

DEPARTMENT OF TRANSPORTATION

The Texas Department of Transportation (TxDOT) was established in 1991 with the merger of the State Department of Highways and Public Transportation, the Department of Aviation, and the Motor Vehicle Commission. The Texas Turnpike Authority (TTA) was merged into TxDOT by the Seventy-fifth Legislature in 1997. The TTA board of directors was later abolished by the Seventy-seventh Legislature in 2001, and the duties and responsibilities of the board were transferred to the Texas Transportation Commission (TTC). With the enactment of legislation by the Eighty-first Legislature, Regular Session, 2009, the responsibilities for vehicle titling and registration, motor carrier registration and enforcement, motor vehicle dealer regulation, and the Automobile Burglary and Theft Prevention Authority will be transferred from TxDOT to a newly-created Department of Motor Vehicles in fiscal year 2010.

In 2003, the Seventy-eighth Legislature expanded TxDOT's governing body from a three-member to a five-member commission. Each member is appointed by the Governor with the advice and consent of the Senate for a six-year term. The Governor designates the commission's chair, who serves as the state's Commissioner of Transportation. The agency's executive director is selected by the five-member commission.

The agency's mission is to work cooperatively to provide safe, effective, and efficient movement of people and goods to facilitate trade and economic opportunity.

APPROPRIATIONS AND FINANCING

TxDOT's 2010–11 biennial appropriations include the following funding sources:

- State Highway Fund No. 006;
- Federal Funds;
- General Revenue Funds;
- Texas Highway Beautification Account No. 071, a special account within the General Revenue Fund;
- Texas Mobility Fund No. 365 (Other Funds); and
- General Obligation bond proceeds.

The agency's appropriation for the 2010–11 biennium totals \$18.6 billion in All Funds, including an estimated \$1.6 billion in federal economic stimulus funds from the American Recovery and Reinvestment Act of 2009 (ARRA). This is an

increase of approximately \$463.1 million, or 2.6 percent, from the agency's 2008–09 expenditure level. The increase is attributable to the availability of ARRA funds and increases in appropriations of State Highway Funds and General Obligation bond proceeds for transportation construction during the 2010–11 biennium.

Appropriations for the 2010–11 biennium support 14,710.2 full-time-equivalent (FTE) positions in fiscal year 2010 and 14,088.2 FTE positions in fiscal year 2011 after the transfer of an estimated 622 positions to the new Department of Motor Vehicles. Additionally, the agency has been authorized up to 1,200 FTE positions for its Summer Hire Program during the third and fourth quarters of each fiscal year.

STATE HIGHWAY FUND NO. 006

State revenues deposited to State Highway Fund No. 006, excluding bond proceeds, account for 35.7 percent (approximately \$6.6 billion in Other Funds) of the agency's total 2010–11 appropriations. **Figure 331** shows the distribution of State Highway Fund appropriations to TxDOT, other state agencies and institutions, and employee benefits costs for the 2010–11 biennium. Motor fuel taxes and motor vehicle registration fees are the principal sources of state revenues deposited to State Highway Fund No. 006. Other state revenues deposited to State Highway Fund No. 006 include sales taxes on motor lubricants, oversize/overweight vehicle permit fees, receipts from toll facility agreements, bond proceeds, and interest earned on state deposits. Federal highway funding receipts are also deposited to State Highway Fund No. 006.

