17 years for decisions that were required by federal law long ago. The same federal government that set the ozone standards and threatened to stop the flow of federal highway funds if we did not meet them is the same federal government that failed to address the emissions of what remain today the most significant source of ozone – motor vehicles – and refused to approve the very plans that Texas designed to reduce significantly the emission of ozone-forming pollutants from industrial and commercial sources. That federal government would now tell us that what Texas has done is not enough or even illegal.

What exactly did Texas do? First, to address motor vehicles and other similar sources, the Texas Legislature enacted the Texas Emission Reduction Plan. By the end of this state budget cycle, this program will have provided almost \$1 billion dollars in funding for diesel emission reductions, cleaner school buses and innovative air emission control technology research. Since Texas lacked the statutory authority to regulate these sources we put our own money to work to get the reductions any way. Second, we established programs to achieve significant reductions in industrial emissions. We repealed grandfathered permits for older

industrial facilities, required significant reductions from electric generating units and established aggressive reduction targets for industries, not just in the ozone nonattainment areas, but over much of Texas.

Today, Texas citizens are breathing clean air as a result. Houston has achieved what many would have considered impossible - attainment of the ozone standards years ahead of schedule. The Dallas-Fort Worth area is virtually on the brink of ozone attainment and should reach that goal very soon. To suggest that our air in Texas is “dirty” because of ozone levels or that our large urban areas rank near the top of any list of cities with unhealthy air is to completely ignore the facts. The monitoring data prove that those shouting about dirty air are either living in the past or have another agenda.

It is true that the federal Clean Air Act gives EPA the authority to step in and assume control if a state does not do what is required to meet national air quality standards. What is not true is that Texas’ air permitting program is deficient or inconsistent with federal law. A simple reading of the Texas rules shows they violate no provision of federal clean air law. Simply looking at the results in air quality clearly shows they have accomplished exactly what the federal Clean Air Act intends. So, where is the problem?

EPA’s action will divert business resources away from air quality improvements, create uncertainty for businesses when more uncertainty in our economy cannot be tolerated and punish the State of Texas. Why? Evidently Texas’ success in improving both our environment and our economy, while Washington still



argues about how to accomplish either, is something that EPA and the administration finds troubling.

“Last week, the federal government sent the very clear message that it seeks to destroy Texas’s successful clean air program and threaten tens of thousands of good Texas jobs in the process. The EPA seems to believe that federal controls and bureaucracy are more important than clean air results.” Gov. Rick Perry said. “Texas’ common-sense approach to air quality permitting works because it avoids the damage caused by Washington’s command and control approach, while cleaning the air, helping create jobs and growing our state economy.”

Gov. Perry has sent a letter to President Obama requesting he stop EPA’s efforts to take over the state’s air quality program. The Texas Association of Business has identified this as one of the most damaging, job-killing measures that the federal government can undertake. The controversial Washington takeover has generated an enormous amount of feedback from our online team, and garnered intense media coverage. TAB will continue to monitor this important issue.

To learn more about how Washington is attempting to take over the Texas economy, please visit www.txbiz.org to find out more.

MEMBER PROFILE

Standard Sales Company, L.P. Headquartered in Odessa – *“This Bud’s For You” Selling The Red, White And Blue In West Texas*

In the parched, arid land and oil fields of West Texas is headquartered one of the leading beer distributorships in the industry, Standard Sales Company, founded by Ted Roden in 1952. He moved to Odessa in 1947, and purchased the small Anheuser-Busch distributorship in Odessa-Midland in 1952. With his entrepreneurial philosophy and leadership, the company grew from a small, single operation to one that now employs more than 500 people and encompasses nine branch operations in West Texas, Colorado and Northern Mississippi. Standard Sales Company today is one of the largest Anheuser-Busch distributorships in the United States, selling more than 15 million cases of beer annually. The company is dedicated to maintaining a close partnership with its supplier and the largest brewer in the world, Anheuser-Busch InBev.

