

**HOUSE COMMITTEE ON TRANSPORTATION
TEXAS HOUSE OF REPRESENTATIVES
INTERIM REPORT 2000**

**A REPORT TO THE
HOUSE OF REPRESENTATIVES
77TH TEXAS LEGISLATURE**

**CLYDE ALEXANDER
CHAIRMAN**

**COMMITTEE CLERK
CHERYL JOURDAN**



Committee On
Transportation

November 30, 2000

Clyde Alexander
Chairman

P.O. Box 2910
Austin, Texas 78768-2910

The Honorable James E. "Pete" Laney
Speaker, Texas House of Representatives
Members of the Texas House of Representatives
Texas State Capitol, Rm. 2W.13
Austin, Texas 78701

Dear Mr. Speaker and Fellow Members:

The Committee on Transportation of the Seventy-Sixth Legislature hereby submits its interim report including recommendations and drafted legislation for consideration by the Seventy-Seventh Legislature.

Respectfully submitted,

Clyde Alexander, Chairman

Bill Siebert, Vice Chairman

Yvonne Davis

Al Edwards

Peggy Hamric

Judy Hawley

Fred Hill

Rick Noriega

D.R. "Tom" Uher

Clyde Alexander
Chairman

Members: Bill Siebert, Vice-Chairman; Yvonne Davis; Al Edwards; Peggy Hamric; Judy Hawley; Fred Hill; Rick Noriega; D.R. "Tom" Uher

Clyde Alexander
Chairman

Members: Bill Siebert, Vice-Chairman; Yvonne Davis; Al Edwards; Peggy Hamric; Judy Hawley; Fred Hill; Rick Noriega; D.R. "Tom"
Uher

TABLE OF CONTENTS

INTRODUCTION	1
INTERIM STUDY CHARGES	2
Study ways the state and counties can ensure a safe, adequately funded county road and bridge system consistent with encouraging commerce and economic growth.	3
Study the advantages and disadvantages of a graduated driver's license program, including the experience of states that have recently enacted such programs.	11
Examine highway funding issues in light of the combined impact of rapid transportation growth and increased NAFTA traffic. Monitor state and federal developments related to funding and planning of NAFTA corridors.	15
Conduct active oversight of the agencies under the committee's jurisdiction, including effects of legislation increasing speed limits.	26
ENDNOTES	29
APPENDICES	

INTRODUCTION

At the beginning of the 76th Legislature, the Honorable James E. “Pete” Laney, Speaker of the Texas House of Representatives, appointed nine members to the House Committee on Transportation. The committee membership includes the following: Representative Clyde Alexander, Chairman; Representative Bill Siebert, Vice-Chairman; Representatives Yvonne Davis, Al Edwards, Peggy Hamric, Judy Hawley, Fred Hill, Rick Noriega, and D.R. “Tom” Uher.

During the interim, the committee was assigned interim charges (which are detailed on the next page) and held public hearings in Austin on February 2, 2000; March 23, 2000; April 26, 2000; and June 28, 2000.

HOUSE COMMITTEE ON TRANSPORTATION

INTERIM STUDY CHARGES

- CHARGE Study ways the state and counties can ensure a safe, adequately funded county road and bridge system consistent with encouraging commerce and economic growth.
- CHARGE Study the advantages and disadvantages of a graduated driver's license program, including the experience of states that have recently enacted such programs.
- CHARGE Examine highway funding issues in light of the combined impact of rapid transportation growth and increased NAFTA traffic. Monitor state and federal developments related to funding and planning of NAFTA corridors.
- CHARGE Conduct active oversight of the agencies under the committee's jurisdiction, including effects of legislation increasing speed limits.

Study ways the state and counties can ensure a safe, adequately funded county road and bridge system consistent with encouraging commerce and economic growth.

BACKGROUND

County Roads

The Texas Department of Transportation (TxDOT) estimates there are 141,925 centerline miles of county roads throughout Texas' 254 counties (see Appendix A). The county road system is almost twice the size of the state highway system, which is about 79,102 centerline miles.

According to the Comptroller of Public Accounts, counties reported spending \$489 million in FY1998 and \$477 million in FY1999 on construction and maintenance of county roads and bridges (see Appendix B). These figures include the cost of right-of-way acquisition and utility adjustments.

County Bridges

There are 48,500 bridges in Texas, the most in the nation. About one-third of these bridges are off the state system, on county or city roads. TxDOT estimates about 12,000 bridges in Texas are deficient. About 7,200 of those are off-system bridges. Since FY1996, TxDOT has replaced or rehabilitated an average of 90 off-system bridges annually through the Federal Off-System Bridge Program. At this rate, according to TxDOT, addressing the current problem could take 80 years, depending on how many other bridges become deficient during that time.

The Federal Off-System Bridge Program, created in 1970, makes bridges on non-federal-aid-highways eligible for federal assistance. Under the program, the federal government provides 80 percent of the cost of the bridge rehabilitation or replacement, and TxDOT and the local government provide 10 percent each. Without local participation, the project can only proceed under TxDOT's Disadvantaged County Program. For FY 2000, 57 counties met the eligibility criteria of this program.

Off-System Bridges Replaced or Rehabilitated Annually Since FY1996

Fiscal Year	Off-System Bridges	Federal Funds	State Funds	Local Funds	Total
1996	78	\$15.26 million	\$1.89 million	\$1.89 million	\$19.04 million
1997	99	\$16.10 million	\$2.01 million	\$2.01 million	\$20.12 million
1998	80	\$17.14 million	\$2.14 million	\$2.14 million	\$21.42 million
1999	95	\$24.09 million	\$3.01 million	\$3.01 million	\$30.11 million
2000	102	\$19.83 million	\$2.48 million	\$2.48 million	\$24.78 million

NOTE: TxDOT estimates that the average cost of an off-system bridge project in FY2000 was \$276,000. This estimate is for a 100-foot bridge with a 24-foot deck width and includes engineering costs and 150-foot approach roadways.

There are two categories of bridge deficiencies:

Structurally deficient - The bridge is unsafe for legal weights and therefore must be posted and restricted.

