

Volume 34, Number 30

October 19, 2012

Dear Client:

A wide array of established, respectable organizations, individuals and institutions have lined up in well-funded support of Proposition One, a tax that will help establish a medical school in Austin. But passage in the November 6th election is not a slam dunk.

The arguments for a medical school, a new teaching hospital, public clinic upgrades, trauma services, expanded cancer services, more primary care and mental health services, along with training for health care professionals and prevention programs **are persuasive**. Also, Central Health, which will be the beneficiary of the tax revenue, will use the increased revenue to draw down additional federal money under a Medicaid waiver program.

Many other benefits – especially the impact on the Austin area economy and quality of health care – are also cited by backers of the proposed tax. Those supporting the proposition point out the **tax increase is an essential part of the total picture** that includes funding and support already committed by Seton Hospital, UTAustin and the UT System. In fact, UTAustin warns the Prop One tax increase is a “must have” in the larger plan.

But – and this is a big “but” – **opposition to the proposition is focused solely on the tax increase**. Opponents in effect are saying the medical school and all ancillary benefits are well and good, but the citizens of Austin cannot afford a tax increase. In an era of **rising food and gasoline prices and an increase in the overall cost of living in the Austin area**, the opponents tapped into these circumstances and boiled their position down to a few, compelling words.

“Keep Austin Healthy. Stop The Bleeding. Kill The Med School Tax.” You may have seen the red-and-white signs carrying this simple message in key precincts around Austin. It’s what the political pros call a “bumper sticker” campaign: boil your message down to an uncomplicated straight-forward message and drive it home. Forget about all the side issues.

Will it work? Who knows? But remember another similar message was used in recent years against a transportation issue – **“Costs Too Much. Does Too Little.”** – and the voters killed that proposition. Also, it is a truism in elections that **it is easier to vote no, than yes – especially on taxes and complicated issues**. All this is to point out that, despite the broad, high-level support for Prop One, passage is not a slam dunk.

Another local issue on the ballot in less than three weeks is back again after failing several times over the years. This time, adoption of single member Austin City Council districts is more complicated, because two different plans are being proposed. Does the complicated choice spell trouble for passage of single member districts once again?

As was mentioned near the end of the previous item “it is a truism in elections that it is easier to vote no, than yes – especially on taxes and *complicated issues*.” **Single member districts** for the Austin City Council as presented to voters November 6th **qualifies as a complicated issue.**

In fact, **two concepts are proposed for voters’ consideration and neither concept suggests where the boundaries will be drawn.** And to top it off, one plan calls for a 14-member commission to draw the boundaries, while the other plan doesn’t say who would draw the lines.

A common denominator in both options is that the **current seven member Austin City Council** (which includes the mayor) will **expand to eleven members** (including the mayor). But there are differences here as well.

One concept would **divide the city into ten districts and each would elect one member.** The mayor would be elected citywide. The other calls for **eight districts electing a councilmember from the individual district and three seats would be elected citywide** – including the mayor’s. If both plans get more than 50% of the vote, the one with the most votes would be enacted.

Have your eyes glazed over yet? Now think about the average voter going to the polls, primarily to vote for a presidential candidate. As the voter scrolls down the ballot and encounters the options presented for single-member districts, what will the voter likely do?

After all, much of the publicity and campaigning for this election has been dominated by presidential politics and, locally, the med school proposition. It is **difficult for the average voter to cut through that clutter to get informed on the complicated single member options being presented.**

So, will the voter who really just showed up to vote on president or the med school tax, and is not fully informed on single member districts, just “**pick one, eeneey-meeneey-miney-mo?**” Or simply **skip voting** when they get to this point? Or will they **vote no**, because they don’t understand the implications and decide not to buy a pig in a poke?

History has shown the most likely action taken by voters on propositions they don’t fully grasp is to **usually adopt the last two options – skip, or vote no.** It will be interesting to see if the votes on single member districts are lower than for president or if the concepts fail. Or both.

When a big company CEO is planning an expansion or an HQ move, many CEO's hire location consultants, the pros who assess locations nationwide to find the best fits for their clients. The consultants are hired for their unfiltered expertise, not their biases, because millions of dollars and even corporate cultures depend upon their recommendations. So, where does Texas stand with these below-the-radar consultants?

For the 2nd year in a row, Texas is named the top state for doing business by Location Consultants. After pointing out that **more than 222,000 new private-sector jobs were added over the last year** (reflecting two years of solid growth), in a special presentation in *Area Development Magazine*, consultant voting was overwhelming for Texas as the top state.

Texas was placed first for its overall business environment, including its cost of doing business, corporate tax environment, incentives programs, speed of permitting, and access to capital and project funding.

It specifically pointed out that **"its top ranking for incentives programs** is a tribute to its Texas Enterprise Fund (TEF), a 'deal-closing' fund that helps secure big job-creating projects for which locations in other states are also competing. This program has invested almost \$500 million to bring new projects to Texas, which represent **about 63,000 jobs and more than \$20 million in capital investment.**"

In fact, the survey of location consultants used as an example the fact that TEF awarded **\$1.9 million to HID Global Corporation**, an identity protection firm, to build a **new manufacturing and distribution facility in Austin.**

The report didn't stop there. **"There is also the Texas Emerging Technology Fund (TETF), which has invested about \$200 million to fund nearly 150 early-stage companies** that represent emerging industries such as alternative energy, IT, and electronics."

Governor **Rick Perry** was quoted in the report: "Texas continues to compete for – and win – **new expansion projects and relocations from some of the most notable names in the most notable industries in the world.**"

"These include **Caterpillar**, the world's largest producer of construction and mining equipment; **Toyota**, which has greatly increased its presence in San Antonio and **Samsung**, which has invested billions in expanding its semiconductor facility in Austin," related the governor.

Area Development concluded this way: "These and other key industries such as advanced manufacturing and technology, aerospace and defense, biotechnology and life sciences, information and computer technology, petroleum refining, and energy continue to **attract strong foreign direct investment**" to Texas.

Have you ever wanted to drive 85 miles per hour – legally! – in the Austin area? Well, you'll have a chance to do that on a new, uncrowded roadway in just a few days.

And even though it's a toll road, you can zoom along for free – for awhile. Next Wednesday, October 24th, is when the **southern section of the SH130 toll road formally opens for traffic**. And it will open with a speed limit of 85 mph.

Just head east of downtown, and when you get to the SH130 toll road, turn south toward San Antonio. **When you see the 85 mph limit signage, let 'er rip!**

And you can do this for free until November 11th. That's when the tolls kick in and you'll start paying a price for your speed thrills at a rate of about 15cents a mile for cars and two-axle trucks. (Of course, the gas you guzzle as you cram down the accelerator will make the “free” ride a little more expensive than just cruising along.)

When this high speed limit was announced it garnered national attention – as well as a few jokes about Texas pickup drivers with a beer in one hand and a heavy foot. **One of the objectives of the top speed limit is to encourage traffic** – especially freight-hauling trucks so they may speed around the congested Austin area in order to save time and money.

But a funny thing happened on the way to that objective. At least one trucking organization expressed safety fears – not that their trained drivers may be reckless at that speed, but **concern about the “amateur” auto drivers zipping along at speeds truckers consider unsafe except for the most experienced drivers.**

The verdict is still out on issues related to the 85 mph top speed, such as safety concerns and whether traffic will actually increase because of the time-saving factor or **whether the risk of being on the road with “other speeders” you don't know may deter usage**. Stay tuned.

Wisdom from **Dr. Louis Overholster**: bills travel through the mail at twice the speed of checks!

Sincerely



Editor/Publisher