

## **TEXAS**

### **Transportation Funding Initiative**

*Legislative Session:* 3<sup>rd</sup> Special Legislative Session in 2013

*Category:* Constitutional amendment to modify the constitution. This legislation needs to be approved by Texas voters in 2014.

*House Author:* Joe Pickett (D-El Paso); *Senate Sponsor:* Robert Nichols (R)

*Senate Joint Resolution 1 (SJR1):* This bill authorized a constitutional amendment, which will require voter approval during the November 2014 election. SJR 1 proposes earmarking the oil and gas industry's "severance tax" and using the funds for transportation projects in the state.

*Overview:* During a third special legislative session in August 2013, the Texas legislature passed a short-term constitutional amendment for transportation funding—requiring voter approval—that could generate \$1.2 billion in 2015 by redirecting oil and gas revenue from the state's general Rainy Day Fund. The measure is expected to be on the 2014 ballot and requires a majority approval. Texas DOT, however, estimates it needs over \$4 billion annually to address road congestion.

*Bill Summary:* Upon voter approval, this legislation will redirect half of the oil and production tax revenue from the general Rainy Day Fund to a designated fund for transportation building and maintenance projects. The bill will authorize the comptroller to assign half of the general revenue transferred to the Rainy Day Fund to instead be directed to the Texas Department of Transportation. In 2025, the Texas Legislature would need to vote to maintain this diversion program or else the program will be terminated. The bill also requires the Texas Department of Transportation to find and implement \$100 million in efficiency savings.

The final legislation, which successfully passed both chambers on August 5, 2013, will mandate that before the regular session begins, a joint committee of policymakers make a formal recommendation about the Rainy Day Fund minimum balance. Once the regular legislative session begins, then both the House and Senate will vote on whether or not to accept the recommended minimum balance. However, if the majority of both the House and Senate are unable to reach an agreement by the 45<sup>th</sup> day of the legislative session, then the recommendation from the select joint committee will be implemented.

This issue will be presented to Texas voters in the November 2014 election to approve this constitutional amendment.

## *Main Proponents of Legislation*

### **AGC of Texas<sup>1</sup>**

- Witness at Committee Hearings
- “The Cost of Doing Nothing”—A Successful Public Awareness Campaign about the need for more transportation funding in Texas<sup>2</sup>

### **Texas Good Roads Association<sup>3</sup>**

- Witness at Committee Hearings
- Worked with Transportation Association to launch “Texas Infrastructure Now”
  
- **Transportation Association**
- **Texas Infrastructure Now:** Launched by Texas Good Roads and Transportation Association.
- **Realtors**
- **Transportation Advocates of Texas, Inc.** Witness at Committee Hearing for HB1
- **Texas Association of Business**
- **Texas Motor Transportation Association:** Witness at Committee Hearing for HB 1
- **Coalition of Business Leaders**
- **Austin Chamber of Commerce**
- **City of Fort Worth:** Witness at Committee Hearing for HB1
- **City of San Antonio**
- **County Judges and Commissioners Association of Texas:** Witness at Committee Hearing for HB1
- **San Antonio Mobility Coalition, Inc.:** Witness at Committee Hearing for HB1
- **Alliance for I-69 Texas and U S 190/Gulf Coast Strategic Highway Coalition:** Witness at Committee Hearings
- **City of Corpus Christi:** Witness at Committee Hearing for HB 1
- **Tarrant Regional Transportation Coalition**
- **Texas Conference of Urban Counties:** Witness at Committee Hearing for HB1
- **Bexar County Commissioners Court:** Witness at Committee Hearing for HB1
- **Dallas County:** Witness at Committee Hearings
- **Dallas Regional Mobility Coalition:** Witness at Committee Hearings
- **Greater San Antonio Chamber of Commerce:** Witness at Committee Hearings
- **Zachry Corporation:** Witness at Committee Hearings

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<sup>1</sup> Website: <http://agctx.org/>

<sup>2</sup> <http://agctx.org/private/bluebook.pdf>

<sup>3</sup> Website: <http://www.texasgoodroads.org/>

## Opposition

Some opposition came from individuals who aligned with the Tea Party. During committee hearings, Representatives from Texas AFT and Center for Public Policy Priorities/Texas Forward were witnesses against the legislation (HB 1).

