

## Q&A With Texas Comptroller Glenn Hegar

by Robert Albaral and Stephen Long



Robert Albaral



Stephen Long

Robert Albaral and Stephen Long are tax partners at Baker & McKenzie's Dallas office.

Glenn Hegar, the 33rd Texas comptroller of public accounts, sits down with the authors to discuss his first year in office and ongoing issues and initiatives for the state.

**Stephen Long:** Comptroller Hegar, thank you for taking the time to meet with us today. One of your initial initiatives when you came in the office was to get raises for your senior auditors in order to retain talent. Has that helped with retention?

**Glenn Hegar:** Actually, we pushed for raises for all auditors. We haven't had a career ladder in the past, so, as I came into this position, that was my main focus. I feel as though we need to make sure we're trying to retain qualified people as they move up and train them into threes and fours. I would argue that I don't know many governments that do taxes very well, and when I say that, I mean from a customer service perspective.

You wouldn't be in business if it wasn't complex. I mean the complexity drives the legal side [and] the CPA side but there's a lot of issues we can resolve if we can remove the adversarial relationship. So I have put a renewed focus in just raising up the quality of that customer service.

And it's going to take a lot of time here in this agency. We have a lot of ones and twos, and we have some fives and sixes that have been here for a very long time. If we have very few threes and fours, we've got a problem when the fives and sixes retire, right?

**Robert Albaral:** Right.

**Long:** And those are not issues unique to Texas — we see that across a number of states.

**Hegar:** No, it's not. It's not. But the facts are the facts. That's the reason I'm not a good card player. I would just rather lay them out right over.

**Albaral:** You mentioned customer service, and that's something I've actually heard a lot about just talking to attorneys in the Administrative Hearing Section. That concept originates from you?

**Hegar:** Yes, and with my executive team.

**Long:** One thing that we often talk about with our clients is the administrative hearings process and how the comptroller can change an unfavorable decision by the State Office of Administrative Hearings. How do you view that process?

**Hegar:** Well, I would say this: Obviously, if we were to completely overturn a decision — and we haven't to date — that's something that's not taken lightly in any shape, form, or fashion. I don't get into the day-to-day operations of 2,900 people in 26 divisions. I don't micromanage. I just try to set the tone, the goals. And so with tax issues — say, for example, there might be a case with bad facts — I don't want you taking the bad fact case to court. We need to settle that one.

**Albaral:** Bad facts make bad law.

**Hegar:** Exactly. Into bad law, and so the point being is you want to be fair and you want to be consistent. I think that's really customer service — where everybody knows they were treated consistently.

What I am going to try to do is ensure that we try to follow the law appropriately and fairly and make common-sense decisions within the process. That sounds like an easy concept, but it's harder in practice.

**Long:** You have to with so many decisions coming through the administrative level.

**Hegar:** Right. Coming every week, every month. But it would be almost impossible to have a finger on the pulse at every single one.

**Long:** At what point do you really get involved with a case?

**Hegar:** The district court level. I'm constantly interested every time we get sued. I want to know what is the issue. I typically read the pleadings in the case. Who are the lawyers on the other side? What's the dollar value and range? Our



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lawyer is the attorney general, so they are our lead attorney. But at that point, I'm much more in tune with what happens.

**Long:** So you follow most of the cases that hit the district court level. I imagine that you are particularly interested in a few moving through the system right now with big price tags associated with them.

**Hegar:** I get a monthly report of major cases against the state — those that can have a fiscal impact of at least \$100 million a year. To me, that's a major fiscal impact. That's not just tax cases but other cases as well. But in particular, those tax cases that have a \$100 million threshold a year, those are the ones that I want a report on every single month. Where is it at? What is the position? What's the last action that has happened in the court process?

But *Southwest Royalties*<sup>1</sup> and *AMC*<sup>2</sup> . . . Those aren't just \$100 million cases. They're multibillion-dollar cases, and yes, that has my attention.

**Albaral:** Did those cases get your attention before the district court?

**Hegar:** Yes. With *Southwest Royalties*, it was something that hit my interest because the state originally lost but then

<sup>1</sup>*Southwest Royalties Inc. v. Hegar*, No. 03-12-00511-CV (Tex. 2015).

<sup>2</sup>*American Multi-Cinema Inc. v. Hegar*, No. 03-14-00397-CV (Tex. App. (Austin) 2015).

won within the next day. That in itself got my attention as a legislator. But *AMC* occurred last year, and it was a bit of a surprise, and as the state's chief financial officer, it is my responsibility and my duty to make sure that the policymakers and leadership are informed of what those potential major issues could be.

**Long:** So what has been your biggest surprise as comptroller?

**Hegar:** [Laughs] I mean that's easy. Two words: deferred maintenance. I've said this many times in different speeches. As a legislator for 12 years, I didn't appreciate that — how much money is needed for some of our state buildings. We don't need to have the finest facility like the Capitol — that's a historical building. But you have to have something that you can keep up with routine maintenance. I've brought that issue up to the last legislative session and will continue to.

I think that we just need to do a little bit better of communicating with leadership. Here's the path and a reasonable amount that we want to keep up our shared assets to where it's in good working condition. So that's probably the biggest surprise of all.

A lot of people ask me, "Do you talk to your counterparts in other states?" Well, one of my questions is "Who's an equivalent counterpart?" because sometimes it's the treasurer but other times it is a tax collector. Those two are totally different jobs, and we're both.

**Albaral:** You said earlier that you set the vision for the office. What is your message to your leadership team about what you want to accomplish as an agency?

**Hegar:** Number one is just to make sure that we are always striving to find ways that we can improve on the programs that we operate. That we're open. We're transparent. We have good leadership communication and division managers who are communicating with their folks so that the message is clear. And then also that it is our job to excel at customer service and to run our programs and make sure that we're open and we're transparent with the public — that's our boss, per se — and so really, it's just making sure that we run as effectively as we can. We need to deepen the bench, not just in tax but in other areas as well. And we need to do a better job of training up the next round of leadership in this agency.

**Long:** So what's one thing you want taxpayers to know about your administration that you don't think they may know right now?

**Hegar:** Our goal is to be fair and consistent. But [the office] is also one that is not lenient if you are being fraudulent. If you don't pay your fair share, then we're going to close you down. I ask people all the time, if someone's being fraudulent and they're not paying their fair share, you know, and they are cheating the state, then who are they stealing from?

**Albaral:** Everybody else, yes?

**Hegar:** That's it. They're cheating the person sitting right next to them.

**Long:** One last question. When all is said and done, what do you want your legacy as Texas comptroller to be?

**Hegar:** It seems probably a little ironic, but I think a lot of times, legacy things that you get remembered for are the traps that administration gets into. If people don't really

remember too much, then you probably did everything OK, and there's really nothing wrong with that.

When I leave, I want the message to be that this is one of the best-run shops in state government, period. I think that legacy is to the agency, not to me. ☆