



## MEMORANDUM

**TO:** Mayor and Council

**CC:** Marc A. Ott, City Manager

**FROM:** Jackie A. Sargent, General Manager *JAS*

**DATE:** September 8, 2016

**SUBJECT:** South Williamson County Metro Tax Collection

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Austin Energy has identified an issue with regard to collection of metropolitan transit authority (metro) taxes in a portion of south Williamson County. The issue was brought to our attention through a recent Public Information Request. Approximately 6,000 active residential customers have been charged a 1 percent metro tax computed on the electric portion of their monthly utility bill. Austin Energy is in communications with the Capital Metropolitan Transportation Authority (CapMetro)—the transit authority serving the area—and with City of Austin Law Department to review the historical parameters of metro tax collection for the south Williamson County area. Additionally, Austin Energy is currently coordinating with the Texas Comptroller of Public Accounts to determine which residential customers in this area may be eligible for a refund. A refund would apply only to metro taxes collected on the electric portion of a customer's combined City of Austin utilities bill. Metro taxes collected for services provided by Austin Resource Recovery are not in question.

Austin Energy generates City of Austin Utilities combined bills for utility services and related fees. Included on these bills are taxes for numerous taxing entities including library districts, metropolitan transit authority(s), and emergency services districts. In total, Austin Energy collects these taxes from residential customers on behalf of nine separate taxing entities. The funds are forwarded to the Texas Comptroller of Public Accounts, which then distributes the funds to the appropriate taxing entity, in this particular instance, CapMetro. Austin Energy and the City of Austin do not receive any revenue from the tax collection on behalf of these entities.

Austin Energy will be coordinating with the Law Department and the Texas Comptroller's office to determine which active and inactive residential customers in this south Williamson County area are eligible to receive refunds of applicable metro taxes paid. Austin Energy will provide the appropriate refunds and then seek reimbursement from CapMetro through the State Comptroller.

Effective September 8, 2016, residential customers in this area of south Williamson County receiving utility service from the City of Austin will no longer see a 1 percent metro tax line item on the electric portion of their utility bill.

As the new General Manager of Austin Energy, I have discussed with the staff my personal commitment to exceptional customer service and to maintaining a culture of compliance. I have directed the staff to conduct a comprehensive review of our internal processes related to collection of taxes for external taxing entities. That review will include engagement of an external audit firm to review and audit the appropriateness of residential tax collection for each taxing entity.

In the meantime, please do not hesitate to contact me if you have any questions on this matter.