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Editorial: Beyond Square Two on highway funding

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Texas lawmakers have advanced to Square Two in their forced march to find a steady source of money to build and maintain state highways.

Square One came early and easy, when legislative leaders and Gov. Rick Perry zeroed in on roads and water as two state fundamentals that could be neglected no longer. The 2013 lawmaking session would be different, they vowed last year.

That was encouraging. So is the eagerness we see from lawmakers to set a target of additional cash they need to find for highways. They identified that figure — \$4 billion a year — in the past few weeks, so call that Square Two.

The next steps are fraught with political and financial hazards, and progress won't be as easy. But it's not for want of ideas, because they are out there.

For starters, Senate Finance Committee Chairman Tommy Williams, R-Houston, sketched some sources of money to inch toward the \$4 billion target, including more than \$200 million by raising vehicle registration fees and \$400 million by diverting fewer — but not all — fuel-tax dollars from the highway fund to the Department of Public Safety.

Williams also mentioned shifting money from the state's rainy day fund for a new endowment-like fund that would backstop loans for tolled highway projects. The exact amount that would yield is unclear, however.

What is clear is this: Even after this short list, lawmakers still face a yawning funding gap.

Boosting the state's motor-fuels tax by a dime would make sense and yield more than \$1 billion a year. It's a poison vote in the GOP-led Legislature, however, even though the tax has been stuck at 20 cents since 1991 and has lost much of its buying power.

Of the remaining options, one of the boldest and most promising is gradually shifting proceeds from the current 6.25 percent sales tax on vehicle purchases from the general fund to the highway fund. That is being advanced in bills by transportation chairs in both houses, Sen. Robert Nichols, R-Jacksonville, and Rep. Larry Phillips, R-Sherman, and by Rep. Linda Harper-Brown, R-Irving.

The vehicle-sales tax now yields more than \$3 billion a year. It has the advantage of growing with inflation. Lawmakers, under the proposals, would adjust general-fund spending over several budget cycles to account for reallocation of the tax. On the political scale, it's a lower-risk vote, since the tax is already levied.

The trick now for legislative leaders is to build momentum for something bold and lasting that fills the needs of a hot-growth state. Toward that end, it was good to see that Speaker Joe Straus met last week with an ad hoc group of members steeped in transportation funding.

They will become the House's evangelists for lasting highway funding. Heaven knows the Capitol needs their voices.

Highway funding primer

THE NEED:

\$4 billion — additional annual funding lawmakers want for state roadways (\$3 billion more for new capacity, \$1 billion more for maintenance)

OPTIONS FOR NEW MONEY INCLUDE:

\$400 million — added fuel-tax dollars available by decreasing diversions from the highway fund to the Department of Public Safety

\$220 million — approximate initial yield by raising vehicle registration over years, starting with a \$10 increase

\$3.3 billion — now yielded annually from the 6.25 percent tax on vehicle sales. Legislation to gradually shift that from the general fund to the highway fund includes SB 287 by Sen. Robert Nichols, HB 782 by Rep. Larry Phillips and HB 514 by Rep. Linda Harper-Brown.

Unspecified — benefits of shifting money from the rainy day fund to a new endowment to buy down loans for highway projects

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