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Dear Client:

**For years the city-owned electric utility, Austin Energy, has been taking some of the money you pay for your electricity usage and spending it on other city services. This isn't chump change. It adds up to \$105 million this year alone. That practice is coming under fire at the Texas Legislature.**

Austin Energy (AE) is a monopoly, sanctioned by the state. You have no choice of suppliers. When the Texas Legislature de-regulated many privately-owned electric utilities in 1999 to allow them to compete with each other, **it let Austin and other city-owned utilities remain a monopoly. Austin Energy is governed by the Austin City Council that sets electric rates and policies.**

Those who criticize the Council's action allowing money to be siphoned out of the electric utility claim that **if the utility was allowed to keep that money, electric rates for commercial and residential customers might be lessened.** Remember, we're talking about \$105 million this year that the city uses to fund other city services, unrelated to Austin Energy.

This isn't all. When you dive deeper into AE's budget, you find **additional items that some question whether they should be part of the utility budget**, such as funds for economic development and the 311 call center. This money, over and above the \$105 million, amounts to more than \$50 million.

Those who approve of using AE funds in this manner point out that **if the money was not transferred out of AE, it would impact the city's general fund in a negative way.**

So, along comes Austin State Representative **Paul Workman. He is sponsoring a bill that would limit those perfectly legal uses of AE money.** It's difficult at this stage of the legislative session to determine how his bill might be modified or even if it is likely to be passed.

Historically, the legislature has considered bills that were referred to as "Austin bashing." In most of those cases, the bills were introduced by legislators from other parts of the state. In this case however, **Workman is one of Austin's own and he is a member of the Republican majority.** So this puts a different light on this effort. Stay tuned.

**Every time you buy a gallon of gasoline, you are taxed 18.4 cents that goes to the federal Highway Trust Fund (HTF). Diesel drivers pay 24.4 cents per gallon. The Fund accounts for more than 28% of all US spending on highways and bridges -- much of that in Texas and Austin. Since 2001 HTF outlays have exceeded revenues almost every year. As a result the HTF is in dire financial straits and it is only going to get worse. Two Texas transportation specialists posed a solution this week. And, yes, it will cost you more money.**

Federal money is a really important part of roadway expenditures in the Austin area. The state of Texas, counties and cities also share in these costs. But let's look only at the federal role today. **The US Congress will have to act soon because it extended one-time-only funding to keep the HTF in operation through the end of May 2015.** So, how did we get to this point?

Three factors have contributed to this situation. **First of all, revenues have fallen.** The 1993 gas tax has not been raised to keep up with inflation. Also because of greater vehicle fuel efficiency, gas tax revenues per mile traveled have fallen.

**Secondly, increased highway usage has compounded the problem.** Since 1993, the number of vehicle miles traveled has increased by more than 30%, but road capacity has only increased by 6%. This has clogged roadways and accelerated wear and tear. This triggers the **third factor: decades of deferred repairs and maintenance.** The cost to catch up is said to be as much as \$67 billion a year.

TexasA&M's Mosbacher Institute for Trade, Economics and Public Policy experts, **Jawad Dar** and **Lori Taylor**, posed a permanent solution to keep the HTF from insolvency, not a series of one-time fixes. They recommend a combination of **updating the federal gas tax** and **adding a Vehicle Miles Traveled tax (VMT)** for commercial vehicles only.

**Updating the gas tax** by returning the federal gas tax to 1993 effective levels, and *then tying it to inflation.* They did not run the numbers to indicate what that amount would be today. But it would be enormous because they reported it "would largely eliminate the shortfall in the HTF."

**Levy a VMT tax on commercial vehicles** because "they are disproportionately responsible for almost all of the costs associated with pavement damage." They acknowledged *privacy concerns would prevent a VMT tax levied on private drivers.* But they said drivers of delivery trucks, taxis and 18-wheelers have "few expectations of privacy – many of their employers are already monitoring their routes." Firms that pay the VMT tax would be exempt from the federal gas tax.

