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Texas Road Funding Woes Nab the Spotlight

by Aman Batheja | May 20, 2014 | 8 Comments



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Texas' beleaguered transportation system appears poised to take center stage.

With summer negotiations in Congress over a federal highway bill,

a state ballot proposition in November and growing interest in boosting the Texas Department of Transportation's budget during next year's legislative session, Texans are likely to hear more in the coming months than they have in years about the state's transportation challenges.

Transportation advocates say drawing interest in the issue is a constant struggle, because few people understand the financial challenges facing TxDOT. The agency has said its budget is short \$5 billion annually of what is needed just to maintain current congestion levels.

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"Our transportation funding sources really haven't been increased in over 20 years," said Scott Haywood, president of Move Texas Forward, a business-backed coalition that supports investments in transportation infrastructure. "With the tremendous growth Texas has seen, our current revenue sources have not kept pace."

The most pressing upcoming issue is the fate of the federal Highway Trust Fund, which could go bankrupt as early as August, a situation some have started referring to as the "transportation cliff." President Obama and the Democratic-led Senate have offered competing proposals, while the Republican-led House has stayed silent on the issue, sparking fears that partisan gridlock will prevent any proposal from drawing enough support in time.



Failure to pass a new measure could halt infrastructure projects across the country. Texas alone stands to lose \$3.8 billion a year in federal funding, amounting to 44 percent of the state's transportation budget, according to Transportation for America, a national advocacy group. Only California stands to lose more funding if lawmakers don't come to an agreement in time.

State Senate Transportation Chairman Robert Nichols, R-Jacksonville, recently traveled to Washington, D.C., to meet with members of the Texas congressional delegation on the issue. In meetings with Republican U.S. Sens. Ted Cruz and John Cornyn, as well as several U.S. House members, he stressed the value of a long-term funding solution that would allow transportation planners to better prepare for projects several years in the future.

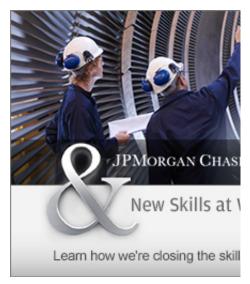
"Kicking the can down the road four months at a time or six months at a time is horrible," Nichols said. "I recognize the realities of the problem that they're dealing with. All I can do is tell them the importance of a long-term plan."

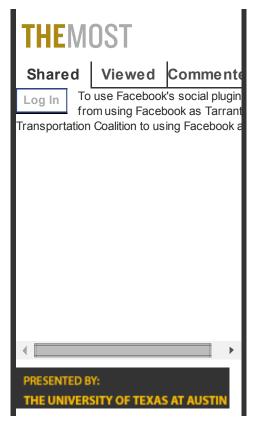
Soon after the country is expected to reach the "transportation cliff," Texas voters will likely start noticing efforts to promote a constitutional amendment aimed at boosting TxDOT's funding. The measure, approved by the Legislature during a special legislative session last year, would take advantage of the

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current energy boom by diverting some oil and gas tax revenue currently earmarked for the Rainy Day Fund to road projects. The measure is projected to initially increase TxDOT's funding by \$1.4 billion a year.

Move Texas Forward is helping lead efforts to rally support for the proposition. The campaign will include the airing of radio and television ads closer to the start of voting, Haywood said. The proposition has not yet drawn any organized opposition.

Whether or not voters approve the amendment, state lawmakers are signaling an interest in further increasing transportation funding next year. Last week, eight months ahead of the next legislative session, House Speaker Joe Straus, R-San Antonio, announced plans to commit more gas tax dollars to TxDOT.

"The House will propose a budget in January that uses all of the money in the state highway fund for transportation," Straus wrote in TribTalk last week. "No longer will hundreds of millions of dollars per year go to other agencies."

Texans currently pay 38.4 cents in taxes per gallon of gas at the pump. Twenty cents of that is the state motor fuels tax, though less than 75 percent of that is actually spent on transportation projects. A provision in the state constitution requires that a nickel goes to public education. While the rest goes in the state highway fund, more than \$500 million is budgeted each year to areas other than TxDOT, such as the Department of Public Safety.



Under Straus' proposal, a portion of the motor fuel tax would continue to be spent on education, but the remainder would go entirely to transportation projects.

"By spending that money directly on transportation, we can put an additional \$1.3 billion toward improving mobility over two years," Straus wrote.

Nichols praised Straus for putting a spotlight on transportation funding in advance of the 2015 legislative session and was hopeful that lawmakers could find a way to cover the costs of his plan. He also confirmed that he expects to revive his

proposal from the 2013 session to gradually dedicate a portion of future vehicle sales tax revenue to the highway fund. The measure originally drew broad support but died, in part, due to vocal opposition from Senate Finance Chairman Tommy Williams, R-The Woodlands, who has since left the Senate.

Nichols said that passing the measure may require another constitutional amendment, which could mean Texas voters would again be voting on a transportation funding measure next November.

"I think the citizens of Texas would go for it in a heartbeat because they like their taxes to go very closely with the services it provides," Nichols said. "What could make more sense than to tie the roads and the vehicles together?"

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