Functionally obsolete - The bridge can carry legal weights safely, but either has an under capacity design for the volume of traffic, or is too narrow for the adjacent roadway.

In May of 2000, TxDOT announced a new state program to accelerate the replacement or rehabilitation of off-system bridges. The new program will help local governments stretch their transportation dollars and give them flexibility in addressing their needs. The key aspects are:

Basing the local participation amount on 10 percent of the estimated, rather than the actual project cost, in case of overruns.

Waiving the 10 percent local match for an off-system bridge project if the local government agrees to perform an equivalent amount of improvement work on another bridge that is deficient or weight restricted for school buses.

TxDOT will complement the new program with the following initiatives:

Standardizing bridge design where possible to save construction time and lower costs.

Placing county maps with load restricted bridges on the Internet to allow school buses and commercial vehicles, which may be overweight, to determine a safe route and avoid the structure, if possible.

Contracting for bridge improvements in clusters, rather than individually, if this will reduce contract costs.

Additionally, the Texas Transportation Commission has proposed increased funding for off-system bridges. The 2000 Unified Transportation Program (UTP), TxDOT's statewide transportation program, allocated an average of \$39.5 million per year for Priority 1 projects¹; the 2001 UTP allocates an average of \$57.25 million for Priority 1 projects.

Off-System Bridge Replacement and Rehabilitation Program - 2000 UTP

FY 2000	FY 2001	FY 2002	FY 2003
\$27,093,588	\$46,609,222	\$51,001,703	\$34,302,921

Off-System Bridge Replacement and Rehabilitation Program - 2001 UTP

FY 2001	FY 2002	FY 2003	FY 2004
\$55,133,321	\$65,342,274	\$43,198,592	\$66,385,069

Revenue for Counties

At the committee's request, the Comptroller of Public Accounts identified the sources of revenue available to counties which are statutorily dedicated to county roads and bridges. Seven revenue sources were identified; one revenue source, the Optional Road and Bridge Fee, is assessed at the county's option. The Comptroller also identified four non-dedicated sources of revenue which are related to county roads and bridges (see Appendix B).

The total dedicated revenue available to counties in FY1999 was \$485,957,185. This figure includes revenue generated by the following sources:

Motor Vehicle Registration - 17,486,346 vehicles were registered in Texas in FY1999. Registration fees are based on vehicle age and are generally \$40.50 to \$58.50 for cars and light trucks. Fees are determined by weight for larger vehicles. Counties retain a portion of the registration fees based on a formula contained in section 502.102, Texas Transportation Code (see Appendix C). Registration fees retained by the counties totaled \$180,161,554.

Lateral Road Funds - In 1951, the Legislature dedicated \$7.3 million from the Highway Fund for improvements to county roads and bridges. Since then, this amount has not changed. In FY1999, all 254 counties shared \$7.3 million, which was distributed according to the following formula:

One-fifth on the basis of the county's area.

Two-fifths on the basis of population.

Two-fifths on the basis of county road miles in the county compared to county road miles in the state.

Overweight Permit Fees - Counties receive a portion of overweight truck permit fees; the fees are distributed by formula. The Comptroller estimates that the 254 counties split \$3,208,654 in overweight truck permit fees in FY1999.

Property Tax Levy - 79 counties levied a special *ad valorem* tax for county roads and bridges. The total revenue generated in FY1999 was \$57,092,180.

Farm-to-Market and Flood Control Tax Levy - 118 counties levied a special tax for farm-to-market roads and flood control. The total for FY1999 was \$87,159,120. 42 counties levied both the *ad valorem* tax and the FM/FC tax.

Motor Vehicle Sales Tax for Small Counties - Under section 152.121, Texas Tax Code, certain counties may request that they be allowed to retain a portion of the motor vehicle sales tax they collect (See Appendix D). This provision applies only to a few small counties; only 19 counties retained funds under this provision in FY1999. Donley County retained the largest amount: \$24,787.

Optional Road and Bridge Fee - Section 502.172, Texas Transportation Code, allows counties to assess a fee of up to \$10.00 on vehicle registration for transportation needs (See Appendix E). 191 counties charge the full amount, 43 counties charge a partial amount, and 20 counties have not opted to impose the fee. Optional Road and Bridge fees generated \$150,586,777 in FY1999.

The total non-dedicated road and bridge related revenue available to counties in FY1999 was \$71,824,494. This figure does not include funds generated by the optional child safety fee, which the Comptroller reported with the optional road and bridge fee. These funds are not dedicated to the construction and maintenance of county roads and bridges and are deposited to the counties' general funds. Realistically, these funds are probably not available for construction and maintenance uses.

Certificate of Title Fee - Counties retain \$5 from each application for a Certificate of Title. The total amount generated in FY1999 was \$24,749,130.

Motor Carrier Weight Violations - Counties retain a portion of the fines collected from overweight vehicles. The statewide total for FY1999 was \$762,582.

Optional Child Safety Fee - Section 502.173, Texas Transportation Code, allows counties to assess a fee on vehicle registration of up to \$1.50 for child safety initiatives; counties with a population of more than 1.8 million may not set the fee lower than fifty cents (See Appendix F). Only twelve counties assessed the fee in FY1999.

Fees for Services - The Comptroller identified these fees, including the \$1.00 fee for mail-in vehicle registration, as a non-dedicated road and bridge related revenue source. The total for FY1999 was \$46,312,782.

Demands on County Roads and Bridges

Perhaps the largest demand on county roads and bridges is commercial traffic. In 1959, the legal gross

limit for vehicles was raised from 58,420 pounds to 72,000 pounds. The legal gross weight limit was raised again in 1978 to the current level of 80,000 pounds. Many roads and bridges built since 1978 are designed to withstand 80,000 pound trucks. Most counties, however, cannot afford to build all their county roads and bridges to 80,000 pound standards. Additionally, many county roads and bridges and more than half the state Farm-to-Market Road System were built in the 1940's and 1950's. Those roads were built to accommodate the legal weight limit of the time.