"Congressional inaction has already cost taxpayers billions in lost productivity and fuel costs. **No one likes higher taxes,**" they said. "Political opposition to raising the federal gas tax or introducing a VMT tax is fierce. However, the deterioration of America's roads and bridges cannot be ignored. **If road repairs are worth having, they are worth paying for.**"

**How's this for an indicator the Austin area economy is humming along, as others slow: Texas sales tax collections in February slowed to just a 1.5% increase year-over-year while Austin's sales tax revenue was up 4.7% over the same month a year ago.**

Decline in oil prices was the culprit in the state's modest sales tax revenue growth, according to State Comptroller **Glenn Hegar**. Austin appeared unaffected. Still, **the modest state sales tax increase represented the 60th consecutive month of increases compared to the same month the previous year – no small economic feat.** These figures were just released this week. They reflect sales tax collections in February, reported to the state in March and rebated to local entities this month.

While Austin notched a 4.7% increase, **double-digit increases were noted in Round Rock, Pflugerville, Dripping Springs, Taylor, Cedar Park, Hutto and Lockhart.** Other cities recorded nice increases, except for West Lake Hills, Lakeway, Leander and Burnet that showed year-over-year *declines*. (Wonder what triggered the declines in those western-most entities?)

Hegar observed that receipts in **construction, services and restaurant sectors remained relatively strong statewide**, even as the decline in the price of oil impacted other parts of the Texas economy.

**Just-released numbers for February show another positive indicator for the Austin economy. The number of single-family home sales in the Austin area was the highest ever for February. According to the Austin Board of Realtors (ABoR), the total sales were up about 5% over February 2014.**

An important element in these sales figures is that, according to ABoR, **almost half of the homes sold in the first two months of 2015 were outside the Austin city limits** – an obvious reflection of higher home prices in Austin and an expansion of the close-in suburbs. Unchanged is that the area is still a seller's market, with **too many buyers chasing too few available homes for sale.**

**How do apartment rental rates in Austin compare, neighborhood by neighborhood?**

Not surprising, **downtown Austin is tops** with a median rent of \$1,913 for a one-bedroom apartment, according to a study by San Francisco start-up Zumper. Going down the list: **East Cesar Chavez, \$1,589 ... Central East Austin, \$1,575 ... Old West Austin, \$1,544 ... Zilker, \$1,500 and Holly, \$1,425.** The rest drop far enough below \$1,400 to bring the **citywide median apartment lease rate to \$1,030 for a one-bedroom unit.**

**You've heard (told?) your share of lawyer jokes and stories. Well, an Austin attorney has turned the tables and published a list of "problem client" profiles as a guide (warning?) for young lawyers. If you've hired a lawyer, some may hit close to home (ouch!). If you're an attorney you can probably add to his list.**

We've quoted **Claude Ducloux** over the years because he is a witty, clever writer. Here are some, not all, of his problem client categories for the beginning lawyer:

**The Bargainer.** "It doesn't matter what your fee is or will be, this client wants a deal, a guarantee, a discount, and can be counted on *not* to honor whatever the deal is, and it will invariably be your fault for failing him."

**It's the Principle.** "This is the angry client who doesn't *need* to sue but insists he is merely **doing it to 'right a wrong' which means 'I want revenge.'** Raise your rate if you take this case, because you will never...ever...make this client happy."

**The Professor.** "This client has received **three additional opinions on everything you've told him, chiefly from Internet geniuses.** And he gives you anonymous sources for his advice. 'Please feel free to hire that lawyer, because I cannot do that'."

In addition to other "problem client" profiles, he had this advice called "Never board the sinking ship." As Ducloux advises the beginning lawyer "**Never...ever...become the third successive lawyer in the same case** without a remarkably realistic reason and a **retainer large enough to buy a new Tesla.**" Ducloux has a final reminder: "It may be a jungle out there, but remember, you get to work in air-conditioning ... and without steel toe boots, which is nice."

**Dr. Louis Overholster** tells this true story about storied Austin defense attorney **Roy Minton**, who planted his tongue firmly in his cheek when he took the podium at a roast of a local celebrity. Minton said: "I don't know why we are honoring him tonight. You should be honoring me. I deserve it. I mean, after all, has he ever tried to explain the law to the district attorney?"

Sincerely,



Editor/Publisher