

Board: Tap state rainy day fund for major projects

By Kiah Collier

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The [Texas Transportation Commission](#) will ask lawmakers to consider accessing the state's rainy day fund to create a separate account to finance roads and other infrastructure projects, the body's chairman told a Houston audience Thursday.

Ted Houghton, an El Paso native promoted in October by Gov. [Rick Perry](#) to head the five-member commission that governs the [Texas Department of Transportation](#), said the rainy day fund, which is fed by oil and gas severance taxes, has grown more than anticipated during the past year because of the domestic energy boom, presenting "an opportunity to create an infrastructure fund of about \$3 billion."

The rainy day fund, also known as the economic stabilization fund, is expected to have \$8.1 billion by the end of this month, which marks the end of the state's current two-year budget cycle.

Houghton described the recommendation as one way to finance infrastructure needs without raising taxes and as a boon for Houston, which - along with Dallas-Forth Worth - has "staggering" transportation needs that the state won't be able to meet otherwise.

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"That would be a huge lift for this community in Houston, where we don't have the capability of unlimited financing," Houghton said Thursday in a speech to the [Houston Realty Business Coalition](#) sponsored by Dannenbaum Engineering.

Perry took a hard-line stance against tapping the rainy day fund during last year's legislative session, even as lawmakers were grappling to write a balanced budget with a shortfall as high as \$27 billion without raising taxes - and ended up slashing public education funding by \$4 billion.

A one-time expense

A Perry spokeswoman said the governor's position on "preserving a strong rainy day fund" hasn't changed, but the commission's recommendation doesn't conflict with his position because it could be considered a one-time expense.

Spokeswoman [Catherine Frazier](#) said that has been an exception to Perry's stance on using the fund.

"While the governor stands by what he said in the past - and using it for one-time expenses - this is something that could certainly fit within those parameters," she said.

In an interview after his speech, Houghton said the new fund could also be used to fund water-related projects - the state's other "great infrastructure need."

In his remarks, Houghton outlined the billions of dollars worth of transportation projects under way in Houston. But he said they are a scratch on the surface of the city's future transportation needs, while also stressing the challenge of finding ways to fund them, as well as those in the rest of the state.

"The challenges that we face are going to be the resources and I don't think there's much appetite for tax increases" or increases to certain fees like vehicle registration that have been "championed" by some state lawmakers, Houghton said.

Finding those resources, he said, will be "the front-and-center issues" during the 2013 legislative session.

No to raising gas tax

Houghton, who lauded Houston for "taking the lead" on building toll roads, also dismissed another option that has been floated by some lawmakers as an alternative for boosting revenue to fund transportation projects: Increasing the gasoline tax, which hasn't been raised at the state or federal level since the early 1990s.

Houghton said increasing the tax would have negative political consequences as well as limited funding potential. He said Texas has "been given tremendous tools that no other state has" to build new roads, including the ability to issue debt and build toll roads.

But, he later added, "We are running out of those monies."

Asked by an audience member after his speech whether the state will be able to build enough roads with its current sources of revenue, Houghton said: "The answer is no."

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