Texas law provides certain statutory exceptions to legal weight limits.

Statutory Exceptions - Some are for specific types of vehicles or vehicles delivering certain products, such as milk or farm products. In most cases, a fee or bond is required in order to qualify for the exception. Some statutory provisions, such as the "2060" permit statute, have been interpreted to allow travel over load posted roads and bridges.

General Oversize and Overweight Permits - These permits are issued to vehicles carrying loads that may not reasonably be dismantled, such as large construction equipment or manufactured housing. The vehicle is permitted only for travel on the state maintained system and TxDOT has the authority to establish a route over which the vehicle must travel. TxDOT issues about 365,000 oversize permits and 120,000 overweight permits annually. Most of these permits are issued for single trips. The permit for a 120,000 pound vehicle costs \$80.

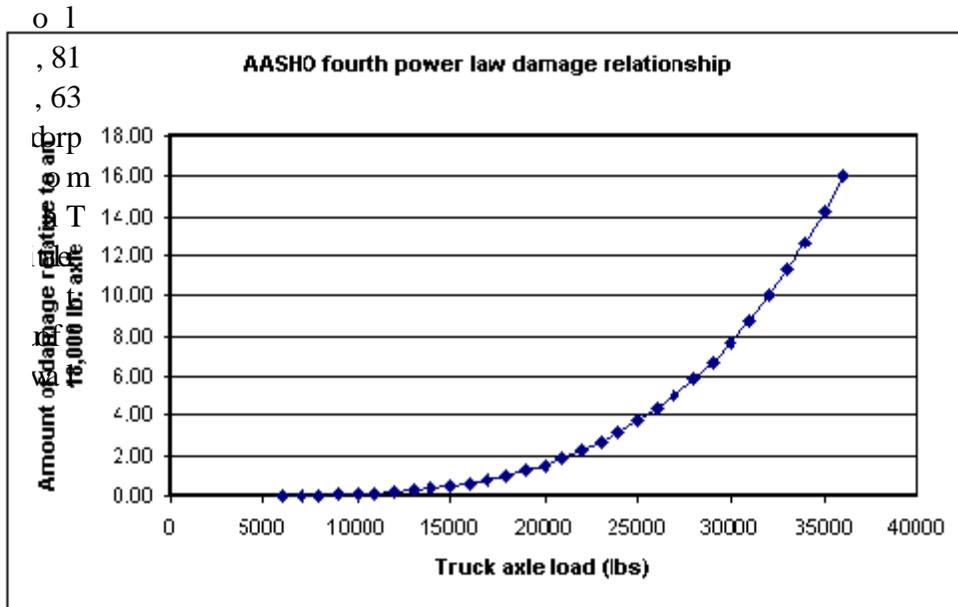
2060 Permits -These permits were created by the 71st Legislature to provide a single entity from which overweight permits for divisible loads could be obtained. Specifically, a "2060" permit allows a truck weighing up to 5 percent over its legal gross weight or 10 percent above its legal axle limit to travel over any state or county road or bridge. Interstates, which are controlled by federal law, are not included. This statute has been interpreted to allow unlimited travel on any state or county road or bridge, even if load-posted. The 2060 Permit is issued to a specific truck for one year. Fees for the permit range from \$205 to \$2,080 depending on the number of counties in which the truck will travel. The base fee is \$75, one-third of which goes to the state Highway Fund and two-thirds of which is divided among all 254 counties, based on county road miles. The 2060 Permit fee also includes an administrative fee, which TxDOT retains. The county fee is divided among the counties listed on the application; each county's share is proportional to its county road miles. In FY1999, TxDOT issued 15,970 "2060" Permits, which generated about \$3 million for counties; a per-county average of about \$13,000.

2060 Fee Structure and Number Issued in Fiscal Year 1999

Counties	Admin. Fee	Base Fee	County Fee	Total Fee	FY99 Permits
1-20	\$5	\$75	\$125	\$205	14,050
21-40	\$5	\$75	\$345	\$425	1,612
41-60	\$5	\$75	\$565	\$645	224
61-80	\$5	\$75	\$785	\$865	46
81-100	\$5	\$75	\$1005	\$1085	27
101-254	\$5	\$75	\$2000	\$2080	11

According to TxDOT, a study conducted by the American Association of State Highway Transportation Officials (AASHTO) indicates that road damage is not necessarily proportional to the weight of the vehicle:

Based on extensive testing that was conducted at the AASHO (now AASHTO) Road Test, it was found that as truck weights increase, damage also increases, but not in a linear relationship. As loads increase, damage increases exponentially. For example, increasing a truck axle-



from 16,000 pounds to 36,000 pounds, the amount of damage is referred to as the fourth power relationship.

Recommendations

Increase state assistance to counties. This should be done through the appropriations process or fees rather than increasing the amount counties receive from Fund 006. Participation should be restricted to counties that fully utilize the optional road and bridge fee and comply with the Comptroller's reporting requirements for Lateral Road Fund dollars.

Possibly raise 2060 Permit fees and create more county-specific permits. Increasing the county's portion of the current fee structure would provide additional revenue to the counties. County-specific permits would send the fees to the counties experiencing the highest traffic volume. For example, the current 1-20 county permit splits the fee among the 20 counties listed, even though 2 of those counties may experience more traffic and more damage; a more specific permit that distinguished between a single county, 2-5 counties, or 6-10 counties, would target the funds to the county experiencing the traffic.

Create a company-specific 2060 Permit to complement the current truck-specific permit. This would give trucking companies with large fleets flexibility in their day-to-day business operations.

Remove weight posted bridges from the 2060 Permit. Allow only vehicles under the maximum posted weight to use the bridge, regardless of permit status. Trucks heavier than the bridge's capacity could use the bridge only if no other reasonable route is available and those loads would have to be permitted by TxDOT. TxDOT's program to post bridge weight capacities and maps on the Internet should make it easier for trucks to "self-route" around weight restricted bridges.

Study the advantages and disadvantages of a graduated driver's license program, including the experience of states that have recently enacted such programs.

