
**HOUSE COMMITTEE ON TRANSPORTATION
TEXAS HOUSE OF REPRESENTATIVES
INTERIM REPORT 2002**

**A REPORT TO THE
HOUSE OF REPRESENTATIVES
78TH TEXAS LEGISLATURE**

**CLYDE ALEXANDER
CHAIRMAN**

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Committee On
Transportation

December 6, 2002

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-Seventh Legislature hereby submits its interim report including recommendations and drafted legislation for consideration by the Seventy-Eighth Legislature.

Respectfully submitted,

Clyde Alexander, Chairman

Judy Hawley, Vice Chair

Yvonne Davis

Al Edwards

Peggy Hamric

Fred Hill

Rick Noriega

Joe Pickett

David Swinford

Note: These signatures represent acceptance of all recommendations except recommendation #5 on page 6 of this report.

Judy Hawley
Vice-Chairman

Members: Yvonne Davis, Al Edwards, Peggy Hamric, Fred Hill, Rick Noriega, Joe Pickett, David Swinford

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INTRODUCTION

At the beginning of the 77th 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 Judy Hawley, Vice-Chairman; Representatives Yvonne Davis, Al Edwards, Peggy Hamric, Fred Hill, Rick Noriega, Joe Pickett and David Swinford.

During the interim, the committee was assigned interim charges (which are detailed on the next page) and held public hearings in Austin on January 23, 2002; February 20, 2002; and March 27, 2002; one in El Paso on April 3, 2002, and one in Corpus Christi on May 31, 2002.

HOUSE COMMITTEE ON TRANSPORTATION

INTERIM STUDY CHARGES

- CHARGE Study long-term financing options for mobility in Texas. Consider the most efficient and productive ways to fund the mobility fund, contingent upon its approval by the voters. Otherwise consider additional options for long-term highway funding. Assess the effects of low-bid versus design-build contracting methods. Consider adoption of a level of service for mobility in Texas.
- CHARGE Review and consider all issues related to truck transportation at the international border, including (a) the security and efficiency at check points, (b) truck safety, including compliance with weight regulations, and c) the continuing impact of NAFTA, including commercial vehicle inspections.
- CHARGE Gather information about the security of general aviation, rail and truck transportation, and Texas seaports. Review government regulations and business practices to determine whether legislation is needed to protect life and property to detect, interdict and respond to acts of terrorism.
- CHARGE Study the need for general aviation facilities and identify potential resources that could be used to support additional facilities.
- CHARGE Consider opportunities to mitigate air quality problems in non-attainment areas by corridors or special routing of long-haul traffic, including interstate or NAFTA-related traffic.
- CHARGE Actively monitor agencies and programs under the committee's oversight jurisdiction.

Study long-term financing options for mobility in Texas. Consider the most efficient and productive ways to fund the mobility fund, contingent upon its approval by the voters. Otherwise consider additional options for long-term highway funding. Assess the effects of low-bid versus design-build contracting methods. Consider adoption of a level of service for mobility in Texas.

On March 27, 2002, the Committee met in Austin to examine the first interim charge regarding long-term financing options for mobility in Texas, including funding the Texas Mobility Fund.

History of Highway Funding in Texas

As Texas' population continues to grow and urbanization continues to accelerate, it becomes more apparent that transportation will play a more significant role in the future. Currently, Texas highway funding cannot sufficiently meet the needs of the state. Texas only has the resources to fund 36% of the critical highway needs and only 40% of a maintenance level relative to congestion. The state of Texas ranks 47th in per capita highway spending and 3rd in the greatest diversion of motor fuels tax revenues to other purposes.

The growth of the Texas economy, expanding tourism, greater urbanization, increasing international trade, and population growth have all contributed to this shortfall for Texas highways. In the future, these factors will only increase, and if the state is to keep pace with its growing needs, Texas must evaluate alternative funding options.

History of the Mobility Fund

In 2001, the 77th Legislature approved Senate Bill 4 and Senate Joint Resolution 16, which established the Texas Mobility Fund. In November, the voters approved the measure and the Texas Mobility Fund was created. The Mobility Fund is a creative option which allows the Legislature to appropriate general revenue funds into the Mobility Fund, which could then be used to issue bonds.

