

RESOLUTION NO. 25-2118

**A RESOLUTION REQUESTING THAT CAPITAL METRO ALLOCATE ALL SALES TAX REVENUE COLLECTED FROM LAGO VISTA EXCLUSIVELY TO SERVICES WITHIN THE CITY OF LAGO VISTA AND PROVIDE TRANSPARENT QUARTERLY FINANCIAL REPORTING**

**WHEREAS**, the City of Lago Vista is a member of the Capital Metropolitan Transportation Authority (CapMetro) and contributes 1% of its local sales tax revenue to CapMetro for public transportation services; and

**WHEREAS**, the City of Lago Vista has no commercial or industrial business growth, making this 1% sales tax allocation far more consequential to our local taxpayers than it is for other CapMetro service area cities such as Austin or Leander, which have significant commercial and industrial tax bases to offset infrastructure and transit costs; and

**WHEREAS**, CapMetro has documented in its FY2024 Operating and Capital Budget that it pools sales tax revenue from all contributing jurisdictions into a general fund for transit services rather than dedicating all collected funds to the originating city, as evidenced by the following:

1. CapMetro confirms that sales tax is its primary revenue source and is collected across the entire service area:
  - o *"Sales tax revenue represents the primary source of revenue for CapMetro, contributing approximately 54.3% of the total revenue budget."*
  - o *"Sales tax is levied on the sale, lease, or rental of all taxable goods and services within the CapMetro service area."*
2. CapMetro allocates funding at its discretion across the region, rather than guaranteeing direct reinvestment into the jurisdictions that generated the revenue:
  - o *"CapMetro funds its capital improvements with sales taxes and grants, primarily from the Federal Transit Administration (FTA)."*
  - o *"A Small Cities Transit Supportive Infrastructure Fund of \$2.3 million has also been set aside."*
3. CapMetro has historically allocated pooled tax revenue toward projects benefiting Austin, as seen in past interlocal agreements:
  - o *"CapMetro entered into an interlocal agreement with the city of Austin, which was amended in April 2010, to pay the city its pro-rata share of 25% of CapMetro's one-cent sales tax from 2001 to 2004 in consideration for the city to carry out transportation mobility projects approved by CapMetro."*
4. CapMetro's funding decisions prioritize large-scale regional projects, including Project Connect in Austin, which may divert resources away from smaller member cities:
  - o *"The largest of which will be the development of the Expo Center and Pleasant Valley CapMetro Rapid lines which are Project Connect program initiatives partially funded by the FTA's Capital Investment Grant Program."*

**WHEREAS**, the City of Lago Vista is not fully serviced by CapMetro, meaning that residents in certain parts of the city do not have equitable access to the transit services for which they are taxed; and

**WHEREAS**, Lago Vista taxpayers are bearing the full financial responsibility for the city's infrastructure growth, including roads used by CapMetro buses, without adequate reinvestment from the revenue generated by our community; and

**WHEREAS**, CapMetro does not currently provide sufficient reporting to Lago Vista taxpayers on how much of their 1% sales tax contribution is being reinvested directly into services within the city;

**NOW, THEREFORE, BE IT RESOLVED THAT:**

1. The City of Lago Vista formally requests that CapMetro allocate 100% of the 1% sales tax collected from Lago Vista toward transit services, infrastructure, and mobility improvements that directly benefit Lago Vista residents.
2. The City of Lago Vista requests that CapMetro provide quarterly financial reports detailing:
  - o The total amount of sales tax collected from Lago Vista each quarter.
  - o A breakdown of expenditures specifically allocated to transit services within Lago Vista.
  - o A clear comparison between total tax contributions and reinvestment within Lago Vista.
  - o A detailed account of any significant spending spikes in the final quarter of the fiscal year, ensuring that funds are being used strategically and not artificially inflated at year-end to appear as though all Lago Vista tax dollars were utilized when they may not have been needed.
3. The City of Lago Vista requests that CapMetro consider adjustments to service coverage to ensure that all Lago Vista residents have equitable access to transit services funded by their tax dollars.
4. The City of Lago Vista calls upon other small CapMetro member cities to review their own financial contributions and transit service levels to advocate for equitable funding distribution.
5. This resolution shall be sent to CapMetro's Board of Directors, Congressman Michael McCaul's Office, Texas State Representative Ellen Troxclair, and Texas State Senator Donna Campbell for further advocacy.

**PASSED AND APPROVED this 6<sup>th</sup> day of March by the City Council of Lago Vista, Texas.**

CITY OF LAGO VISTA, TEXAS

ATTEST:

Maria Franco  
Maria Franco, City Secretary



K. Sullivan

Kevin Sullivan, Mayor

On a motion by Councilor Saum, seconded by Councilor Owen  
the above and foregoing resolution was passed and approved.