## Pro-Campaign Materials

### Texas Infrastructure Now's "The Cost of Doing Business" Brochure- Texas Good Roads/ Transportation Association

**THE BIGGEST TRANSPORTATION COST ISN'T THE GAS TAX. IT'S THE HIDDEN COSTS NO ONE TALKS ABOUT.**

By now, Texans know a lot about gas taxes, tolls, and registration fees. But what about the hidden costs no one talks about? The ones that are left to you, the consumer, to absorb?

The truth is, you already spend more than you should on Texas highways. By failing to invest in highways, the cost is shifted to you in the form of wasted time stuck in traffic, damage to your vehicle, accelerated tire wear, and increased likelihood of being in a serious accident. These cost you thousands of dollars more than any highway funding increases proposed by state leaders.

Underfunding highways costs Texans more, not less. If you don't want to overspend for using Texas highways, you should know:

**You already are.  
That's the cost of doing nothing.**

**STOP PAYING WITH YOUR TIME, YOUR SAFETY AND YOUR POCKETBOOK. TELL YOUR LEGISLATORS TO INVEST IN HIGHWAYS AGAIN.**

**THIS IS WHAT YOU PAY RIGHT NOW BECAUSE OF UNDERFUNDED HIGHWAYS:**

**SAFETY: You Pay**

- **\$948 annually for each Texas resident** in accident-related costs.\*
- **\$6.5 billion statewide** due to serious accidents caused by older roads which do not meet current safety design safety standards. (Includes lost productivity, lost earnings, medical costs and emergency services.)\*

**HOUSEHOLD EXPENDITURES: You Pay**

- **\$343 annually for each Texas driver** in additional repair costs, increased fuel consumption, and tire wear due to poorly maintained roads. That's **\$5.3 billion statewide**, every year.\*
- **\$1,500 in total congestion costs every year** per Texas household. By 2035, it increases to over **\$5,000 per year.\*\***

**QUALITY OF LIFE: You Pay**

- **37 hours every year** in traffic delays for each urban or metro motorist.\*\*
- In 15 years, your wasted time doubles to **74 hours.\*\***

**TEXAS ECONOMY: We All Pay**

- Congestion costs the Texas economy **\$10.8 billion** per year. By 2025, that number will reach almost **\$30 billion.\*\***
- **Underfunding highways increases the cost of everything you purchase.** From the groceries you buy off the shelf to the goods you buy online, transportation costs are factored in.

**THIS IS WHAT YOU COULD PAY WITH WELL-FUNDED HIGHWAYS:**

Raising highway investment will save you money. Everyone with a vehicle knows that prevention costs less than repairs. By investing in highways, your household costs go down.

- Texas households currently invest **\$232 per year** for their roads. **At this level of spending, it costs you \$6,095 in total vehicle use and maintenance costs.\*\*\***
- An additional **\$174** in taxes and fees reduces your total vehicle costs to **\$4,825** and **saves you \$1,096.\*\*\***
- An additional **\$279** reduces total vehicle costs to **\$4,228** and **saves you \$1,588.\*\*\***
- **\$402** more each year reduces your total costs to **\$3,652** and **saves you \$2,041.\*\*\***

**RESOURCES**

- \* The Road Information Program (TRIP) <http://www.tripnet.org/>
- \*\* Texas Transportation Institute (TTI) <http://tti.tamu.edu/>
- \*\*\* 2030 Committee <http://texas2030committee.tamu.edu/>

**SAVE MONEY. INVEST IN TEXAS HIGHWAYS.**

## Texas Good Roads<sup>4</sup>

If You Want Our Texas Economy to Keep Moving...Then We Must Protect Texas' Good Roads.



The Cost of Doing Nothing: By failing to invest in highways, the cost is shifted to Texans in the form of wasted time stuck in traffic, damage to vehicles, accelerated tire wear, and increased likelihood of being in a serious accident.

BY THE NUMBERS

|   |   |   |
|---|---|---|
| <b>77K</b><br>Miles of State-Maintained Roads | <b>\$6.5B</b><br>Costs to Texans due to Bad Roads | <b>\$10.8B</b><br>Costs of Congestion to Texas' Economy |
|---|---|---|

<sup>4</sup> Source: <http://www.texasgoodroads.org/about-us/>

## *Lessons Learned*

- **Effective Advocacy by Coalitions & Business Community.**

Successful advocacy efforts were made by the AGC of Texas, Texas Good Roads, Transportation Association, and other key groups.

- **Overcame Initial Resistance from both Democrats and Republicans.**

Democrats initially opposed prior forms of transportation legislation because they preferred that the “Rainy Day Fund” be used for education and other social projects. Some rural members of the Texas Legislature initially opposed the highway projects in the bill because they were all located in urban areas.

