

Operations of certain metropolitan rapid transit authorities

HB 1764 by Israel (Watson)

DIGEST: HB 1764 would have revised certain restrictions on the Capital Metropolitan Rapid Transit authority. It would have specified that Capital Metro could encumber already approved funds from one year to the next for capital projects. It also would have changed the computation of certain indicators used in performance audits and revised thresholds for requiring the metropolitan transit authority to contract through certain competitive bidding processes.

GOVERNOR'S REASON FOR VETO: "House Bill 1764 would have reduced budget transparency and competitive bidding requirements for local transportation authorities such as Austin's Capital Metro. The bill would have raised from \$50,000 to \$150,000 the value of a contract that Capital Metro could award without competitive bidding. It would also have expanded Capital Metro's ability to go into debt.

"The legislative bill analysis for House Bill 1764 indicates that the bill was envisioned because "Capital Metro discovered that several sections of Chapter 451 [of the TRANSPORTATION CODE] are out of date with its current operations." If Capital Metro's way of doing business violates the Transportation Code, the answer is not House Bill 1764. The answer is for Capital Metro to follow the law."

RESPONSE:

Rep. Celia Israel, the bill's author, said: "HB 1764 would have increased transparency by expanding Capital Metro's reporting requirements to include services not directly operated by the transit authority, while also improving administrative efficiency, providing more opportunities for small businesses, and saving local taxpayers money. The bill would have allowed Capital Metro to follow standard accounting practices by encumbering already approved funds from one year to the next. It also would have tied their competitive bid threshold to the Federal Simplified Acquisition Threshold to increase competition for lower cost purchases. Finally, letting the agency finance a facility for up to 15 years could have saved millions of dollars in sales taxes over leasing for a similar amount of time."

Sen. Kirk Watson, the Senate sponsor, said: "HB 1764 would have helped to ensure that Capital Metro successfully operates in a fiscally conservative and transparent manner. Changes to the bidding process for lower cost purchases would have increased competition and improved opportunities for small businesses. Allowing Capital Metro to finance the construction of large facilities, such as maintenance yards, would have been much more fiscally prudent than leasing or pay as you go. Finally, changes to chapter 451 of the Transportation Code are necessary to bring statute into line with current business practices recommended by the Sunset Commission review in 2013.

NOTES:

HB 1764 passed on the Local, Consent, and Resolutions Calendar and was not analyzed in a *Daily Floor Report*.