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Dear Client:

**Look for the Texas Legislature, when it next convenes in Austin in January, to make a move to wring tax and/or fee dollars out of electric car and hybrid car drivers. It could be an interesting battle as income from the gasoline tax is no longer a reliable bell cow for highway funding in Texas.**

It's obvious. These gas-saving vehicles sip less gas and, as a result, yield less fuel tax revenue. **Yet, they contribute to wear and tear on public roads that are maintained in large part by gasoline taxes.** The call for changes in taxes and fees on the electric and hybrid vehicles is to have these motorists pay their "fair share" of costs.

Certain states, where legislatures meet more frequently than every-two-years as does the Texas Legislature, are already exploring these options. It's a fledgling move so far. But there is also talk of **going even further than a mere tax/fee on gas-saving vehicles, such as nixing perks – like tax credits or free parking.**

Of course there are very few electric vehicles on the road. There are more hybrid cars – with both gasoline and electric engines. And forecasters predict an increase in manufacturing of these vehicles. **So, while big bucks would not be generated in the near term, Texas legislators focus on two-year budgets when they meet.**

Remember, the Texas Legislature is likely to, once again, be **dominated by Republicans who are not willing to raise the gasoline tax that hits every driver.** So the thinking is that it will be an easier sell to place a fee on the cars that sip less gas, and remove some of their perks.

As we have reported recently, states can't count on more funds from Uncle Sam because the Federal Highway Trust Fund is running out of money. As a result, **Texas – growing faster than other states and seeing more vehicles with out-of-state plates on its roads every day** – will likely turn to as many sources of income as possible when it comes time to craft a budget.

If this move on electric and hybrid cars comes to pass, you won't have to wait until January to know about it. **To get any traction, it will likely surface as an option in the coming months.** Then the lobbyists and other interested parties will spring into action with pro and con arguments. And, of course, the drivers will have their say. Stay tuned.

**A national banking organization weighed in this week on the Austin economy – its unemployment, population, job growth, etc. -- and issued a forecast of what to expect in the immediate future. Don't worry. The specifics add up to a glowing report.**

Comerica Bank regularly analyzes the various metros where it is invested and this week issued a report on its latest findings. Headed up by Comerica Chief Economist **Robert A. Dye**, the study examines in detail the **current economic status of the 5-county metro** composed of Travis, Williamson, Hays, Bastrop and Caldwell counties. Some of the findings and forecasts:

“Austin, one of the fastest growing tech metros in the US, comprises about 8% of the total nonfarm payroll jobs in Texas. Although job growth looks a bit softer in early 2014, **Austin is still one of the strongest performers in terms of job growth**, beating the US average by over 2.1% on a year over year basis in Qtr. 1, 2014,” Dye observed.

What about going forward? “**We expect job growth to be around 4.0% on an annual basis through 2014** as the region attracts people and businesses from across the country because of its pro-business environment,” he predicted.

Okay, that covers the increase in the number of jobs, what about unemployment? Speaking about Austin's continuing low unemployment percentage, Dye said “**the decline in unemployment came from an increase in both employment and labor force growth, a positive signal for the economy.**”

The future? “We expect **Austin's unemployment to decline continuously through 2014** due to ongoing strong job creation,” the economist predicted.

His predictions for housing? “**We expect total housing starts to rebound this summer and grow steadily through 2014**, said Dye. Well then, what about *prices* of homes? “**House prices are expected to grow moderately** above the national average in 2014 and 2015,” he predicted, then he noted: “**house prices are already at a historic high in the area.**”

How will the national economy impact the Austin area? Dye said “moderate US economic growth is expected to spur consumer and business demand for tech products and services such as **computer equipment, communication equipment, software, information technology and telecommunication services.**”

“In turn, we expect Austin's job growth to be strong in **professional and business services, trade, transportation, warehousing, utilities, leisure/hospitality and other service-producing sectors** in 2014,” he concluded.

