TRANSPORTATION ADVOCATES of TEXAS
Moving People. Creating Jobs.

www.transportationadvocatesoftexas.org

March 25, 2015

Senate and House Each Advancing Plans to Dedicate Substantial Funding to Texas Highways and Bridges

At Least $5 Billion Needed to Stay Even

At least $5 billion a year in additional contract lettings are needed to maintain current conditions on the state's highways. Funding is also needed to adequately address damage and critical safety improvements related to truck activity in areas impacted by intensive energy industry development. A portion of this funding gap was filled in November when 80% of Texas voters approved Proposition 1.

Keeping congestion levels from getting worse, preserving the existing state highway system and adding capacity to efficiently connect our communities, manufacturing centers and logistics hubs are all important to the safety, economic livelihood and quality of life of current and future Texans.

Plans Would Fill Much of the "Stay Even" Funding Gap

State Senators made it clear how important it is to address the funding gap when they approved SJR 5 and SB 5 which would allow voters to constitutionally dedicate more than $2.5 billion a year to the State Highway Fund. The Senate's 28-2 vote was well above the 2/3rds needed to put an amendment before voters.

The House will now consider an alternate way to fund a major incremental part of the state's transportation investment needs. **HJR 13 and HB 13** (Pickett) would allow voters to constitutionally dedicate **$3 billion** a year of general sales tax revenues to building non-toll highways and to make payments on previously issues highway project debt. Like the Senate proposal, passage of HJR 13 would make it clear that transportation is a high priority for the state. If approved the $3 billion dedication would take effect in Fiscal Year 2018.

HJR 13 would also use a formula to dedicate additional general sales tax revenue to transportation. The calculation would subtract the $3 billion from the total annual general sales tax and then put 2% of the net amount in the State Highway Fund. The 2016-17 Biennial Revenue Estimate projects the state sales tax will generate about $30 billion a year. The 2% dedication should yield more than **$500 million** a year for highways once it is effective in FY 2017. This annual amount will grow along with the economy.

The companion HB 13 enabling legislation would put a moratorium on issuance of debt for transportation for FY 2016 and FY 2017. During those two years cash would be used to push forward projects the state has already committed to funding.

The amendment would go to Texas voters on November 3, 2015. The HJR 13 sales tax dedication would have a life span of 10 years, expiring in 2026 unless extended by the Legislature and voters.

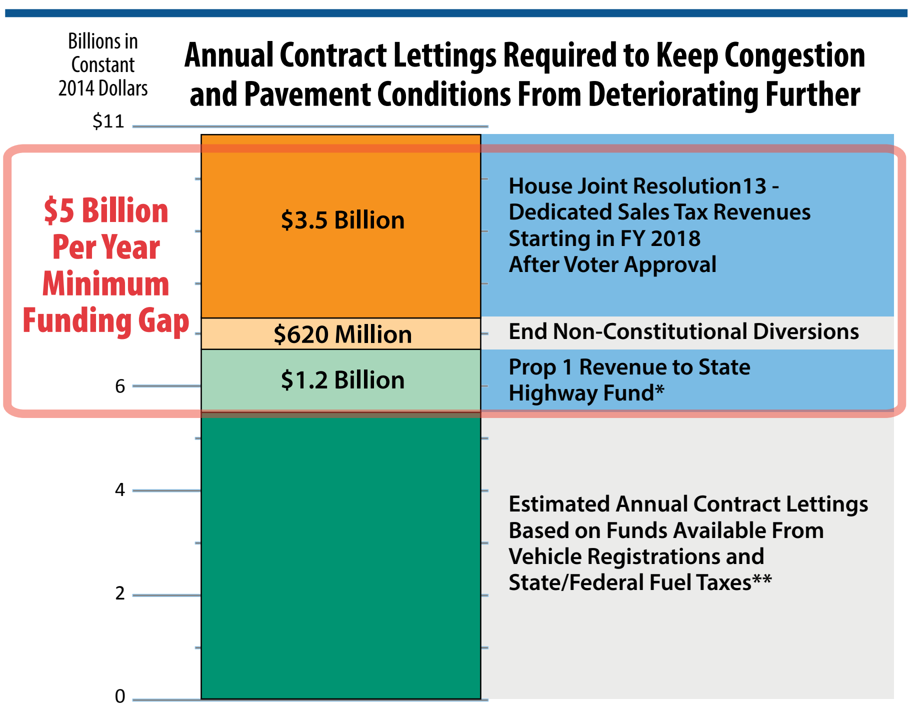
The Senate Alternative – SJR 5/SB 5

The Senate measure would constitutionally dedicate a portion of the state's sales tax paid on vehicles to non-toll highway projects. SJR 5/SB 5 (Nichols) would allocate the first $2.5 billion in annual vehicle sales tax to the General Fund. The next **$2.5 billion** would go to the State Highway Fund. Any revenue greater than $5 billion a year would be divided with 50% going to roads, 30% to the General Fund and 20% to pay raises for school teachers. The transportation funding level will grow over time in line with population and inflation. The Senate proposal would take effect in FY 2018 and does not include a sunset date.

The House approach utilizes general sales tax contributed by all users of transportation infrastructure including visitors. In contrast, the Senate approach looks to revenues paid by those who bought a vehicle in Texas in a particular year, tapping a revenue source that is clearly tied to use of the highway system.

Either Approach Serves Texans Well

Members of the Transportation Advocates of Texas believe that either approach will address a critical state need and serve Texans well. Highway projects take years to plan and deliver. Sustained funding over time is essential to the process. We urge members of the Legislature to explore and approve reliable constitutionally-dedicated funding mechanisms that will keep our state from falling further behind on congestion, interregional connectivity, safety and deteriorating roadways.



** The Biennial Revenue Estimate for FY16 & FY17 predicts Proposition 1 revenue of $1.2 billion per year. Proposition 1 funds are linked directly to oil and natural gas prices making future annual revenue levels uncertain.*

*** Source: Texas Transportation Plan 2040*

Chairman: Brandon Janes, (512) 236-2095 • Chairman-Elect: Dennis Kearns, (512) 415-5607
Vice Chairs: Vic Boyer, (210) 688-4407; Vic Suhm, (817) 262-7230; Jennifer McEwan, (512) 786-9096; Gary Bushell, (512) 478-6661
Transportation Advocates of Texas, Inc. (TAoT), 13526 George Road, Suite 107, San Antonio, Texas 78230