There are many possible revenue sources for the Mobility Fund. However, according to SJR 16, no constitutionally dedicated funds, such as vehicle registration fees or motor fuel taxes, can be appropriated into the fund.

Potential Revenue Sources

Some of the available funds which could be considered to fund the Texas Mobility Fund are:

- ✓ Motor Vehicle Inspection fee,
- ✓ Drivers License Fee
- ✓ Driver Record Information Fee,
- ✓ Motor Vehicle Certificates Fee,
- ✓ Special Vehicle Registration fee for Oversize/Overweight vehicles
- ✓ Motor Vehicle Sales and Use tax,
- ✓ Motor Vehicle Rental tax.

All of these fees are transportation related, but the revenues generated are deposited into the General Revenue Fund. The amounts each of these fees would generate is detailed in Appendix A. The revenues from any of these fees could be reappropriated into the Mobility Fund, or they could be sent into the state highway fund to increase the funds available for general highway financing.

TxDOT also issues general oversize/overweight permits to vehicles carrying loads that may not reasonably be dismantled, such as large construction equipment or manufactured housing. These permits are usually issued for single trips and cost an average 120,000 pound vehicle \$80. The revenue from these permits is deposited into the General Revenue Fund, and if sent to the Mobility Fund would generate approximately \$25 million per year.

Potential Revenue Increases for the State Highway Fund

Any increases in constitutionally dedicated funds would not be available for diversion into the Texas Mobility Fund but would increase the potential revenue available for long-term highway funding.

An increase of one cent to the motor fuel tax would generate roughly \$140 million each year for Texas with approximately \$102 million of this going to the State Highway Fund. The additional \$38 million would be deposited into the Available School Fund. Similarly, if the diesel fuel tax were increased by five cents, approximately \$141 million would be generated for the state with \$106 million going to the State Highway fund.

Vehicle Registration fees equal to 5% of the vehicle sales tax receipts have gone to General Revenue since 1992. A reappropriation of these funds would raise \$133 million per year for the State Highway fund. A \$5 increase in the vehicle registration fees for passenger vehicles and commercial trucks would generate an additional \$73 million and \$23 million, respectively.

Currently, \$350 million per year is appropriated from the State Highway Fund to finance the Department of Public Safety, including the agency's employee benefits. If alternate funding for the agency was established, an additional \$350 million per year from Fund 006 would be available for highway financing.

Another option that has been discussed in recent years is the point of collection for motor fuel taxes. The Texas Department of Transportation believes that if the state moved the point of collection to the rack like the federal government did several years ago, then the tax receipts would increase by \$50 to \$75 million per year. This would increase the amount of funding available for highway construction. The difference in point of collection is displayed in Appendix B.

Another highway funding option that has been highly debated is the use of Grant Anticipation Revenue Vehicles or GARVEE bonds. GARVEEs allow the state to issue bonds based on the anticipated amount of future federal funding and then obligate this federal funding toward the repayment of the bonds. The committee heard testimony from Dr. Ray Perryman, noted economist, about the economic impacts of GARVEE bonds. Dr. Perryman stated, *"I have serious reservations about this approach and find it far inferior to the other methods (of highway financing)... First, GARVEEs simply accelerate the use of existing funds; they do not add any more money to the system. Nonetheless, the gains from building roads faster are sufficient to make the cost-benefit payoff appear positive at first glance. My second and more serious concern is that the funds are not assured for future years. Events such as September 11th tragedy can dramatically alter national priorities; issues such as Clean Air Act compliance can put future funds at risk; and budgetary formulas such as the one currently in place can materially impact revenues from year-to-year. When facing such risks, it is proper procedure in cost-benefit analysis to price the uncertainty in the form of a risk premium on the cost of funds. Thus, when properly computed, the cost-benefit*

rationale quickly disappears.” When examining highway financing options in the future, the legislature needs to keep the economic risks in mind when making policy choices.

Recommendations:

1. **GARVEE BONDS** - -Dr. Perryman has demonstrated that Garvee Bonds are not a responsible option for highway funding. Garvee Bonds should not be considered again.
2. **MOBILITY FUND** -- In 1991, Fund 6 was targeted to ease the state’s deficit. Billions of dollars have been diverted from Fund 6 to General Revenue (See Appendix A). The Mobility Fund, overwhelmingly passed by voters in November 2001, is a viable option of injecting new dollars into our highway funding stream. It is time to reinstate some of the diverted funds back into our highways through the Mobility Fund.