BACKGROUND

According to the National Transportation Safety Board, younger drivers are involved in a disproportionate number of automobile accidents each year. In 1998, drivers 15 - 20 years of age comprised about 6.7 percent of all drivers nationwide, but accounted for about 14 percent of highway traffic fatalities; the fatality rate for this age group is 4 times higher than the rate for drivers ages 25 - 65. Statistics also show that the crash-rate is highest among the youngest drivers; the crash rate for 16 year-old drivers is 1.5 times that of 17 year-old drivers, 3 times that of drivers ages 18 and 19, and 4.3 times that of drivers ages 20 - 24.

The United States has the youngest age of licensure of any industrialized nation; most other countries license drivers at age 17 or 18, have more rigorous education requirements, and require more expensive mandatory insurance.

Graduated driver licensing is a system for phasing in driving privileges for novice drivers. A typical graduated driver license system includes three stages: a supervised learner's period, an intermediate phase, and a full-privilege stage. Since 1979, 42 states have initiated some form of graduated driver licensing in an attempt to help improve driving skills among young drivers; 23 states have launched three-stage programs.

In most graduated systems, the learner's permit period begins at 16 and requires supervision by a licensed driver 21 years of age or older. Some systems leave the driving conditions up to the supervisor, others restrict nighttime driving during the initial phase of the learner's permit period. The learner's permit period in North Carolina, for example, is one year and drivers are restricted from nighttime driving during the first six months. Most jurisdictions require 30 - 50 hours of experience before advancing to the intermediate phase.

During the intermediate phase, unsupervised driving is allowed, but is restricted to daytime driving. Exemptions for work and school-related activities usually apply. Some states limit the number of passengers, especially other teenagers, during the intermediate phase. California bans teenage passengers, unless accompanied by an adult, for the first six months of a one-year intermediate phase. The duration of the intermediate phase varies from state to state, although only six states have delayed full privileges until age 18.

Other States' Experiences

Maryland

Maryland was the first state to adopt a graduated driver license program. The Maryland program emphasized parental involvement and driver education. The program included restricted nighttime driving and a crash-free/conviction-free period for six months before licensure (or wait until age 18).

Maryland first evaluated its program in 1983 and found a 5 percent reduction in crashes and a 10 percent

reduction in convictions for all 16 and 17-year-old drivers. Subsequent studies have shown that the success rate has held steady.

Maryland has since extended the learner's permit period, lengthened the crash-free/conviction-free period to one year, and increased nighttime restrictions. The minimum age for a learner's permit is 15 years and nine months and the minimum age for a provisional license is 16 years and one month.

California

California initiated its program in 1983. Like Maryland, California emphasizes parental involvement and driver education. The minimum age for a learner's permit is 15 and the minimum age for a provisional license is 16. Drivers cannot be fully licensed until age 17 and parents are required to certify that the student has completed the required hours of education. Studies have shown that the crash rate for drivers ages 15 - 17 decreased by 5.3 percent in California.

California recently adopted stronger requirements for its program, including 50 hours of supervised behind-the-wheel driver education, 10 hours of supervised nighttime driving, and a ban on teen-aged passengers without an adult presence in the vehicle.

Oregon

In 1989, Oregon's program took effect. It allows a learner's permit at age 15, provisional license at age 16, and full licensure at age 18. In addition to the other aspects of a graduated driver license program, Oregon emphasizes alcohol awareness. Oregon law require administrative suspension for anyone under the age of 21 with any measurable blood alcohol content and a one year suspension for anyone under the age of 18 convicted of an alcohol or drug offense.

Oregon's program has been especially effective among male drivers ages 16 and 17: that age group experienced a 16 percent reduction in crashes.

Texas Legislation

Last session, the Legislature considered HB 90 by Representative Driver that would have created a two-stage graduated driver license system. As introduced, the bill allowed for a six month intermediate license before full licensure. The intermediate license was not required, but full licensure without an intermediate license would not have been allowed until age 18. The bill provided for a 15 percent discount on liability insurance for the holder of an intermediate license.

The House Public Safety Committee reported a committee substitute for HB 90 which deleted the requirement for an intermediate license and allowed the Texas Department of Insurance to set the insurance discount. CSHB 90 allowed full licensure for an applicant under the age of 18 only if a parent or guardian certified that the applicant had completed 70 hours of daytime instruction and 20 hours of nighttime

instruction.

The bill passed the House, but died in the Senate.

Recommendation

The Legislature should work with the Department of Public Safety and take steps to implement a graduated driver license system.

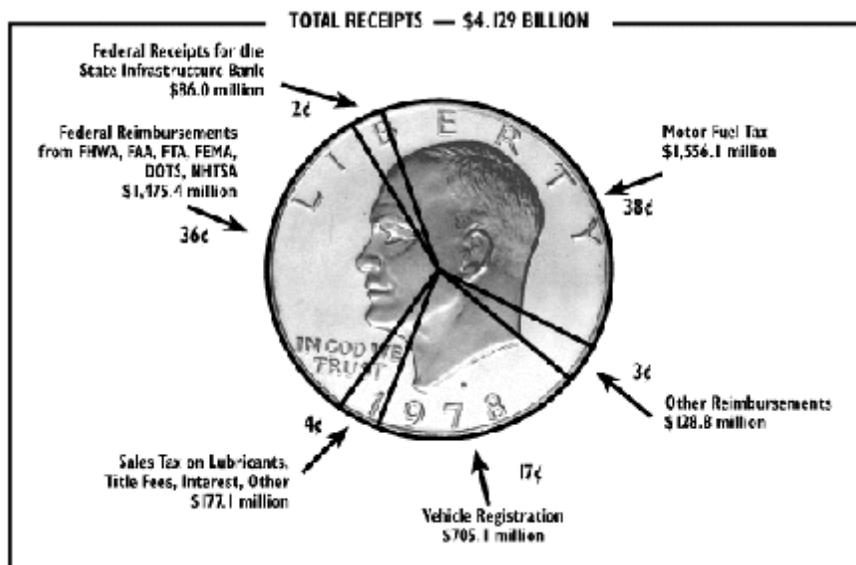
Examine highway funding issues in light of the combined impact of rapid transportation growth and increased NAFTA traffic. Monitor state and federal developments related to funding and planning of NAFTA corridors.

