



LEGISLATIVE BUDGET BOARD

SUMMARY OF TRANSPORTATION FUNDING

PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE

LEGISLATIVE BUDGET BOARD STAFF

FEBRUARY 2017

TxDOT Funding in HB 1

\$28.2 billion in All Funds for the 2018-19 biennium is provided to the Texas Department of Transportation (TxDOT) in House Bill 1, as Introduced, for the following uses:

- \$24.7 billion for highway planning, design, right-of-way acquisition, construction, and maintenance and preservation;
- \$2.3 billion for debt service payments and other costs associated with the agency's borrowing programs; and
- \$1.2 billion for other transportation modes, services, and administrative support.

TxDOT Funding in HB 1 (continued)

\$28.2 billion in All Funds consists of the following methods of financing:

- \$16.1 billion in estimated State Highway Funds (SHF), from the following sources:
 - \$8.6 billion from “traditional” SHF revenue sources;
 - \$2.2 billion from oil and natural gas severance tax related deposits (Proposition 1, 2014);
 - \$5.0 billion from anticipated state sales tax deposits (Proposition 7, 2015);
 - \$0.3 billion from regional toll project revenue;
- \$10.5 billion in Federal Funds;
- \$1.0 billion in Texas Mobility Funds;
- \$0.6 billion from bond proceeds for transportation improvement projects

State Highway Fund

- The SHF is not established or dedicated by the Texas Constitution, but some revenues deposited to the fund are constitutionally dedicated for public roadway purposes, including:
 - Three-fourths of state motor fuels taxes (1/4 allocated to Available School Fund);
 - Vehicle registration fees; and
 - Motor fuel lubricants sales tax.
- Federal reimbursements for state expenditures of funds that are constitutionally dedicated for public roadway purposes are also constitutionally dedicated for those purposes.
- Other constitutionally dedicated SHF revenues include:
 - Oil and natural gas tax-related transfers (Proposition 1, 2014); and
 - State sales tax and motor vehicle sales and rental tax allocations (Proposition 7, 2015).
- Other SHF revenue that is not required to be spent for public roadways by the Texas Constitution may be used for any function performed by TxDOT.

Proposition 1, 2014

- Proposition 1, approved by voters in November 2014, amended the Texas Constitution to direct the Comptroller, each fiscal year, to transfer to the SHF up to one-half of the amount of General Revenue previously allocated to the Economic Stabilization Fund (ESF).
- Transfers to the ESF and SHF are equal to 75 percent of the amount by which oil and natural gas production tax collections exceed the FY 1987 collection levels (\$532.0 million and \$600.0 million, respectively).
- Money transferred to the SHF may only be used for construction, maintenance, and acquisition of rights-of-way for non-tolled public roadways.
- \$3.3 billion total Proposition 1 transfers to the SHF from FY 2015 to FY 2017:
 - FY 2015: \$1,740.1 million (actual)
 - FY 2016: \$1,134.7 million (actual)
 - FY 2017: \$439.5 million (actual)

Proposition 1, 2014 (continued)

- HB 1, as Introduced, includes an estimated \$2.2 billion in Proposition 1 proceeds for the 2018-19 biennium for non-tolled roadway projects, including:
 - \$1.2 billion in unexpended balances from prior fiscal years; and
 - An estimated \$998.0 million from new deposits during the 2018-19 biennium, based on the Comptroller's projection of transfers to the ESF provided to the Select Committee to Determine a Sufficient Balance of the ESF (September 2016).
- The Comptroller's Biennial Revenue Estimate (January 2017) includes \$1.3 billion in new Proposition 1 deposits to the SHF for the 2018-19 biennium.

Proposition 7, 2015

- Proposition 7, approved by voters in November 2015, amended the Texas Constitution to direct the Comptroller to deposit the following to the SHF:
 - Beginning in FY 2018, \$2.5 billion of the net revenue derived from the state sales and use tax that exceeds the first \$28.0 billion collected in each fiscal year through FY 2032.
 - Beginning in FY 2020, 35 percent of the revenues collected from the state motor vehicle sales and rental taxes that exceed \$5.0 billion in each fiscal year through FY 2029.
- Revenue allocated to the SHF may be appropriated only to:
 - Construct, maintain, or acquire rights-of-way for non-tolled public roadways; or
 - Repay principal and interest on Highway Improvement General Obligation bonds issued under Texas Constitution, Article 3, Sec. 49-p (Proposition 12).
- Sec. 7-c authorizes the Legislature to do the following by adoption of a resolution:
 - Reduce the SHF allocation from either revenue source by an amount or percentage not to exceed 50 percent of the amount that would have been allocated to the SHF from that source in the affected fiscal year; and
 - Extend the SHF allocations in 10 year increments.

Proposition 7, 2015 (continued)

- HB 1, as Introduced, includes an estimated \$5.0 billion from Proposition 7 state sales tax deposits to the SHF, including:
 - \$4.4 billion for non-tolled roadway projects; and
 - \$0.6 billion for repayment of principal and interest on Proposition 12 Highway Improvement General Obligation Bonds.
- The Comptroller's January 2017 BRE includes \$4.7 billion in Proposition 7 state sales tax deposits for the 2018-19 biennium.



LEGISLATIVE BUDGET BOARD

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