

SUBJECT: Performance audits of Capital Metro in Austin

COMMITTEE: Urban Affairs — committee substitute recommended

VOTE: 8 ayes — Hill, Bailey, Burnam, Clark, Ehrhardt, Hodge, Shields, Wohlgemuth

0 nays

1 absent — Garcia

WITNESSES: For — Tom Stacy, Downtown Austin Alliance; Rick Whitley, Greater Austin Chamber of Commerce; Mike Workman

Against — Dave Dobbs, Texas Association of Public Transportation

BACKGROUND : The Transportation Code requires that certain transportation authorities conduct performance audits every four years. These authorities include ones where the principal municipality has more than 1.2 million or fewer than 750,000 residents. This provision covers the Capital Metropolitan Transit Authority of Austin.

DIGEST: HB 2446 would make a transit authority that was confirmed before July 1, 1985, in which the principal municipality has a population of less than 750,000 subject to performance audits by the comptroller to determine if it was effectively and efficiently providing the services it was created to provide. The bill would apply only to Austin Capital Metro.

Audits of Capital Metro's budget and operations would be conducted at the discretion of the comptroller or at the request of the governor, lieutenant governor, speaker of the House, or chairs of appropriate legislative committees, up to a maximum of once every two years. The comptroller would file a copy of the audit report with each person authorized to initiate such audits.

The comptroller could withhold sufficient sales and use tax collected from the authority to cover the cost of the audit.

CSHB 2446 would take immediate effect if finally approved by a record two-thirds vote of the membership in each house.

**SUPPORTERS
SAY:**

CSHB 2446 would impose some needed accountability upon Capital Metro and its governing board. Austin faces a crisis in its transportation infrastructure, and Capital Metro has moved toward construction of a light rail system that may eventually cost almost \$1 billion, so there is a clear need for sensible financial oversight of this transit authority. Yet the current board of the authority has disdained calls for an accounting of its operations and finances, even going so far as to improperly deny open records requests for what should be public documents on salaries paid top officials and other expenses.

CSHB 2446 would ensure both a measure of accountability that is currently lacking and a thorough and objective audit. The Comptroller's Office has demonstrated experience in conducting audits of public agencies. Furthermore, the audits would not impose any added costs on the state; Capital Metro itself would cover the audit costs from the taxes it collected. The improvements that would be suggested would in all likelihood cover the costs of the audit, benefiting the authority and its taxpayers. CSHB 2446 also would contain safeguards to prevent the authority from being badgered or harassed; an audit could be conducted only once every two years.

**OPPONENTS
SAY:**

CSHB 2446 is an unnecessary attempt to exercise state control over an essentially local agency of government. Allowing a variety of state officials to demand performance audits would have a chilling effect upon Capital Metro's actual day-to-day management team, which has already acknowledged several past mistakes. In fact, Capital Metro has taken positive steps to review operations by hiring a private, independent consulting firm to perform a performance audit as thorough as any that this bill would allow.

Capital Metro should be given the opportunity to resolve its problems without state intervention. The bill would also mandate the use of local taxpayer funds to perform these audits, whether necessary or not, and at an estimated cost of \$200,000 each. These substantial expenses would mean fewer funds for expanding the Austin bus fleet or building a light rail for the metropolitan area.

If state population growth continues at its current levels, the issues of urban transportation problems and the role to be played by mass transit in solving them will dominate the agenda of every urban and suburban area in Texas. Agencies at the local government level are the best equipped and informed to tackle these problems. This bill would remove one level of local control from Capital Metro and the people of Austin without really offering any clear improvement in the day-to-day operation of this transit authority.

NOTES:

The committee substitute authorized the comptroller to withhold sales tax revenue collected by Capital Metro to cover audit costs.

HB 2230 by Keel et al., which would require voters to approve Capital Metro tax rates, and HB 2231 by Keel et al., requiring an elected Capital Metro board with single-member districts, are also on today's calendar. HB 2445 by Greenberg et al., requiring Capital Metro to hold an election on operating a fixed rail transit system, is on Friday's Local, Consent and Resolutions Calendar.