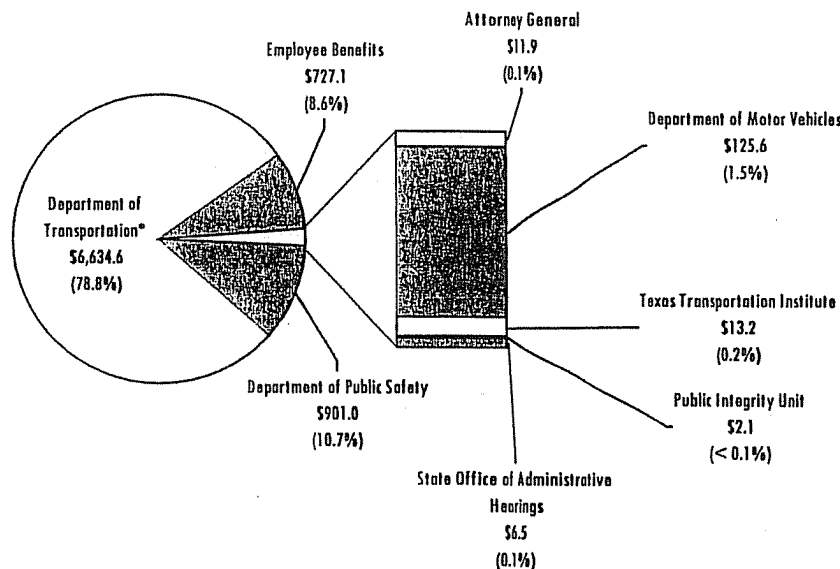
Motor fuels tax revenue has been funding highway infrastructure spending since the inception of a \$0.01 per gallon tax on gasoline in 1923. Taxes on diesel fuel and liquefied gas were added over several decades, along with periodic rate increases for all motor fuel taxes, to finance considerable increases in spending for highway construction and maintenance. (**Figure 332** shows the changes in total construction and maintenance costs from fiscal years 2002 to 2008.) The current rate of \$0.15 per gallon for liquefied gas was established in fiscal year 1987, and the current rate of \$0.20 per gallon for gasoline and diesel fuel was established in fiscal year 1991.

Approximately three-fourths of the revenue collected from the state motor fuel tax is deposited into State Highway Fund No. 006, and the remaining one-fourth is deposited into the Available School Fund. The Comptroller of Public Account's (CPA) January 2009 Biennial Revenue Estimate forecasts

FIGURE 331
STATE HIGHWAY FUND APPROPRIATIONS
2010-11 BIENNIUM

IN MILLIONS

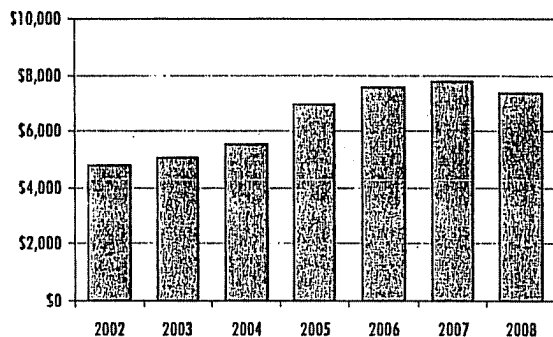
TOTAL = \$8,422.0 MILLION



*Estimated. Includes proceeds from State Highway 130 and State Highway 121 concession payments deposited to the State Highway Fund. Note: Excludes State Highway Fund Revenue Bond Proceeds and Federal Highway Reimbursements. Source: Legislative Budget Board.

FIGURE 332
TOTAL CONSTRUCTION AND MAINTENANCE COSTS
FISCAL YEARS 2002 TO 2008

IN MILLIONS



Source: Texas Department of Transportation.

that the state will collect and transfer approximately \$4.6 billion in motor fuel taxes to State Highway Fund No. 006 during the 2010-11 biennium. Figure 333 shows how these and other sources of revenue have changed since fiscal year 2003.

STATE HIGHWAY FUND BONDING AUTHORITY

With the enactment of House Bills 3588 and 471, Seventy-eighth Legislature, Regular Session, 2003, and voter approval of House Joint Resolution 28 under Proposition 14, 2003, (Texas Constitution, Article 3, Sections 49-m and 49-n), the TTC became authorized to issue highway tax and revenue anticipation notes in the event of a cash-flow shortfall in the State Highway Fund and to issue bonds secured by a pledge of and payable from revenue deposited to the credit of the State Highway Fund. Pursuant to House Bill 3588, the TTC is authorized to issue State Highway Fund Revenue Bonds (Proposition 14 Bonds) and other public securities in an aggregate principal amount not to exceed \$3 billion, with no more than \$1 billion to be issued each year to finance state highway improvement and safety projects. Senate Bill 792, Eightieth Legislature, 2007, increased the authorized aggregate principal amount to \$6 billion and increased the amount that may be issued each year to \$1.5 billion. As of August 31, 2008, the TTC had issued approximately \$2.9 billion in Proposition 14 Bonds, the proceeds of which are deposited to the credit of State Highway Fund No. 006. The agency's 2010-11 biennial appropriations include \$1.2