The 78th Legislature should take a serious look at reappropriating the driver’s license fees (\$122M) and/or the motor vehicle rental taxes (\$176M) from General Revenue back into the Texas Mobility Fund each year. With this steady stream of funds, the TXDOT Commission would be able to bond over 1 billion in new construction as well as other appropriate mobility projects.

Today, Texas has only 36% of the necessary funds for new construction and vital maintenance of existing highways. With the avalanche of traffic growth over the last 20 years plus the heavy burden of NAFTA truck traffic, we can no longer afford the status quo of growing traffic congestion.

3. Senate Bill 5 passed during the 77th Legislative Session established the Texas Emissions Reduction Plan (TERP) and a dedicated revenue stream that will expire August 31, 2008. The committee recommends that upon expiration of the TERP, all fees and surcharges associated with the program continue to be collected and deposited into the Mobility Fund.
4. Low bid continues to be the most cost effective form of contracting for the Texas Department Of Transportation.

The following recommendation is from the Chairman of the committee only. It does not have the support of the entire Transportation Committee.

5. **If the legislature chooses not to finance the Texas Mobility Fund, the only responsible option for injecting new funds into our deteriorating highways is to once again look at an increase in both the motor and diesel fuels tax. A five cent tax increase would generate an additional \$616M each year for highway financing. It would also create an additional \$225 million for Texas public schools. A five cent increase in the gasoline tax would cost the average driver \$2.78 per month. \$616 million in additional spending each year would create 25,872 new jobs. If the State of Texas is to make progress toward the growing pollution, rising congestion, and continuing urbanization, the legislature must take decisive measures to help curtail these growing problems.**

Review and consider all issues related to truck transportation at the international border, including (a) the security and efficiency at check points, (b) truck safety, including compliance with weight regulations, and c) the continuing impact of NAFTA, including commercial vehicle inspections.

On April 3, 2002, the House Transportation Committee met in El Paso to examine the second interim charge regarding the safety and efficiency of commercial vehicle inspections at the international border. The Committee heard testimony from representatives of federal and state agencies, local governments, industry, and trade associations. The testimony focused on the difficulties associated with the procedures to fulfill the terms of the North American Free Trade Agreement (NAFTA).

Some of the problems the state faces in facilitating free trade between the U.S. and Mexico include: the disjunct between the regulatory authority of state, local, and federal agencies, the limitations of space at the current border crossings, compliance with federal regulations, and the staffing increases necessary to perform the vehicle inspections.

The state of Texas will continue to face these logistical and funding issues in the future as the full implementation and ramifications of NAFTA continue to be realized.

History of NAFTA

In 1993, Congress approved NAFTA, which allowed for free trade between Canada, the United States, and Mexico. Under NAFTA's original time line, the U.S. and Mexico agreed to permit access to each other's border states by December 18, 1995. In December 1995, President Clinton postponed the final implementation of NAFTA and continued to limit Mexican trucks to operations within the 20 mile commercial zones along the 4 border states of Texas, New Mexico, Arizona and California. In February of 2001, President Bush announced the U.S. would fully comply with its NAFTA obligations regarding commercial truck access. With the Transportation and Related Agencies Appropriations Act of 2002, Congress gave its approval to the full implementation of NAFTA along with the requirement that all Mexican trucks meet the United States' safety and weight regulations.

The role of the state in this process is to build and operate commercial vehicle inspection stations at the border to perform safety and weight inspections of all trucks crossing the border. The Border Safety Inspection facilities are needed to ensure all commercial vehicles entering the US are in safe operating condition, not overweight, and not causing damage to our highway infrastructure.

Current Inspection Sites

Currently, the federal government operates inspection stations at all crossings at the U.S.-Mexico border. Both U.S. Customs and the federal Immigration and Naturalization Service use these sites to perform inspections of all vehicles crossing the border to determine that each vehicle is in compliance with federal law. After the passage of SB 614 in 1999, the state of Texas tried to work with the federal agencies to house both state and federal inspectors at the current inspection sites. However, the physical space at these sites is limited and there is not additional room for growth. Separate inspection stations are needed to allow DPS officers to perform adequate safety and weight inspections on all vehicles crossing the border. However, there are certain regulations established by the federal government the states must meet in establishing the border safety inspection facilities.