BACKGROUND

According to the Texas Department of Transportation (TxDOT), Texas leads the nation with over 79,000 centerline highway miles and 48,000 bridges. 17,486,346 vehicles were registered in Texas in FY1999 and motorists traveled 394,791,837 miles daily. Texas leads the nation in rural lane-miles and rural daily vehicle miles traveled, as well as urban lane miles and total lane miles. The state's population is growing by approximately 30,000 people per month.

In addition to the extra ordinary demands on our highway system, we must also address the fact that the "bulk of the highway system dates to around World War II ³" and was designed to last about 40 years. At current funding levels, Texas can only afford about 36 percent of the identified transportation needs.

TxDOT is charged with designing, building, and maintaining our state highway system. TxDOT is funded primarily from the state motor fuels tax, vehicle registrations, and federal reimbursements. TxDOT's total appropriation for FY1999 was \$4.129 billion. The Legislative Budget Board (LBB) estimates TxDOT's total 2000-2001 budget will be \$9.975 billion.



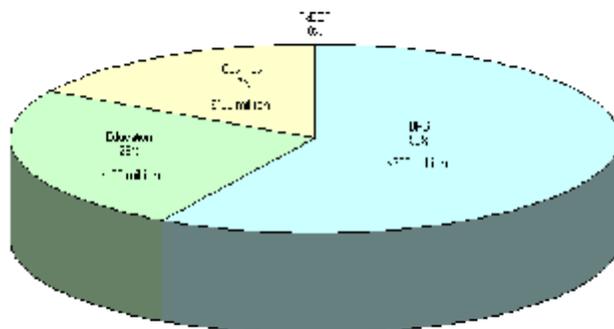
The state motor fuels tax accounted for about 38 percent of TxDOT's FY1999 revenues and the LBB estimates it will account for about 43 percent of the next biennium's revenue. The current state motor fuels tax rate is 20 cents per gallon; the Legislature set this rate in 1991 when it last raised the tax on gasoline and diesel fuel. According to TxDOT, Texas' motor fuels tax rate of 20 cents per gallon falls in the middle of all states. At 33 cents per gallon, Connecticut's rate is the highest in the nation, Georgia has the lowest rate in the nation, 7.5 cents per gallon. California, the state most comparable to Texas in terms of transportation infrastructure and needs, sets its motor fuels tax rate at 18 cents per gallon.

Although the motor fuels tax is a significant source of revenue for state highways, 34.7 percent goes to non-highway uses. This percentage of diversion is third highest in the nation. California, on the other hand, only uses one half of one percent of its motor fuels tax revenue on non-highway items.

One-fourth of the motor fuels tax is constitutionally dedicated to the Available School Fund. In FY1999, \$634 million from the Highway Fund was allocated to public education in Texas. \$332 million (13 percent of the motor fuels tax) from the Highway Fund was appropriated by the Legislature to the Department of Public Safety (DPS) for “...policing such public roadways and for the administration of such laws as may be prescribed by the Legislature pertaining to the supervision of traffic and safety on such roads,” per Article VIII, Section 7-a of the Texas Constitution.

In 1991, the Legislature raised the motor fuels tax from 15 cents per gallon to 20 cents per gallon. The nickel increase generated about \$600 million. One-fourth of that amount, \$150 million, was deposited into the Available School Fund, as required by the constitution. The Legislature also reallocated about \$350 million from the Highway Fund to DPS in 1991. The total allocation of highway money to other uses was about \$500 million, which should have left the Highway Fund about \$100 million in new revenue. Due to a 1991 change in the way the vehicle sales tax is distributed, however, what was left of the motor fuels tax increase was lost. Before 1991, counties retained five percent of the vehicle sales tax and the remainder was deposited into the state’s General Revenue Fund. In 1991, the Legislature redirected the entire vehicle sales tax to the General Revenue Fund and dedicated a portion of vehicle registration fees to the counties in an amount equal to five percent of the vehicle sales tax. The redirection, although revenue neutral for the counties, cost the Highway Fund \$100 million. In the end, the Highway Fund realized none of the 1991 motor fuels tax increase.

Funds Realized After 1991 \$600 Million Tax Increase for Transportation



Source: Texas Department of Transportation, "Texas Transportation" 2000

TxDOT identified 11 DPS funding strategies, totaling about \$69 million per year, which “appear to be tenuously related, at best, to policing public roadways.”¹⁴

Funding Strategy	Amount
Physical Plant	\$1,488,155*
Narcotics Enforcement	\$8431,850
Vehicle Theft Enforcement	\$8,332,782
Capitol Security	\$8,757,773
Technical Assistance	\$5,110,681
Central Administration	\$1,950,370*
Information Resources	\$6,897,273*
Other Support Services	\$1,403,263*
Regional Administration	\$2,080,034*
Employee Benefits	\$14,000,000**
Operational Assistance	\$10,845,314
TOTAL	\$69,297,495

* Represents a pro-rata reduction from the Highway Fund to accurately reflect relative costs based on the number of FTEs.

** Represents the savings from reducing the FTEs in the other strategies.

TxDOT also identified three programs funded by the Highway Fund and administered by DPS that generate about \$204 million for the State General Revenue fund and are not available for transportation related uses.

Program	Amount Generated in FY1999
Motor Vehicle Inspection Fees	\$63,000,000
Driver License Fees	\$97,500,000
Driver Record Information Fees	\$43,700,000
TOTAL	\$204,200,000

At the committee’s request, TxDOT prepared a comprehensive list of options to increase annual

transportation funding (see Appendix G). Please note that this list was not presented to the committee as a recommendation, but as a reference.

Farm-to-Market Roads

Construction on the first Farm-to-Market Road in Texas began in 1936. By 1950, the FM System had grown to about 16,000 miles and accounted for more than one-third of the total state system. Today, there are 40,938 centerline miles of Farm-to-Market Roads in Texas, 52 percent of the entire state highway system.

