



May 28, 2009

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Dear Members of the House,

Thank you for expressing your overwhelming intent that a tax increase should be kept separate from the TxDOT sunset bill. Supporters of the measure use words such as “demonstration program” and “local option” to disguise what would be a significant liability on taxpayers. The research and facts are clear:

- Other options provide significant new revenue for transportation, without raising taxes and fees.
- The outrage city and county leaders have focused on the Legislature is misplaced. They must use existing tools before asking for tax increases.
- Taxpayers expect the Legislature and local governments to make tough decisions by prioritizing existing spending without raising taxes – rather than taking the easy way out and only giving voters an option to raise taxes and fees, without allowing them to prioritize existing funding.

Myth #1: The “local option” provision does not raise taxes and fees.

FACT: These taxes and fees cannot exist without legislative passage. Taxes and fees will almost certainly be increased with adoption of this provision. Taxpayers will have this liability hanging over their family budgets as they navigate (and hopefully emerge from) one of the worst economic periods in our lifetime.

Myth #2: The only way to solve this problem is with new taxes and fees.

FACT: The proposed state budget continues to divert more than \$1 billion from existing transportation funding to non-transportation purposes.

FACT: Our research identified more than \$300 million per year available just in D/FW if cities made transportation a priority with their existing sales tax, as some cities have already done.

FACT: As uncovered by the Fort Worth Star-Telegram last week, one of the most vocal supporters of this tax increase – the City of Arlington – shelved plans to use existing sales tax capacity for transportation, and is instead waiting to see if the legislature raises taxes. This action should be unanimously condemned.

FACT: Our research has demonstrated that city and county government budgets contain significant overspending that could be directed towards this “crisis,” as their budgets have increased faster than the rate of population and inflation year after year.

Myth #3: The local tax and fee measure is transparent and accountable.

FACT: Being given two public meetings before voting on something is not transparency. The local tax and fee provision could generate nearly as much transportation funding for each region as generated from the state gas tax, yet it would not require anywhere close to the same level of transparency and accountability as required of TxDOT. Suggestions for entities to post their check registers online were flatly opposed – even though more than 300 school districts, TxDOT, and six counties already do so. There is not a single provision that provides measurable

accountability in terms of reducing traffic congestion. The Legislature and our statewide elected officials have made Texas a national leader in transparency, but the local tax and fee provision would be a huge step backwards.

Myth #4: Taxes and fees wouldn't be raised until the economy is improved.

FACT: Even those supporting this tax increase admit that the new taxes and fees could begin within less than two years. Taxpayers could take a hit just as the economy is (hopefully) recovering.

Myth #5: The local taxes and fees will solve congestion.

FACT: Nowhere in the local tax measure (that could generate billions in new local taxes and fees) is there a measurable performance objective such as reducing traffic congestion. While it says that a project must "reduce traffic congestion," it does not require the selection of projects that reduce congestion more than others. Using the language in this bill would permit local option taxes to be spent on hike and bike trails, since a study may demonstrate they take one person off a road – regardless of the cost. Just as the Legislature would hopefully not spend billions on education without measuring dropout and graduation rates, taxpayers deserve similar protections for transportation.

Myth #6: The local option money can't be spent on lobbying.

FACT: SB 855 (the original local tax bill) contained language that forbid the use of the local taxes and fees for paying someone required to register with the Texas Ethics Commission, but that language disappeared when the Senate amended the TxDOT Sunset Bill, HB 300.

THEN – SB 855, as engrossed: Sec. 466.005. RESTRICTIONS ON LOBBYING. A county that imposes a method of local option funding under this chapter may not use the funds to pay a person or entity that is required to register with the Texas Ethics Commission under Chapter 305, Government Code.

NOW – HB 300: Sec. 180.005. PROHIBITIONS ON USE OF REVENUE. A county located within a metropolitan planning organization selected by the department as an urban passenger rail demonstration program may not use revenue from a method of finance imposed under this chapter:

(3) to directly or indirectly hold, promote, or oppose an election under this chapter, including paying for promotional, educational, or advocacy materials.

Many of us brag on Texas having such a resilient economy and not being in the fiscal crisis other states have found themselves in. Research has shown that low taxes and prudent regulation played a large part in providing for our current position. Now is not the time to discard the principles and hard work that made this possible.

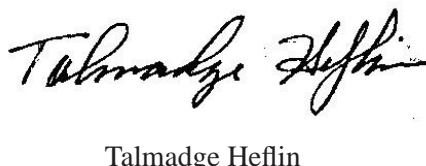
This local tax and fee measure is a band-aid approach of giving voters no option but a tax increase. Such action would force voters to make the tough decisions without giving them the options the Legislature can use. Voters can't prioritize existing funding and they can't cut their taxes.

Every item listed above has been researched and outlined in our publications which you can find on our website, [www.texaspolicy.com](http://www.texaspolicy.com), by clicking on 'Publications' and then clicking on 'Transportation.' Thank you for your consideration.

Sincerely,



Justin Keener



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