Federal Regulations

The U.S. Department of Transportation issued regulations in March 2002 establishing the procedures for Mexican trucks to apply for operating authority outside the commercial zones and creating requirements the states must meet for their safety inspection facilities. These regulations require all Mexican carriers to meet the same safety standards as U.S. carriers while operating in the United States. The regulations established an application process to allow Mexican carriers to request the authority to travel beyond the commercial zones along the border. The application process requires the carriers to have a distinctive USDOT number, have their vehicles pass a safety inspection, and undergo intensified safety monitoring during an 18-month provisional period. The regulations also require Mexican carriers to have a drug and alcohol testing program, adequate data and safety management systems, and valid insurance with a U.S. registered insurance company. The carrier's ability to meet these requirements will be verified by a safety audit conducted by U.S. qualified inspectors prior to receiving provisional authority to operate in the U.S.

Border Inspection Stations

The regulations require the states to equip five of the ten locations with the highest volume of commercial vehicle crossings with weigh-in-motion scales before reviewing any Mexican carrier applications for operation beyond the border zones. In order for the United States to fully implement NAFTA, the states must first meet this requirement. The Federal Motor Carrier Safety Administration has also instructed TxDOT that the stations must be built as soon as possible and should be located at or close to the border crossings.

Of the five locations, three are already operational. Otay Mesa in California, Nogales in Arizona, and the Bridge of the Americas in El Paso. The two remaining bridges: Columbia-Solidarity Bridge in Laredo, Texas and Eagle Pass, Texas both need to be made operational before the border can be opened and the final terms of the NAFTA agreement fulfilled. The Transportation and Related Agencies Appropriations Act passed by Congress in 2002 requires the remaining five bridges to be equipped with weigh-in-motion scales by December 19, 2002. Four of these remaining bridges are in Texas, including the World Trade Bridge in Laredo, the bridge in Pharr, Texas, the Veterans' Bridge in Brownsville, and the Ysleta bridge in El Paso. (For the volume of traffic that passes through each crossing see Appendix C)

The Texas Department of Public Safety (DPS) is the agency responsible for performing these commercial vehicle inspections. The staff inspect all commercial vehicles crossing the international border into Texas to make sure each vehicle meets all of Texas' safety, weight, licensing, and registration laws. Currently, DPS is only able to inspect 1 percent of all commercial truck traffic that crosses at the international border. With additional resources and staff, they anticipate being able to inspect all commercial vehicles crossing the border when the inspection stations are fully operational. DPS has been operational at the inspection station located at the Bridge of the Americas in El Paso since July 2001 and have had encouraging results, including the free flow of vehicles through the inspection station with no significant traffic congestion and a 100 percent vehicle inspection rate.

DPS has entered into an agreement with the Texas Department of Transportation (TxDOT) to build and maintain the inspection station sites. Because the inspection stations must be operable as soon as possible to allow the federal government to comply with the NAFTA agreement, TxDOT has

agreed to build temporary stations to allow DPS to begin the inspections in the interim while the permanent stations are being built.

At the January 31, 2002 meeting, the Texas Transportation Commission authorized the development of the temporary sites at the eight border crossings. Each 5-acre temporary site will include a pre-fabricated metal building and foundation, portable weigh-in-motion scale equipment, electric lighting, and utilities. These temporary sites will be utilized by DPS for the next 2-3 years while the permanent stations are being built.

The estimated cost for each temporary site is approximately \$500,000, for a total cost of \$4 million. The funding for these sites was provided by \$3.2 million in federal earmark funds for Texas border safety inspection facilities in the FY 2002 Appropriations Act for the U.S. Department of Transportation and Related Agencies. The remaining \$800,000 in matching state funds was approved by the Texas Transportation Commission on January 31, 2002 to meet the federal match requirement. (For the federal requirements and the funding available see Appendix D)

TxDOT is currently in the process of acquiring the property and formulating the design for the permanent inspection stations, which should be operational by the Fall of 2004. The total cost for the permanent stations is approximately \$105 million. As of 2002, TxDOT has been allocated \$55.3 million in federal funds and has appropriated the matching \$20.8 million in state funds to build these permanent stations. Currently, the Texas Congressional delegation has already requested the remaining funds needed to build the inspection stations in the 2003 Appropriations bill.