From FY1988 to FY1995, TxDOT dedicated \$23 million annually to FM roads. In FY1996, the FM roads category was split into two funding categories: FM Expansion, which adds farm-to-market roads and ranch-to-market roads to the state system, and FM Rehabilitation, which provides for the continued maintenance of these roads.

Recognizing that the FM system is aging and rapidly deteriorating, TxDOT has recently committed to more dedicated funding for FM roads. Proposed annual dedicated funding for rural FM rehabilitation and expansion for FY1999 - FY2003 totals \$350 million⁵, an increase of \$225 million over the previous three fiscal years.

Farm-to-Market System Funding FY1996 - FY 2003

Fiscal Year	FM Rehabilitation	FM Expansion
1996	\$25 million	\$15 million
1997	\$25 million	\$15 million
1998	\$25 million	\$20 million
1999	\$25 million	\$20 million
2000	\$45 million	\$20 million
2001	\$60 million	\$20 million
2002	\$60 million	\$20 million
2003	\$60 million	\$20 million

NOTE: Figures for FYs 2001 - 2002 are proposed in the 2001 Unified Transportation Program.

The Transportation Commission took steps last year to ensure that FM road funding is prioritized for rural areas, the areas most dependent on Farm-to-Market Roads. The criteria for the FM Roads category now

reads, "All Farm-to-Market Road program funds must be spent outside urbanized areas with populations of 50,000 or more."

Toll Roads

Toll roads can leverage federal funds with toll revenues and accordingly, can help relieve stress on the already stretched Highway Fund. The Texas Turnpike Authority (TTA), a division of TxDOT, was created by the 75th Legislature. TTA has statewide jurisdiction over toll projects and has concentrated on four central Texas projects initiated by TxDOT: SH 130 in Caldwell, Guadalupe, Travis, and Williamson counties, SH 45 in Travis and Williamson counties, US 183 in Williamson County and Loop 1 in Travis and Williamson counties. TTA is studying the possibility of other toll projects in San Antonio, along the border, and elsewhere in the state.

Economic considerations present the most significant barriers to toll projects. Toll projects are typically financed with revenue bonds. Before a project can proceed, sufficient traffic volumes must be forecast. Obviously, the toll projects cannot be built unless both TTA and the bond institutions are satisfied that sufficient volume exists to repay the bonds.

According to testimony by TTA Board chairman Pete Winstead, TTA's enabling legislation authorizes the agency to enter into agreements with Mexico for toll projects along the border, but no proposed project has met the criteria. Another problem is the lack of "clear indication from the Mexican government that it considers any of the projects local groups have discussed with us a high priority."

NAFTA Traffic and the Border

The North American Free Trade Agreement (NAFTA) has had a profound impact on Texas, both economically and on our infrastructure. The US-Mexico border is the most crossed border in the world and Texas has the longest international border of any state. Trade passing through the US-Mexico border has increased 97 percent from \$83.7 billion in 1994 to \$165.5 billion in 1999. During that same time period, trade passing through the Texas-Mexico border increased 100 percent from \$63.8 billion to \$127.6 billion. 77 percent of all US-Mexico trade passes through Texas ports-of-entry. According to the Texas Border Infrastructure Coalition, in 1999, 4.4 million commercial trucks crossed the Texas-Mexico border, an increase since 1990 of 214 percent.

In an attempt to address these needs, TxDOT created the Border Trade Transportation Task Force. In October 1999, the task force presented its findings to the Texas Transportation Commission. The task force identified border projects which could graduate to Priority 1 status (the final stage of a project in which plans are completed and the contract is let) and those that could be moved from the Long Range Planning category to Priority 2 status (Priority 2 projects are authorized for the final stages of planning and design and the fiscal year for construction to begin is tentatively identified) in the 2000 Unified Transportation Program (UTP). The total construction costs for the projects in Priority 1 is \$350 million; the total cost for the Priority 2 projects is \$701 million.

TxDOT has also undertaken plans to build inspection stations at eight locations along the border to ease border crossings by commercial traffic. The locations were selected by DPS and included sites in Eagle Pass and Pharr and two sites each in Brownsville, El Paso, and Laredo. The estimated cost of project development and right-of-way acquisition for each of the eight sites is \$9 million, for a total cost of about \$72 million.

**Currently Authorized NAFTA Discretionary Programs Including Supplements, and
Border Trade Transportation Projects FY1996 - FY 2003**

Fiscal Year	State Funds	Percentage of Total Spending
1996	\$8 million	0.42%
1997	\$8 million	0.42%
1998	\$20 million	0.77%
1999	\$20 million	0.73%
2000	\$100 million	3.47%
2001	\$150 million	5.00%
2002	\$150 million	4.99%
2003	\$125 million	4.12%

NOTE: Figures for FY's 2000 - 2003 reflect the recommendations of the Border Trade Transportation Task Force.

Although NAFTA took effect in 1995, federal funds specifically targeted for border projects have only been awarded the last two fiscal years (TxDOT has predominantly used federal funds for projects along the border). Nationwide, the Federal Highway Administration (FHWA) awarded \$123.6 million in FY1999 and \$121.8 million in FY2000 for single-state and multi-state projects. The funds for these projects came from the National Corridor Planning and Development Program and the Coordinated Border Infrastructure Program. Although Texas has received the greatest total amount of funding under these programs thus far (see the table below), the selection of projects by FHWA is highly politicized with the result being that Texas receives only a fraction of what it deserves in these programs. The federal government does not appear to be shouldering much of the burden that NAFTA has inflicted on Texas.

These initiatives by themselves do not paint the complete picture of what TxDOT has done to address the transportation needs of the border region. Transportation needs are increasing exponentially throughout the state. Congestion is at its all time high in the larger metropolitan areas. The state's rural infrastructure is deteriorating rapidly due to the movement of people to these areas and the increase in truck traffic. Establishing what constitutes a fair share for any geographical region of the state is problematic. The border region of Texas is not the only geographical region that needs increased highway funding. Rural Texas needs it. Texas' metropolitan areas need it.