The headline on his report summed it up pretty well: “**Austin Continues to Grow.**”

**As the Texas economy grows along with the increase in population, and new jobs are being filled daily, which employment sector has the greatest percentage of workers in non-farm jobs? The burgeoning oil/gas segment? High tech? Construction? Nope, try again.**

According to the Texas Workforce Commission, there were **11.4 million working in Texas in March 2014**. In this conservative state full of independent-minded businesses and entrepreneurs, would you predict **the largest employer in the Lone Star State is classified as “government?”** If you predicted that, you win the quiz. Here are the categories Texas workers fill (as defined by economist **Mark Dotzour**).

**Government, 16.33% of all Texas non-farm jobs.** Includes federal workers such as the Border Patrol and IRS, state jobs and local jobs like public school teachers, police and firefighters. Uniformed members of the armed services are excluded.

**Trade, 15.77%.** Includes wholesalers and retailers, including books, clothing, electronics, sporting goods, apparel stores, convenience stores and gas stations.

**Education and Health Services, 13.30%.** Includes employees at privately-owned educational institutions and the health care industry, as well as doctors, nurses, hospitals and assisted-living centers.

**Professional and Business Services, 13.00%.** Includes those who work in office buildings, such as bookkeepers, architects, engineers, consultants, lawyers, geologists and other scientists.

**Leisure and Hospitality, 10.24 %.** Consists of those who work largely in hotels, restaurants and amusement parks.

The five categories above are the only sectors that tally double-digit percentages. Next in line with single digits: **Manufacturing, 7.70%** ... **Financial Activities, 6.03%** ... **Construction, 5.44%** ... **Transportation, Warehousing and Utilities, 4.20%** ... **Other Services, 3.53%** (includes churches, non-profits, laundry) ... **Mining and Logging, 2.65%** (includes oil and gas extraction, oil field service providers) ... and **Information, 1.80%** (includes broadcasting, newspapers, books, employees of motion pictures and sound recordings and data processing).

**Update: get ready for how much you will be paying the City of Austin for water in 2015. As if you couldn't guess, it's going up.**

The Joint Committee on Austin Water's Financial Plan concluded hearings this week. It is carrying out its **charge to recommend “policies for upcoming water rate increases** (italics mine) projected for Fiscal Year 2015, including fixed revenue goals and volume rates.”

**Okay, so you suffered through the worst of the allergy season. But now you are in ozone season and it will last in the Austin area through October. So far, so good. But the hot summer months pose the greatest threat to air quality.**

High ozone levels are triggered when pollutants in the air from a variety sources combine with sunlight. Ozone is a serious health concern and is **especially problematic for seniors, children, and people with compromised respiratory systems.**

**Exposure to high levels of ozone can lead to decreased lung capacity, coughing, shortness of breath and increased frequency of asthma attacks.** How can you tell when the levels reach dangerous levels? Austin media generally will report when Ozone Action Days are in play. And they usually report what you can do as a result of the high ozone days.

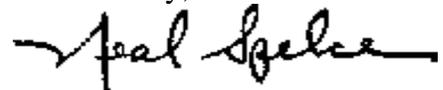
**Many travelers overlook taxes as they figure their travel budgets. But taxes can take a big bite out of your wallet, especially in certain cities.**

Our friends at the *Kiplinger Letter* report that “**this year, taxes on hotels, rental cars and restaurant meals are expected to cost travelers nearly \$30 per day, on average.**” You can pay even more if you travel to Chicago, where travelers pay an average of \$41.04 in taxes per day. Or New York City, at \$38.65 a day.

Why are these taxes so high? Because local tax-levying governments follow the “Don’t tax me; tax the guy behind the tree” philosophy. **In other words, they are not taxing their constituents, they are socking it to out-of-towners who don’t vote.** It’s an easy tax to levy and it looks as if the trend will continue.

With Father’s Day coming up, **Dr. Louis Overholster** has come forth with another of his sage observations. He says he is convinced that if Father’s Day, Christmas and Birthdays did not exist, then aftershave lotion too, would not exist!

Sincerely,



Editor/Publisher