Some members of the Tea Party did not agree with the idea of extracting funds from Texas’ Rainy Day Fund. However, the final agreement on the Rainy Day Fund minimum balance successfully secured support from House Republicans, who originally were reluctant about this issue. The compromise on how to deal with the Rainy Day Fund minimum balance was significant because it won over support from some House Republicans who initially were hesitant about the proposal. For example, Representative Matt Krause (R-Fort Worth) said that although it was “not a perfect bill... at least this gives us a say in what that floor will be.”

- **Governor Perry Supported Transportation Initiative.**

Governor Perry made this a priority for the legislature, which ultimately helped the transportation funding legislation to pass during the third special legislative session that he summoned. After the passage of the legislation, Governor Rick Perry said that this was a successful legislative victory that will increase “funding for transportation without raising taxes, which sends an incredibly strong message that Texas is committed to keeping the wheels of commerce turning, while protecting taxpayers.”

*Bill Text*

**House Bill 1 (3rd C.S.)**

**Effective:** See below

**House Author:** Pickett et al.

**Senate Sponsor:** Nichols

House Bill 1 amends the Transportation Code to authorize the Texas Transportation Commission to use the Texas Mobility Fund to provide funding, including through a loan, for a port security, transportation, or facility project eligible for funding from the port access account fund.

House Bill 1 requires the Texas Department of Transportation (TxDOT), on or before August 31, 2015, to identify and implement measures resulting in at least \$100 million in savings in TxDOT's appropriations for the 2014-2015 state fiscal biennium and requires that the savings then be used to reduce the principal of and interest on bonds and other public securities issued, and bond enhancement agreements entered into, by the commission with no consequent reduction in the amount of funding available for transportation projects.

House Bill 1 amends the Government Code to require the speaker of the house of representatives and the lieutenant governor, not later than September 1 of each even-numbered year through 2024, to appoint a select committee consisting of five state representatives and five state senators to determine and adopt for the next state fiscal biennium a sufficient balance in the economic stabilization fund. The bill requires the committee to adopt the sufficient fund balance not later than the December 1 after its appointment; sets out factors to be considered by the committee, including a projection by the comptroller of public accounts of the amounts to be transferred to the fund during the next state fiscal biennium; and provides for the legislature's approval or amendment of the adopted fund balance during the next succeeding regular legislative session, with final approval required not later than the session's 45th day.

House Bill 1 requires the comptroller to adjust the constitutional allocations to the economic stabilization fund and the state highway fund if either the comptroller determines that the projected economic stabilization fund balance after any applicable transfers to the fund will be less than the adopted sufficient balance or a sufficient balance has not been adopted for the comptroller to consider and specifies the adjustments required in each case. The bill establishes a process for the adoption of sufficient balances applicable to transfers to be made for the 2015 state fiscal year and the next fiscal biennium, respectively. The bill requires amounts transferred to the state highway fund from oil and gas production tax revenue in excess of a certain threshold, when appropriated, to be used and allocated throughout the state by TxDOT consistent with existing formulas adopted by the commission.

House Bill 1 also establishes select committees on transportation funding, expenditures, and finance in both the house and the senate, with their memberships appointed by the presiding officers of their respective chambers; identifies the subjects to be reviewed, studied, and evaluated by the committees; and requires the two committees jointly to adopt and report their recommendations to the legislature not later than November 1, 2014.

House Bill 1 takes effect immediately on the final canvass of the election on the constitutional amendment proposed by S.J.R. 1, 83rd Legislature, 3rd Called Session, 2013, if that amendment is approved by the voters.

*Links:*

<http://www.capitol.state.tx.us/BillLookup/BillSummary.aspx?LegSess=833&Bill=HB1>

<http://www.capitol.state.tx.us/tlodocs/833/billtext/pdf/HB00001F.pdf#navpanes=0>

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- Texas AFT Opposition <http://texasaftblog.com/hotline/>
- Permian Basin Coalition. [http://www.oaoa.com/news/government/article\\_0335cd80-df74-11e2-a0cc-001a4bcf6878.html](http://www.oaoa.com/news/government/article_0335cd80-df74-11e2-a0cc-001a4bcf6878.html)
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- <http://dfw.cbslocal.com/2013/08/05/texas-legislature-approves-transportation-bill-adjourns-3rd-special-session/>
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