FIGURE 333
REVENUE DEPOSITED INTO STATE HIGHWAY FUND NO. 006
FISCAL YEARS 2003 TO 2011

IN MILLIONS									
REVENUE SOURCE	2003	2004	2005	2006	2007	2008	2009	2010*	2011*
Motor Fuels Tax	\$2,087.0	\$2,130.0	\$2,148.3	\$2,194.2	\$2,238.2	\$2,276.0	\$2,226.6	\$2,285.5	\$2,330.8
Motor Vehicle Registration Fees	789.1	845.8	875.1	932.7	984.2	1,024.0	1,066.2	1,015.4	1,037.1
Sales Tax on Lubricants	30.9	31.7	33.0	34.9	36.8	38.9	39.6	40.4	41.0
Federal Revenue	2,604.1	2,776.4	3,250.4	3,090.6	1,974.3	2,690.1	2,705.9	3,235.0	2,946.2
Other Revenue	323.1	318.5	730.6	2,616.2	3,511.8	6,826.0	1,601.9	383.8	385.0
TOTAL	\$5,834.2	\$6,102.4	\$7,037.4	\$8,868.6	\$8,745.3	\$12,855.0	\$7,640.2	\$6,960.1	\$6,740.1

*Estimated.

Note: Totals may not sum due to rounding. Other Revenue in fiscal years 2005 through 2009 includes deposits from Proposition 14 bond proceeds and transfers from the Texas Mobility Fund. Fiscal year 2008 includes \$3,197.1 million received from the North Texas Tollway Authority for the State Highway 121 agreement.

SOURCE: Comptroller of Public Accounts.

billion in Proposition 14 Bond proceeds and \$847.5 million in All Funds for debt service payments on those bonds.

COMPREHENSIVE DEVELOPMENT AGREEMENTS

A Comprehensive Development Agreement (CDA) is an agreement with a private entity that typically provides for the design and construction of certain transportation projects but may also provide for the financing, acquisition, maintenance, and operation of transportation projects. House Bill 3588, Seventy-eighth Legislature, Regular Session, 2003, and House Bill 2702, Seventy-ninth Legislature, Regular Session, 2005, authorized TxDOT to enter into CDAs and established standards and procedures by which the agency can enter into such agreements. Pursuant to enactment Senate Bill 792, Eightieth Legislature, 2007, TxDOT's general authority to enter into CDAs expired on August 31, 2009. Senate Bill 792 made an exception for the expiration date for when TxDOT may enter into CDAs that meet certain criteria, with August 31, 2011, as the expiration date for those CDAs. The 2011 expiration date applies to the agency's authority to enter into a CDA that does not grant a private entity the right to finance a toll project or to enter into a CDA in connection with a project (1) that includes one or more managed lane facilities to be added to an existing controlled-access highway; (2) the major portion of which is located in a nonattainment or near-nonattainment air quality area as designated by the United States Environmental Protection Agency; and (3) for which TxDOT has issued a request for qualifications before May 1, 2007.

TxDOT has used three types of CDAs to allow varying degrees of private sector participation and capital investment

to accelerate the completion of transportation projects: (1) design-build contracts for the Central Texas Turnpike System and Dallas-Fort Worth Connector projects, in which a private sector developer assumes the responsibility for the design and construction of a transportation project; (2) master development agreements for portions of the North Tarrant Express and Trans-Texas Corridor 35 and 69, in which the private developer is responsible for delivering a master development plan, financial plan, and facility implementation plan; and (3) concession agreements for State Highway 130 (Segments 5 and 6), the North Tarrant Express, and Interstate 635/LBJ Freeway Managed Lanes projects, in which the private developer assumes the responsibilities to design, construct, finance, operate, maintain, and may be authorized to collect tolls on the transportation project.