Mr. Roden worked tirelessly in Austin behind the scenes for the company and throughout the community, while serving as Chairman of the Board and Chief Executive Officer until his retirement in 1984. His business philosophy recognized that a company is only as good as its people. Carried on today, Standard Sales Company, through its executive management team, recognizes the importance of quality people in the continued growth, development and success of its business operations. They emphasize and promote the importance of open, two-way communication between its leadership and team members.

The individual people who compose the Standard Sales Company family bring to the company their diverse talents, abilities, thoughts and feelings. Together, they merge their energies and strengths. They share a single purpose, to combine the best attributes, talents and ideas of each other in their quest to improve, grow and prosper.

Mr. Frank Deaderick joined the team at Standard Sales Company in 1981 and then in 2001 rose to the position of President and CEO. Mr. Deaderick served as President of the Odessa Chamber of Commerce and has been a board member for 24 years, and President of Odessa Industrial Development Corp. He also serves as Chairman of the UTPB Development Board, and is a member of the boards of Harmony Home and Southwest Bank of Odessa and Lubbock. He is a former Odessa City Councilman and active in his church, St.

John’s Episcopal Church. In 2007, Frank was named the Odessa Chamber of Commerce’s Entrepreneur of the Year. A member of TAB’s Board since 2005, Mr. Deaderick was awarded its Impact Award in 2009.

Following Mr. Roden’s example, Frank is very active in his community. He states that, “Mr. Roden’s philosophy was to be involved and serve the community that serves you, and to support it and its good works.” It’s a business philosophy that is apparent at all Standard Sales locations.

“Through the TAB, we have a great political voice in Texas, united for the benefit of all businesses.” said Frank. “Texas has the best business climate in the country; and the comparison to other states is like night and day, thanks in a large part to the TAB”.

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*-Frank Deaderick,
President and CEO
Standard Sales Company*



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Standard Sales Company, L.P.*

You Tell Us How Congress Is Doing

The Texas Association of Business and employers across the state have been disappointed in the manner in which Congress has been spending money and attempting to dismantle employer-based health care, pass cap and trade, and increase the pervasive bailout mentality that has frozen our economy.

Based on polling, how do the American people think their leaders in Congress?

Using CBS News surveys of congressional job approval, we've provided a table showing what you think of their job performance. The results are not very surprising.

Do you approve or disapprove of the job performance of the federal Congress?

	Approve	Disapprove
May 2010	15%	77%
April 2010	17%	73%
March 2010	14%	76%
February 2010	15%	75%
January 2010	23%	63%
December 2009	27%	72%
November 2009	26%	60%
October 2009	22%	65%
August 2009	26%	58%
July 2009	22%	65%
April 2009	26%	64%
March 2009	30%	56%
February 2009	26%	62%

Source: RealClearPolitics.com

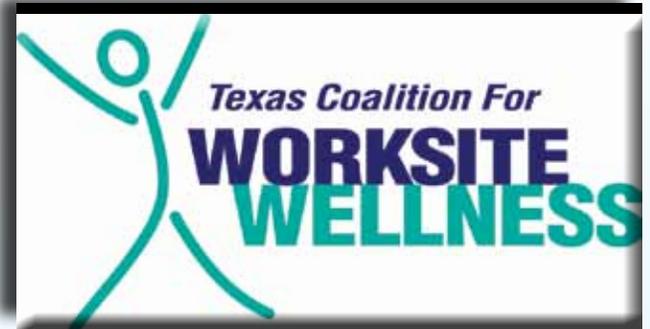
Building Blocks for a Healthy Workforce

Prevention & Wellness Tools to Save Your Company Money

The Texas Association of Business continues to work side-by-side with the Texas Coalition for Worksite Wellness (TCWW) to promote and advocate for investments in employee wellness.

