

Diverse groups support using vehicle sales tax to increase highway funding

Community report | Posted: Sunday, April 14, 2013 7:33 am

AUSTIN – A bill authored by Rep. Linda Harper-Brown which would direct growth in future vehicle sales tax revenues to highway construction projects received unanimous support from a string of witnesses appearing Wednesday before a Texas House appropriations subcommittee.

Testimony on CSHB 479 was taken by the Appropriations Subcommittee on Budget Transparency and Reform chaired by Rep. Myra Crownover. The bill is jointly authored by Rep. Allen Fletcher, Rep. Ryan Guillen, Rep. George Lavender and Rep. Cecil Bell.

CSHB 479 would cap the amount of vehicle sales tax flowing to the state General Fund at \$2.5 billion per year. Growth in vehicle sales tax revenues above \$2.5 billion would flow to the State Highway Fund starting in FY 2016. The amount in the first year is estimated to be approximately \$1.2 billion with that amount expected to grow over time. The proposed legislation also prohibits diversions from the Highway Fund starting in FY 2016. This provision would be subject to approval by Texas voters in a constitutional amendment election in November.

“This legislation was supported in this hearing by the most diverse and broad-based list of groups I can recall ever appearing to back a transportation bill being considered by the Legislature,” said Rider Scott, legislative committee chairman for the Transportation Advocates of Texas (TAoT) and executive director of the Dallas Regional Mobility Coalition.

Witnesses were unanimous in their support for the bill and in stressing the urgent need to act now to head off the sharp drop in highway project contract lettings that will take place over the next three years. Those speaking in favor included representatives of TAoT, the Greater Houston Partnership, the Alliance for I-69 Texas, the San Antonio Tea Party, the City of Denton, Texas TURF, the Texas Association of Realtors and Texas Future, a new coalition of business associations.

Transportation Advocates of Texas is a two-year old statewide coalition that brings together cities, counties, mobility coalitions, regional organizations and business interests to support additional highway funding.

Gary Bushell, representing the Alliance for I-69 Texas and TAoT, presented the committee with a chart depicting the coming transportation funding cliff and the substantial impact the plan would have on the \$4 billion funding gap. Chairman Crownover was impressed by the chart and pressed Bushell for more details. (chart attached)

Bushell explained that the state needs to be awarding at least \$6 billion a year in new construction contracts to maintain highways and address congestion in a minimally acceptable way. “You can’t drop

from \$7 billion a year in contract lettings down to \$2.4 billion in a matter of a few years without doing really serious damage to the infrastructure that builds and maintains our roads,” he said.

He said the Alliance for I-69 is very concerned about the transportation funding cliff that the Department of Transportation (TxDOT) has laid out in its estimates. He estimated that the proposed legislation would fill about half of the funding gap of \$3 to \$4 billion a year projected over the next 10 years.

Terri Hall, representing Texas TURF, said that truth in budgeting “cries out” for dedicating vehicle sales tax revenues to pay for highways. “That money should be going to pay for roads before we are asked to pay more.”

“We have tripled state spending from 1990 to 2010, doubled it in the last 10 years, had a \$9 billion surplus coming into this session and haven’t ended gas tax diversions yet. We are tolling the urban areas to death. So it is real hard for the grassroots and the taxpayers to say ‘go ahead and raise our taxes to fix roads’ when we see that kind of picture,” she said. “We want you to end diversions and dedicate vehicle sales taxes to roads. Please fix this without raising the tax burden on Texas families.”

Billy Cooke, representing the Greater Houston Partnership, told the committee that population growth in Texas requires the Legislature to address the highway funding shortfall. “Every year growth in Texas leads to increased commercial traffic and increased vehicle sales. TxDOT needs new funding sources now more than ever.”

Jeff Judson, representing the San Antonio Tea Party, noted that the state made the decision in 2003 to build most all roads with debt and as toll roads. “We are paying the price for that. The immediate hole we are looking at is this cliff that we are about to go off with the drop in transportation funding available to build roads.”

“All eyes are on this committee to provide part of the solution,” Judson said.

He said people associated with the San Antonio Tea Party recognize that some increases in taxes or fees may need to be part of the solution. They recognize that there is a \$4 billion a year hole.

“A chunk of the motor vehicle sales tax just has to be part of that,” he said.

Brandon Janes, board chairman-elect of Transportation Advocates of Texas, said that state borrowing has been very important to keeping construction going during the past decade. “But it has masked the problem that we do not have enough sustainable recurring money that is predictable so that people can plan projects in advance and we are going to need something like Rep. Harper-Brown’s bill and Rep. (Drew) Darby’s bills to be able to provide predictable money so that large projects can get scheduled, engineered and built over time. Otherwise I think the economy is going to suffer.”