In addition to the construction of the temporary border safety inspection facilities, the state of Texas must ensure DPS has adequate staff at each border crossing to perform inspections on all commercial traffic. The current level of funding only allows 4-7 troopers per border crossing, depending on the volume of traffic at that location, to perform all vehicle inspections. (For the distribution of license and weight troopers by county see Appendix E) This level of staffing is insufficient to handle the increases in traffic that are expected when the border stations become fully operational. DPS has applied to the Federal Motor Carrier Safety Administration for \$10.4 million to pay for the increased staffing at the border. If the funding is approved, the stages will be implemented as follows:

Number of Additional DPS Personnel for All 13 Texas Border Stations

	Non-commissioned Personnel	Troopers	Command Staff
Stage 1	61	26	10
Stage 2	34	26	7
Stage 3	72	26	4

In the future, the cost of hiring additional personnel to perform inspections on all commercial traffic and maintaining the level of funding each biennium could create financial difficulties for the state. However, the Federal Motor Carrier Safety Administration has assured DPS there will be future

federal funding to continue to fund the staffing increases.

In addition, the state of Texas has historically been underfunded in the NAFTA allocations by the federal government. While nearly 80 percent of all overland trade between the US and Mexico crosses Texas' ports of entry, the state has only received 7 percent of the total federal funding earmarked for border infrastructure. (See Appendix F) However, the Texas Congressional delegation has recently been working to increase the state's share of this allocation.

Recommendations:

1. Continue to work with TxDOT and DPS to get the temporary stations in place and operational as soon as possible.
2. Monitor the federal funding process to make sure the remaining funds for the permanent stations are allocated to the state in the 2003 Appropriations bill.
3. Continue to work with DPS to ensure the agency has adequate staffing levels to perform inspections on all vehicles crossing the international border. The legislature will need to monitor the federal funds to ensure funding is provided for the increased staffing necessary because of NAFTA. If the federal funding is not allocated, then the state of Texas will have to provide the funds necessary to maintain the current staffing levels.
4. Recommend that TxDOT work with the City of Laredo when selecting sites for a cross border inspection facility.
5. Recommend that maintenance and construction of corridors which are critical to military installations receive priority.

Gather information about the security of general aviation, rail and truck transportation, and Texas seaports. Review government regulations and business practices to determine whether legislation is needed to protect life and property to detect, interdict and respond to acts of terrorism.

During the February 20, 2002 interim hearing, the Transportation Committee heard testimony from the Texas Department of Transportation (TxDOT) and the Texas Department of Public Safety (DPS) relating to the security of general aviation, rail and truck transportation and Texas seaports.

Aviation Security

All regulatory aviation matters affecting general aviation aircraft, including security, are primarily a federal responsibility.

However, TxDOT, in conjunction with the Federal Aviation Administration, has provided voluntary guidelines to general aviation airports in Texas to improve airport security. Once Congress decides what security measures to implement at general aviation facilities, TxDOT will be responsible for assisting local governments with compliance and implementation of any federal mandates.

Rail Security

Railroad operators are responsible for their own lines. However, a Railroad Security Task Force has been established by the Association for American Railroads to ensure a uniform policy throughout the rail industry.

Hazardous Materials Routing

Since January 1, 1998, TxDOT has been designated as Texas' Non-Radioactive Hazardous Materials Routing Agency. Cities with a population of over 750,000 must develop a route for commercial carriers carrying hazardous materials (Hazmat) and TxDOT must approve the route. A carrier may be off the hazmat route when originating, delivering or ending a trip. Therefore, Hazmat route maps do not reflect the only places where hazardous materials can be transported.

Waterway Security

The United States Coast Guard is responsible for all navigable bodies of water, including seaports, waterways, and any navigable channels leading to the ports. The Coast Guard is working with each port to address security issues. If the Corps of Engineers (Corps) needs to dredge in the navigable channel of the Gulf Intra coastal Waterway, TxDOT is responsible for finding a placement area for the dredge material. If a bridge becomes inoperable over a navigable waterway and restricts navigation, the Corps is responsible for re-establishing navigation and TxDOT takes the lead in removing and disposing of debris from the waterway.