Together with TCWW, we recently distributed smoking cessation tool kits to all TAB members via e-mail. Our goal is to provide useful data and tools to help employers evaluate, implement or expand preventive health care benefits to their workforce.

save dollars and improve the quality of life for the workforce. With direct and indirect costs for smoking and tobacco use topping more than \$150 billion annually in the U.S., a commitment to a healthier workforce is a wise investment.



TAB president and CEO Bill Hammond quoted in a recent issue of the Dallas Business Journal said, "It's no secret that skyrocketing health care costs unduly burden many Texas businesses, but employers can take proactive steps now to help to reduce these costs. We want to make more businesses in Texas aware of the cost savings that can be achieved with wellness and prevention programs – and especially smoking cessation programs."

The National Commission on Prevention Priorities recognizes smoking cessation treatment as among the most important actions employers can take to save lives,

If you didn't receive the tool kit and would like more information on how you can lower your company's health care costs, visit <http://www.txworksitewellness.org/employer-resources>.

And, we're asking members to take a moment to give us your feedback on the toolkits and your perspective on wellness in the workplace. Our brief survey will help assess our toolkit initiative and gain a better understanding about wellness programs among Texas employers.

You can access the survey online at <http://www.surveymonkey.com/s/Y75WRZJ>





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Talk **About** Business



Bill Hammond, TAB President

Pelosi Uses IRS To Punish American Employers

If you are a small business that buys over \$600 annually in supplies from Office Depot, the cost of doing business just got higher. If you are spending a \$1,000 to have someone build a web site for your new company, the cost of business just got higher. And what is to blame for this new anti-business measure? Obama's new health care law.

What in the world does the health care law have to do with business operations? Buried in the new law is a provision under which businesses that spend over \$600 dollars with another entity will have to file IRS Form 1099s for each transaction in excess of that amount.

This is an enormous expansion of the current law, which dictates that 1099s only have to be filed when paying outside contractors. The provision places an onerous burden on small businesses, many of whom cannot afford trained accountants necessary to provide complete documentation for every single \$600-plus transaction in which an employer engages. That burden includes gathering the taxpayer ID number during the transaction between each person or company or face the wrath of the IRS.

The federal government feels that this action closes loopholes on unreported income, and Nancy Pelosi has been working since 2008 to expand the use of 1099s.

According to the General Accountability Office, the new 1099 changes could yield up to \$17 billion per year in new federal tax revenues. So why was this massive tax change slipped into a bill about health care?

According to CNN, "Last fall, as the debate raged over its projected cost, Congressional supporters of the bill began a desperate search for 'revenue enhancers' to bring the net cost down -- and eliminating the 1099 exceptions for corporations and goods was seen as an easy way to bring in more cash without raising tax rates."

Passing such a massive, anti-business overhaul would likely require some sleight of hand by Congress. Burying the 1099 expansion in the controversial, 2,000-plus page health care bill that was hard-fought, though always likely to pass, seemed like the perfect solution for Speaker Pelosi.

According to SMC Business Councils, a typical business now processes approximately ten 1099 filings annually. However, under the

new 1099 provisions, filings would increase by "a factor of 20 to 40." The average cost to small business under the new law is approximately \$6,000.

In these difficult economic times, adding this excess cost to businesses will undoubtedly cause jobs to be lost in order to make up the lost revenue. Employers will be inundated with paperwork and forced to become ad hoc forensic accountants. The penalties they will incur could result in thousands of dollars of additional lost revenue for employers.

The Texas Association of Business takes seriously any threat to employers and businesses across the state. Obama's anti-business priorities like the government takeover of health care, anti-industry "cap & trade" and the pro-union "card check" bill have received attention because they are such brazen attempts to hurt the Texas economy. The expansion of 1099s, however, represents a threat not just to employers in Texas, but across America. This is just another reminder that Obama's politics of change are really just Washington's politics as usual. For an ever-increasing number of reasons, we must repeal the health care law immediately.