



• Texas lawmakers hope to tackle long-term funding for road projects

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As the next Legislature grapples with ways to fund Texas transportation projects, top lawmakers acknowledge that failing to secure a long-term solution is no longer an option.

Beyond 2014, the Texas Department of Transportation's \$10 billion annual budget is projected to cover only maintenance, leaving no cash for expansion or construction. And Texas' population — and transportation needs — will continue to grow.

The chairmen of the state House and Senate transportation committees say they're welcoming ideas — including a \$50-a-year increase in vehicle registration fees. But emerging as a top potential fix is a constitutional amendment to dedicate the sales tax on vehicle purchases to TxDOT.

That option appeals to legislative leaders because it wouldn't raise consumers' taxes overall. It would take money generated by a transportation-related purchase and use it for transportation-related infrastructure.

And it would enable the state to build up a large pool of money — up to \$3 billion a year, eventually — that could be spent to pay off heavy debt payments and to build roads, bridges, and other critical projects.

"That's something we can rely on in the future," said Larry Phillips, R-Sherman, the House transportation chairman. "It's a more consistent long-term policy."

Texas is running short on transportation money in part because the state's 20-cents-a-gallon motor fuels tax hasn't been raised since 1991. That's even as gasoline prices have skyrocketed, a burden drivers know all too well. The tax brings in \$2 billion a year, but it's not enough.

Inflation, higher construction costs and improved vehicle fuel efficiency — which lets drivers stretch each gallon of gasoline farther — have reduced the purchasing power of the state's transportation revenue by 65 percent over the last two decades, according to the North Central Texas Council of Governments.

Some transportation minds, including Michael Morris, the Council of Governments' transportation director, say raising the gas tax is the only true way to provide a meaningful infusion of money. The political reality, however, is that an increase is not viable.

The Legislature, which convenes in January, remains stacked with anti-tax conservatives. Both Phillips and Senate Transportation Committee Chairman Robert Nichols, R-Jacksonville, said an increase to the gas tax was almost certainly a non-starter.

But that doesn't mean the transportation funding issue will be ignored.

"The sentiment, notwithstanding the conservative credentials and conservative desires, is that funding transportation projects is critical," said Austin lobbyist Bill Miller, a co-founder of HillCo Partners.

In 2011, Nichols, a former Texas Transportation Commission member, pushed a bill to dedicate to TxDOT the 6.25 percent sales tax levied on new and used vehicle purchases. The measure faced resistance, however, because it would have taken money away from the already tight general revenue budget, which pays for education and other priorities.

To address those concerns, Nichols is now proposing that the change wouldn't apply to the two-year budget that will be debated in the upcoming session. Instead, the shift would occur over a decade, 10 percent at time.

The money would first be used to pay off TxDOT's debt, he said, but the projected revenue would also allow the transportation department to start lining up construction and expansion projects.

"What could be more logical?" he said.

For some, such as the Texas Association of Business, the answer is adding \$50 a year to the state's vehicle registration fee. That would effectively double the price for Texas drivers, since the state's charge for most cars and light trucks is \$50.75.

The proposal was pushed last session by then-Senate Transportation Committee Chairman Tommy Williams, R-The Woodlands. While it could again face opposition because it's an additional tax, it would provide a more immediate cash infusion than the longer-range sales-tax plan.

Another idea gaining traction — with support from Gov. Rick Perry — is ending the \$1 billion-plus in diversions each year from the state's highway fund to other departments. But one concern is that most of those funds go the Department of Public Safety, which focuses partly on transportation.

So even though plenty of lawmakers — including Sen. John Carona, R-Dallas — support an end to the diversion practice, many acknowledge there's not actually a huge pool of money to be brought back into the transportation fold.

"Even if you do that, it's going to buy you a couple bridges somewhere," said Steven Polunsky, a Carona spokesman. "That alone is not going to make meaningful change."

With whatever additional funding mechanisms lawmakers pursue, there will be a continued focus on the private-public partnerships that include tolled lanes. Several of those projects, such as the LBJ Express in Dallas, are moving forward, and lawmakers are bullish on approving more.

"Any idea somebody has for funding transportation should be put on the table," Nichols said. "I don't want to restrict the conversation."

NEXT WEEK: North Texas transit agencies' legislative wish lists.

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