Appendix H depicts highway expenditures for the period of 1994 through 1999 and anticipated lettings for 2001 through 2004. The table also depicts several commonly held criteria for determining what constitutes "fair share." What is clear from the data is that, relatively speaking, no geographic area of the state receives an inordinately lower level of funding than they should. What must be done is to refocus the attention away from how the existing transportation funding pie is sliced and focus on increasing the size of the pie. Every

geographical area of the state wins if overall transportation funding is increased.

Top Five States Receiving Federal Funds for Border Projects
National Corridor Planning and Development Program and Coordinated Border Infrastructure Program

State	FY1999 Funding	FY2000 Funding	Total Funds	Percentage
Texas	\$14 million	\$18.31 million	\$32.31 million	13.16%
California	\$7.74 million	\$11.54 million	\$19.28 million	7.85%
West Virginia	\$6.5 million	\$10.45 million	\$16.95 million	6.90%
Michigan	\$11.9 million	\$3 million	\$14.90 million	6.09%
Washington	\$11.25 million	\$3.48 million	\$14.73 million	6.02%

Federal Developments

Federal funds for transportation come to Texas via formula distributions, Congressional project earmarks and discretionary programs. Texas has traditionally been a ‘donor state,’ which means we send more money to the federal government than we receive. From FY1990 to FY1997, Texas’ rate of return averaged only 79 cents on the dollar. In 1998, the federal Transportation Equity Act for the 21st Century (TEA-21) took effect. TEA-21 guarantees Texas a 90.5 cent return on the dollar on formula distributions and congressional project earmarks, which TxDOT estimates we have achieved. Texas is still a ‘donor state,’ however, and expects to remain one. The objective is to become less of one.

**Texas’ Federal Rate of Return Since 1990-Formula Distributions
and Congressional Earmarks**

Fiscal Year	Rate of Return (cents on the dollar)		Fiscal Year	Rate of Return (cents on the dollar)
1990	.79		1996	.77
1991	.76		1997	.82
1992	.81		1998	.87
1993	.78		1999	.90
1994	.76		2000	.90
1995	.83			

NOTE: The Intermodal Surface Transportation Act (ISTEA) took effect in 1992, NAFTA took effect in 1995, and the Transportation Equity Act for the 21st Century (TEA-21) took effect in 1998.

Although Texas receives 90.5 cents per dollar through formula distributions and congressional earmarks, under discretionary programs Texas is receiving less than 50 cents of every dollar contributed. For example, although Texas has the most interstate miles in the nation, and TxDOT submitted projects totaling \$166.4 million for the Interstate Maintenance Discretionary Program (FY 2000), the USDOT did not allocate any funding to Texas. Nor did Texas receive funds in FY 2000 under the Bridge Discretionary Program, although we have more on-system bridges than any other state and submitted eligible projects. Texas has received discretionary funding under the National Corridor Planning and Development Program and the Coordinated Border Infrastructure Program (NCPD/CBIP), the Intelligent Transportation System Discretionary Program, the Ferry Boat Discretionary Program and the Rail-Highway Crossing Elimination Program.

The federal government has traditionally financed highways through 80 percent reimbursement grants, but has recently made alternative forms of “non-grant” assistance available.

TIFIA Loans

The federal Transportation Infrastructure and Finance Innovation Act of 1998 (TIFIA) provides federal credit assistance to major transportation projects of national importance. Projects eligible for TIFIA assistance include international bridges and tunnels, inter-city passenger bus and rail facilities, and the expansion of multi-state highway trade corridors. Assistance is also available to projects meeting the following criteria: a project cost of at least \$100 million or half the state’s annual federal aid and project support from user charges, such as tolls.

The three types of TIFIA assistance are:

Secured Loans - Direct loans (with flexible repayment terms) to states.

Loan Guarantees - Full-faith-and-credit guarantees by the federal government to institutional investors.

Stand-by Lines of Credit - A secondary source of funding in the form of contingent federal loans, if needed, during the first 10 years of project operations.

GARVEE Bonds

The federal National Highway System Designation Act of 1995 and the federal Transportation Equity Act for the 21st Century (TEA-21) authorized the use of Grant Anticipation Revenue Vehicle (GARVEE) bonds to finance highway projects. GARVEE bonds may be issued by the state and are guaranteed by future federal reimbursements. The bonds are backed-up by state funds, usually state gas tax revenues, if federal funds are insufficient to repay the state’s obligations.

Last session, the Senate passed Senate Joint Resolution 45 and Senate Bill 966 allowing Texas to issue

GARVEE bonds. The legislation guaranteed repayment of the GARVEE bonds from future federal funds “... and from other revenue deposited in the state highway fund.” The proposal limited annual debt service to 15 percent of the total federal funds received in the previous fiscal year and required that GARVEE funds be used for the Texas Trunk System and highway projects within 100 miles of the Texas-Mexico border.

Because the GARVEE proposal would have jeopardized the Highway Fund by pledging motor fuels tax revenue as a backup and politicized the allocation of state funds by directing highway funds to specific projects and areas of the state, the House chose not to pass this legislation.

General Obligation Bonds

Dallas County Judge Lee Jackson has proposed issuing general obligation bonds to finance highway projects. The bonds would be guaranteed by a revolving fund created by the Legislature and funded at whatever amount deemed appropriate. Neither Highway Fund dollars nor motor fuels tax revenues would be pledged for debt service on the bonds. The proposal does not direct the funds to specific projects or geographic areas of the state.

Recommendations

A combination of strong growth in vehicular traffic, our limited availability of funds, and a rapidly aging highway system has caused enormous congestion on highways across the state. Texas needs more revenue to help address our growing transportation needs. At the very least, we are rapidly approaching a state of emergency. In some areas of the state, we are already there.

