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[Ken Paxton Raises Legal Concerns on Austin's Financial Model for Project Connect.](#)

Texas Attorney General Ken Paxton says the unique financing model Austin established for Project Connect is likely illegal under state law, a position that could greatly hamper the city's efforts to build a transformational light rail system that voters approved more than two years ago.

Paxton's [opinion](#), issued Saturday in connection to state legislation that seeks to undo the \$7 billion transit investment, says Austin made "mistakes" in creating the fund and "misstatements to the voters" in the November 2020 election.

Voters approved two things that are at issue in Paxton's opinion: a 20% increase in the city portion of their property tax, and the establishment of a local government corporation to build the system, financed by debt backed by that tax revenue. That tax revenue transfer, according to a city resolution, is to continue indefinitely until funds are no longer required for "operations, maintenance, or state of good repair."

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by Ryan Autullo

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