Governor's Task Force on Homeland Security

After the attacks on September 11, 2001, Governor Rick Perry created the Governor's Task Force on Homeland Security to study the state's preparedness for acts of terrorism and make recommendations for improving responses and mitigating the effects of such acts. A final report from this task force can be seen in Appendix G of this report

Study the need for general aviation facilities and identify potential resources that could be used to support additional facilities.

On February 20, 2002, the House Transportation Committee met in Austin to examine the fourth interim charge to study the need for general aviation facilities and identify potential resources that could be used to support additional facilities. *General Aviation airports* are airports designed to serve business and private aviation but are not intended for scheduled commercial service. *Reliever airports* are generally in close proximity to a commercial airport with the ability to “relieve” the congestion caused by freight and private aircraft at the commercial service airport.

History

The State of Texas has participated in the development of a statewide system of airports by providing grants and loans to communities for aviation facility improvements since 1966. In 1989, the state legislature created the Texas Department of Aviation (TDA) along with an aviation financial aid program. Then in 1991, the Texas Department of Transportation (TxDOT) was created and TDA became the TxDOT Aviation Division which is responsible for applying for, receiving, and disbursing federal and state funds for the benefit of general aviation and reliever airports for each political subdivision in the state.

In 1993, TxDOT was selected to participate in the Federal Aviation Administration State Block Grant Program which is a federal program giving the state the lead in carrying out the Airport Improvement Program for general and reliever airports. General and reliever airports make up over 80 percent of the airports in the National Plan of Integrated Airport Systems (NPIAS) and over 90 percent of the facilities in the Texas Airport System Plan (TASP). The airports in the NPIAS and TASP are those that have been identified as being the most essential to the nation’s air transportation system. The Texas airport system is the second largest state system in the nation with 300 airports which include 273 reliever and general aviation airports for which TxDOT has oversight responsibility.

Historically, federal aviation funding has been directed primarily toward meeting the needs of air carrier airports, with only 20% of the total FAA Airport Improvement Program Funds left to meet the needs of approximately 3,344 general aviation airports nationally. Not all airports are eligible for federal grants. They must be included in the NPIAS, which is prepared by the FAA. All Texas airports in the NPIAS are also in the TASP; however not all of the TASP airports have been included in the NPIAS.

During the past ten years, significant progress has been made in rebuilding our statewide system of airports. However, if Texas is to have a statewide system of community airports that is capable of meeting modern aircraft demands and contributing significantly to local economic development efforts, there is much left to do.

The major air transportation challenge ahead for TxDOT, and all of Texas, in future years is achieving a level of funding adequate to build and maintain a statewide system of airports that are capable of meeting air transportation needs. Many airports in Texas are old, initially constructed to poor standards, and have had little to no continuing maintenance over the years.

The TASP is structured to provide reasonable air access to all parts of the state while taking into consideration, population, economic resources and industrial base. Most general aviation airports are unable to finance their capital improvements. An adequate community airport can substantially

reduce travel times, making these locations much more accessible and, therefore, desirable as prospective plant locations. A community airport also fulfills a critical need in the field of emergency medicine by providing an opportunity for air ambulance service to hospitals and trauma centers throughout the state. Other benefits provided by community airports include small package delivery, agricultural support, on-demand parts shipment, and utility line surveillance.

While significant strides have been made to increase available funding, many critical needs of the Texas Air Transportation System are going unmet. If Texas is to remain competitive in economic development more emphasis must be placed at the state level.

The table below provides information on aviation funding in other states for FY 2000:

State	No. of Airports	FY 00 State Aviation Grant Funding	Average Annual State Expenditure Per Airport
Florida	105	\$113,487,000	\$1,080,829
Illinois	77	14,467,804	187,893
Michigan	237	28,640,000	120,844
North Carolina	77	11,700,000	151,948
Virginia	68	25,409,118	373,664
Texas	300	16,384,219	54,614

Airport Development Needs

Current projections of the Texas Airport Systems Plan identify a need for approximately \$100 million per year for reliever and general aviation airport development in Texas. The table below lists the various categories of need and the amount of each need:

Reliever and General Aviation Airport Development Needs	
Development Category	Annual Funding Necessary to Address the Need
Safety	\$1,418,000
Preservation	29,048,000
Standards	32,936,000
Upgrade	22,292,000
Capacity	10,143,000
New Airport Capacity	3,519,000
Planning	644,000
Total Needs Per Year	\$100,000,000

With an annual expected funding level of approximately \$26 million per year in federal apportionment, \$4 million in federal discretionary, and \$14.5 million in state capital improvement funds from the State Highway Fund, a shortfall of approximately \$55.4 million per year exists in meeting aviation capital improvement needs as documented in the Texas Airport System Plan (TASP).