One option is an increase in the motor fuels tax. TxDOT estimates that each penny added to the motor fuels tax translates to an approximate \$100 million in new revenue for the Highway Fund. Rather than an increase in the motor fuels tax, however, the Highway Fund should recoup the portion of the five-cent motor fuels tax increase that was diverted to the General Revenue Fund in 1991. The Legislature should allow counties to retain five percent of the vehicle sales tax in the same manner they did before 1991. This could provide an additional \$100 million per year for the Highway Fund. To minimize the impact on the General Revenue Fund, the re-capture should be incremental, perhaps \$50 million per year for the next biennium. After the next biennium, the change should be permanent.

Another option is a thorough examination of the Department of Public Safety (DPS) budget to insure that only activities specifically related to policing public roadways are funded with motor fuels tax revenue. Studying the funding strategies identified by the Texas Department of Transportation (TxDOT) would be a good start. This should provide at least \$69 million per year to the Highway Fund.

TxDOT identified three transportation-related programs that generate about \$204 million annually and are deposited into the General Revenue Fund: motor vehicle inspection fees, driver license fees, and driver record information fees. Although the programs are related to transportation (they are primarily funded by

the Highway Fund and administered by DPS), the revenue is not used for transportation purposes. Redirecting the revenue to transportation uses would offset most of the DPS allocation from the Highway Fund. The Legislature should look for ways to accomplish this without a negative effect on the General Revenue Fund and it should be done incrementally, perhaps \$50 million per year for the next four years.

Grant Anticipation Revenue Vehicle (GARVEE) bonds would jeopardize the Highway Fund, which is in short supply already, and politicize the allocation of funds for highway projects. The uncertain flow of future federal funds, due to the non-attainment of federal air quality standards in many parts of the state, further undermines the effectiveness of GARVEE bonds and calls into question the soundness of the idea. The use of GARVEE bonds should not be authorized.

The proposal to issue general obligation bonds and guarantee them with a revolving account should be studied further, but the Legislature should keep in mind that Texas has traditionally relied on a pay-as-you-go system. As our transportation crisis grows, the idea of general obligation bonds for highway projects will also grow.

Although barriers exist, increasing the use of toll roads in Texas should be a priority of the Legislature. Because they can be built quickly, toll roads can help relieve congestion and free-up highway funds for other worthwhile projects. A constitutional amendment authorizing the use of a portion of state highway funds for toll projects would allow TTA to leverage the initial stages of toll projects and accelerate toll road construction. The Legislature should work with the TTA to find other ways to increase the use of toll roads in Texas.

**Conduct active oversight of the agencies under the committee's jurisdiction,
including effects of legislation increasing speed limits.**

BACKGROUND

Last session, three bills affecting speed limits were enacted:

HB 385 by Representative Walker, which allows 'school activity buses,' defined as buses used to transport students primarily to extra-curricular activities, to travel at the same speed as passenger vehicles (a maximum of 70 mph during the day; 65 mph at night). It also sets a speed limit of 60 mph on US or state highways for school buses that have passed the Commercial Motor Vehicle Inspection; the speed limit for school buses that have not passed the Commercial Motor Vehicle Inspection remains at 50 mph. The effective date of this bill was September 1, 1999.

HB 676 by Representative Isett, which equalizes the speed limit for passenger vehicles and commercial trucks (a maximum of 70 mph during the day; 65 mph at night) and establishes a maximum speed of 60 mph during the day and 55 mph at night for trucks traveling on an FM or RM road. The effective date of this bill was September 1, 1999.

HB 1075 by Representative Craddick, which adds passenger vehicles towing motorcycles or dog trailers to the list of vehicles allowed to travel at a maximum of 70 mph during the day and 65 mph at night. The effective date of this bill was September 1, 1999.

The committee asked the Department of Public Safety (DPS) for statistics illustrating the impact of this legislation, specifically, information relating to accidents and citations. The DPS' response follows:

Because there is a substantial delay in cities and municipalities reporting accident information, statewide statistical data more current than September 1999 is not available from the DPS Accident Records Bureau. Therefore, an impact comparison of before and after the effective dates of bills is not possible. The following 6-month before and after comparison of accidents investigated and citations/warnings issued by the Highway Patrol may give an indication of impact and is submitted in that light for your information. Bear in mind that these data are for rural highways only.

Commercial Motor Vehicle Accidents Investigated by DPS

September 1998 - February 1999	4003
September 1999 - February 2000	4345
Percent Change	8.5

Commercial Motor Vehicle Speed Citations and Warnings by DPS Troopers

Period	Citations	Warnings
September 1998 - February 1999	40,484	24,490
September 1999 - February 2000	17,159	18,252
Percent Change	- 57	- 26

School Bus Accidents Investigated by DPS

Period	Accidents
September 1998 - February 1999	5
September 1999 - February 2000	3
Percent Change	- 66

School Bus Speed Citations and Warnings by DPS Troopers

Period	Citations	Warnings
September 1998 - February 1999	13	69
September 1999 - February 2000	11	49
Percent Change	- 15	- 28

Major E. C. Sherman of the DPS Traffic Law Enforcement Division testified that the decrease in citations issued by DPS troopers could be attributed to the fact that since the maximum speed limit is now 70 mph during the day and 65 mph at night, less drivers were actually traveling faster than the posted speed. In other words, only a small percentage of drivers were driving faster than 70 mph or 65 mph before the limit was raised.

The committee asked DPS for more complete statistics before the 77th Legislature convenes.

Recommendation

The Legislature should study the statewide accident and citation statistics when they become available and take appropriate action at that time.

ENDNOTES

1. Priority 1 is the final stage of a project; the plans are finalized and the contract is let. Priority 2 projects are authorized for the final stages of planning and design and are assigned a tentative letting date. There is no guarantee that a project will graduate from Priority 2 status to Priority 1 status. Projects that do move from Priority 2 to Priority 1 status have waited for seven years, on average, to do so.
2. Testimony of Robert M. Nichols, Texas Transportation Commission, to the House Committee on Transportation, April 26, 2000.
3. Testimony of David Laney, Texas Transportation Commission, to the House Committee on Transportation, February 2, 2000.
4. From the document "Options to Increase Annual Transportation Funding" produced by TxDOT at the committee's request and presented to the committee on February 2, 2000.
5. 2001 Unified Transportation Program.