One CDA project that is currently under development is State Highway 130, Segments 5 and 6, which will be a 40-mile toll facility in Central Texas with an estimated total cost of \$1.3 billion. In calendar year 2007, TxDOT entered into a concession CDA with a private sector developer under which the developer assumed the responsibilities to design, construct, finance, operate, and maintain the facility for 50 years. Construction of the facility was scheduled to begin in calendar year 2009, and the facility is anticipated to be open to traffic in calendar year 2012. Under a concession CDA, the private developer may agree to pay an up-front concession fee to the state and may agree to terms allowing for toll revenue sharing in return for the right to operate and collect tolls on the facility. TxDOT received a \$26 million concession payment in fiscal year 2008 for the State Highway 130,

Segments 5 and 6, agreement. Total payments to the state from concession fees and revenue sharing over the life of the contract are estimated to be \$1.7 billion. Payments received by TxDOT under a CDA are deposited into a dedicated toll project subaccount in State Highway Fund No. 006 and may be used only to finance transportation and air quality projects in the region encompassing the project. Total appropriations to TxDOT from State Highway Fund No. 006 for the 2010–11 biennium include \$7 million from the State Highway 130, Segments 5 and 6, concession fee payment to finance construction projects in TxDOT's Austin and San Antonio districts.

In fiscal year 2008, TxDOT entered into a concession agreement with the North Texas Tollway Authority (NTTA), a public entity, which authorized NTTA to design, build, operate, maintain, and collect tolls on State Highway 121 in Collin, Dallas, and Denton counties for a term of 50 years. Under the agreement, TxDOT received a lump sum payment of \$3.2 billion that was deposited to State Highway Fund No. 006 in fiscal year 2008 and is held in dedicated toll project subaccounts. These funds may be used only to finance transportation and air quality projects in the TxDOT district encompassing the State Highway 121 toll facility operated by NTTA. Total appropriations to TxDOT from State Highway Fund No. 006 for the 2010–11 biennium include \$1 billion from these proceeds for the planning and design, acquisition of rights-of-way, construction, and maintenance of transportation projects in TxDOT's Dallas district.

FEDERAL FUNDS

TxDOT's largest funding source is Federal Funds, accounting for 39.2 percent (approximately \$7.3 billion) of the agency's total 2010–11 appropriations. Federal Funds consist of aid for highway construction, planning and research, and related activities, in addition to funding for traffic safety (\$77.9 million), public transportation (\$168 million), and other federal receipts for general aviation, reliever, and non-primary commercial service airports (\$84 million).

On August 10, 2005, the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU) was signed into law to authorize federal transportation funding, nationally, for fiscal years 2005 to 2009. The SAFETEA-LU funding authorization was to expire on September 30, 2009, but currently operates under a continuing resolution passed by Congress. The resolution continues funding at current levels until a new highway authorization act is passed. The federal government taxes

motor fuel at a rate of 18.4 cents per gallon for gasoline and 24.4 cents per gallon for diesel, the proceeds from which are deposited to the federal Highway Trust Fund. SAFETEA-LU established the "Equity Bonus Program," which adjusts apportionments to each state to ensure that no state's percentage of return from the federal Highway Trust Fund drops below a set amount. In theory this provision would have allowed Texas, a motor fuel tax "donor state" that contributes more tax revenue to the federal Highway Trust Fund than it receives, to increase its rate of return from 90.1 percent per dollar of tax contribution in 2005 to 92 percent in fiscal year 2009. However, Texas' actual rate of return is less than the 92 percent threshold due to the use of innovating finance provisions authorized by SAFETEA-LU, automatic federal highway funding rescissions, and recurrent shortfalls in the federal Highway Trust Fund. Across all programs, the average annual increase to Texas under SAFETEA-LU equals approximately \$788.1 million. This is a 37.4 percent increase above the funding rate under the previous highway funding act, which was the Transportation Equity Act for the 21st Century (TEA-21). Between the time SAFETEA-LU was enacted in 2005 and September 2009, the federal government enacted various bills that rescinded federal highway apportionments to the states to fund other federal budget priorities, resulting in reductions of approximately \$1.9 billion in highway funding to Texas.