Other needs are airport hangars and aircraft fueling facilities which are currently ineligible for state or federal assistance. As a result, financing for these improvements must come from local or private sources. Without adequate hangar capacity, it is virtually impossible to attract new based aircraft and aircraft maintenance and repair services. Although the cost of hangar construction can be recouped over time, many smaller communities do not have the capability to meet the up front development costs.

Texas is one of three states that does not have a fuel tax on aviation users. Most states fund their aviation programs through aviation fuels taxes. The following table provides estimated revenues that could be available from an aviation fuels tax:

Revenue Estimates for Per Gallon Tax on General Aviation and Commercial Fuel												
Figures in Thousands of Dollars												
General Aviation ¢												
Tax/ Gal		0 ¢	1 ¢	2 ¢	3 ¢	4 ¢	5 ¢	6 ¢	7 ¢	8 ¢	9 ¢	10 ¢
C O M M E R C I A L	0 ¢	\$0	\$1,138	\$2,275	\$3,413	\$4,550	\$5,688	\$6,825	\$7,963	\$9,100	\$10,238	\$11,375
	1 ¢	\$19,869	\$21,007	\$22,144	\$23,282	\$24,419	\$25,557	\$26,694	\$27,832	\$28,969	\$30,107	\$31,244
	2 ¢	\$39,738	\$40,876	\$42,013	\$43,151	\$44,288	\$45,426	\$46,563	\$47,701	\$48,838	\$49,976	\$51,113
	3 ¢	\$59,607	\$60,745	\$61,882	\$63,020	\$64,157	\$65,295	\$66,432	\$67,570	\$68,707	\$69,845	\$70,982
	4 ¢	\$79,476	\$80,614	\$81,751	\$82,889	\$84,026	\$85,164	\$86,301	\$87,439	\$88,576	\$89,714	\$90,851
	5 ¢	\$99,345	\$100,483	\$101,620	\$102,758	\$103,895	\$105,033	\$103,170	\$107,308	\$108,445	\$109,583	\$110,720

Most states generate revenue from the taxes on the sale of aircraft and aircraft parts. Historically, there has been a significant amount of tax revenue generated from aviation-related sales and franchise taxes in Texas. In 1999, aviation industry sales taxes totaled more than \$47 million and related franchise taxes totaled more than \$14 million.

Texas does not assess aircraft registration fees as do some 26 other states.

Nineteen states, including Texas, generate revenue from personal property taxes on aircraft. While the amount of potential revenue is significant, the difficulty in transferring these funds from the county level to a statewide aviation fund could prove challenging.

Recommendations:

1. The committee recommends considering a \$20 Million revolving fund for airport funding to be used for loans. Most money aviation receives is Federal and it is against federal regulation to use the money for facilities.
2. The committee recommends studying the option of selling bonds to allow entities to acquire low interest loans for airport funding.

Consider opportunities to mitigate air quality problems in non-attainment areas by corridors or special routing of long-haul traffic, including interstate or NAFTA-related traffic.

On May 31, 2002, the Committee met in Corpus Christi, Texas to consider opportunities to mitigate air quality problems in non-attainment areas by creating corridors or special routing of long-haul traffic, including interstate or NAFTA-related traffic.

History

The Environmental Protection Agency (EPA) is charged by the Federal Clean Air Act to develop National Ambient Air Quality Standards that apply throughout the nation.

Since 1970, they have adopted six national air quality standards:

- ✓ ground-level ozone
- ✓ particulate matter
- ✓ lead
- ✓ nitrogen dioxide
- ✓ sulphur dioxide
- ✓ carbon monoxide

In Texas, we have problems primarily with ozone, although there are some potential problems with particulate matter in some limited areas.

There are three designations that can be made with regard to any national ambient air quality standard, including the ozone standard.