Federal aid for transportation is typically distributed to states in the form of reimbursements of state expenditures for eligible projects. Historically, the state would finance 100 percent of the cost of transportation projects receiving federal aid. As work is completed and payments are made, the state is reimbursed in accordance with the federal–state participation matching ratios established for the various program categories. The federal Highway Trust Fund reimburses a portion of the cost of a participating project, usually 80 percent, throughout the life of that project. In some projects, TxDOT has used optional federal innovative financing techniques to help manage cash flow. Among several innovative finance provisions contained in SAFETEA-LU, the act continues to offer an option that Texas has used for years called Tapered Match. Tapered Match allows states to vary the required matching ratio over the life of a project. With this tool, states can delay the use of their own funds while using federal funds to bring projects through the critical early phases of construction.

Congress passed the American Recovery and Reinvestment Act in February 2009 (ARRA). Under ARRA, Texas is

allocated \$2.6 billion in federal economic stimulus funds, including \$2.25 billion in federal highway and bridge construction funds and \$371.8 million in public transit funds. Of these amounts, TTC and TxDOT are responsible for administering \$2.25 billion in highway and bridge construction funds for "ready to go" projects and \$50.6 million in public transit funds for disbursement to small rural transit providers. The remaining \$321.2 million in transit funds for Texas will be sent directly from the federal government to the large urban transit providers. Additionally, TxDOT received \$11.1 million for general aviation projects and \$7.2 million for the construction of a ferry vessel from other discretionary grant programs under ARRA. TxDOT's total Federal Funds appropriations for the 2010–11 biennium include an estimated \$1.6 billion in ARRA funds for highway and bridge construction and \$50 million for rural public transit.

The federal ARRA legislation also establishes the Build America Bond (BAB) program, which authorizes state and local governmental entities to issue taxable bonds to finance capital projects and provides federal subsidies to offset the entities' borrowing costs. In August 2009, TTC issued approximately \$1.2 billion in Texas Mobility Fund bonds under the authority of the BAB program. The BAB program provides a direct federal subsidy in an amount equal to 35 percent of the total interest payments made to investors throughout the term of the debt. The federal subsidy during the 30-year life of the BAB Texas Mobility Fund bonds is estimated to be \$647 million, including \$37.2 million in the 2010–11 biennium.

TEXAS MOBILITY FUND

State revenues and bond proceeds deposited to the Texas Mobility Fund (TMF) No. 365 account for 6.6 percent (approximately \$1.2 billion in Other Funds) of the agency's total 2010–11 appropriations. The biennial appropriations include approximately \$527.1 million in TMF bond proceeds for transportation planning and design, acquisition of rights-of-way, and construction and approximately \$690.9 million for debt service payments on TMF bonds.

The enactment of legislation by the Seventy-seventh Legislature, Regular Session, 2001, and voter approval of Senate Joint Resolution 16 (Texas Constitution, Article 3, § 9-k) in November 2001, created the Texas Mobility Fund within the treasury of the State of Texas and established the TTC as the administrator of the fund. Under the constitutional provision and its enabling legislation, the TTC

is authorized to issue bonds and enter into related credit agreements that are payable from and secured by a pledge of and a lien on all or part of the money on deposit in the TMF. Additionally, the TTC is charged with administering the TMF as a revolving fund to provide a method of financing for the construction, reconstruction, acquisition, and expansion of state highways. This includes the cost of any necessary design and the cost of acquisition of rights-of-way, as determined by the TTC, and provides state participation in the payment of a portion of the cost of constructing and providing publicly owned toll roads and other public transportation projects in accordance with standards and procedures established by law. As of August 31, 2009, the TTC issued approximately \$6.2 billion in TMF bonds.