1. *Non-attainment* - indicates an area does not meet that standard
2. *Unclassifiable* - indicates an area that cannot be classified on the basis of the available information as either meeting or not meeting the standard
3. *Attainment* - indicates an area meets or exceeds the standards

Texas currently has 16 counties listed as non-attainment for the 1-hour ozone standard.

Houston non-attainment area:

Harris, Galveston, Brazoria, Fort Bend, Montgomery, Waller, Liberty and Chambers counties

Dallas/Fort Worth non-attainment area:

Dallas, Tarrant, Collin and Denton

Beaumont non-attainment area:

Jefferson, Orange and Hardin counties

El Paso non-attainment area:

El Paso county

*El Paso County is also non-attainment for carbon monoxide and particulate matter

The Environmental Protection Agency developed their first list of non-attainment counties in 1977. Since that time, no additional counties have been added to that list although Texas' population has continued to grow and daily vehicle miles traveled in the past 25 years has increased 57percent.

Each of the four non-attainment areas has shown improvements in air quality since 1977. They are required to reach attainment status by 2007.

The Texas Department of Transportation has been active in building park and ride facilities, bike lanes, and increasing High Occupancy Vehicle lanes to provide the public with alternatives to driving to work. They have also invested considerable resources on congestion relief measures such as signal coordination projects, traffic surveillance projects and overpasses at congested intersections.

EPA is expected to promulgate the 8-hour ozone standard sometime in 2003 and to designate counties as non-attainment in 2004. Although the list has not been finalized, the TNRCC has listed 25 counties as near non-attainment for the eight-hour ozone standard. The counties are Williamson, Hays, Travis, Bastrop, Caldwell, Comal, Bexar, Guadalupe, Wilson, Smith, Rusk, Gregg, Upshur, Harrison, Nueces, San Patricio, Parker, Hood, Johnson, Ellis, Rockwall, Kaufman, Hunt, Henderson and Victoria.

Texas Transportation Institute Study

TxDOT initiated a study to prepare a preliminary estimate of the potential emissions reduction that could result from diversion of IH-10 traffic through the Houston-Galveston and Beaumont-Port Arthur regions to an alternate route outside the designated non-attainment areas. The Texas Transportation Institute (TTI) Center for Air Quality Studies was commissioned to prepare this estimate.

Based on the data available, TTI estimated the percentage of trucks that now pass all the way through the Houston-Galveston and Beaumont-Port Arthur areas. They also estimated the percentage of trucks that could be diverted by means of policy and regulation requirements or attracted by incentives to another parallel route outside the non-attainment areas. Based on TTI's estimates, daily emission rate reductions for the two non-attainment areas would range approximately from lowest to highest as follows:

Area	VOC	NOx
Beaumont-Port Arthur	0.02-0.11 tons per day	0.12-0.80 tons per day
Houston-Galveston	0.03-0.22 tons per day	0.25-1.69 tons per day

The highest rate of emission reduction is based on successfully diverting an estimated 80 percent of through truck traffic passing through each area annually. The reduction would amount to about 2,000 trucks per day being diverted in the year 2007. Realistically, the alternate route under study would have to be either a full freeway that was relatively uncongested or a tollway operating at

higher speeds due to less congestion.

The lowest rate of emission reduction evaluated in the analysis corresponds to a diversion of up to 15 percent, or 300 trucks, of through truck traffic in 2007. This might be accomplished by publicizing the alternative truck route or improving existing highways outside the non-attainment areas.

In this analysis, TTI used a single maximum speed limit of 55 mph within the Houston-Galveston and Beaumont-Port Arthur regions. Individual speeds for roadway sections used in the emissions estimation process were based on the initial speed limit of 55 mph adjusted for assigned volume/capacity ratios as a surrogate for level of service. Level of service relates to vehicle maneuverability within the flow of traffic on the roadways and as volume/capacity increases, the level of service decreases. To provide the most conservative analysis, trucks diverted to routes outside the non-attainment areas were presumed to be able to operate in free flow conditions.

Speed is a critical parameter in estimating vehicle emissions rates because these rates vary by speed.

Recommendations:

1. The committee recommends further studies be conducted to ascertain the impact of "through truck traffic" on air quality in non-attainment areas. If preliminary results are indicative of potential savings for each non-attainment area, prioritizing the development of through-truck routes which circumvent non-attainment areas should receive full consideration.

APPENDICES