Article 3, § 49-k of the Texas Constitution authorizes the Texas Legislature to dedicate to the TMF any taxes or other revenues that are not otherwise dedicated by the Texas Constitution, namely motor fuel taxes, motor lubricant sales taxes, and motor vehicle registration fees dedicated to the State Highway Fund. Money dedicated to the TMF is appropriated when received by the state and is pledged to payment of any outstanding obligations or credit agreements. Additionally, the Legislature may not reduce, rescind, or repeal any revenue sources dedicated to the TMF while money in the fund is pledged to payment of outstanding obligations unless the Legislature by law dedicates a substitute revenue source that is projected by the Comptroller of Public Accounts (CPA) to be of equal or greater value than the source being reduced. During the 2006–07 biennium, motor vehicle inspection fees, a portion of driver record information fees, and a portion of driver license point surcharges and \$30 state traffic fines were deposited to the TMF. Beginning in the 2008–09 biennium, driver license fees and motor vehicle certificate of title fees were deposited to the fund. The CPA's January 2009 Biennial Revenue Estimate projects revenues deposited to the TMF to be approximately \$695.3 million for the 2010–11 biennium.

PROPOSITION 12 GENERAL OBLIGATION BONDS

With voter approval of Senate Joint Resolution 64, Eightieth Legislature, 2007, (Texas Constitution, Article 3, § 49-p) under Proposition 12 in November 2007, and the enactment of House Bill 1, Eighty-first Legislature, First Called Session, 2009, TTC is authorized to issue Proposition 12 General Obligation bonds in an aggregate amount not to exceed \$5 billion to provide funding for highway improvement projects, including the acquisition of a highway, construction,

reconstruction, major maintenance, design, and the acquisition of right-of-way. The agency's 2010-11 appropriations include \$2 billion in Proposition 12 General Obligation bonds to fund transportation planning and design, right-of-way acquisition, and construction, and \$100 million in General Revenue Funds for the associated debt service payments.

TEXAS HIGHWAY SYSTEM

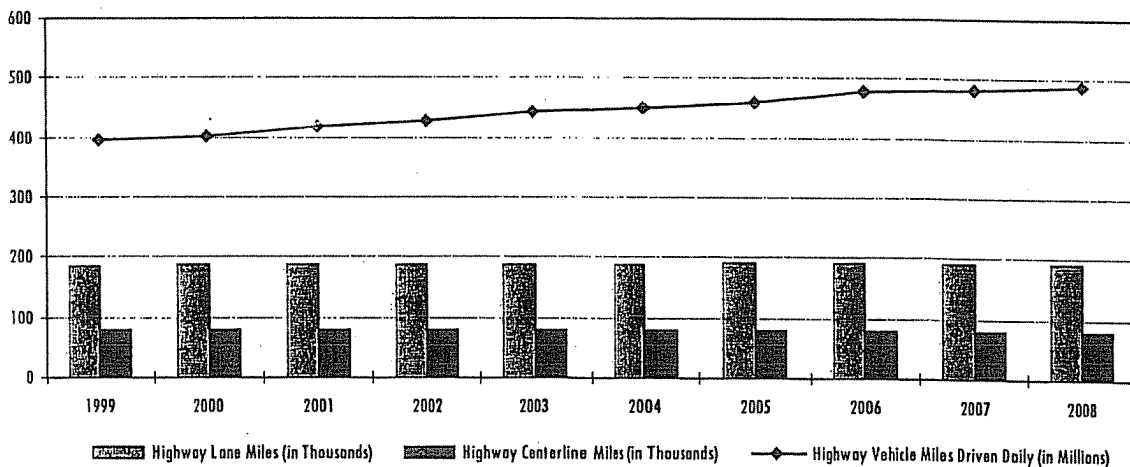
State highway system mileage is accounted for in terms of centerline miles and lane miles. Centerline miles represent corridor mileage; lane miles represent the unidirectional single-vehicle, travel-way mileage on state-maintained roadways. The state highway system consists of approximately 80,000 centerline miles and carries approximately 74 percent of the state's motor vehicle traffic. Overall, individual components of the system include 28,459 miles of U.S. and state highways, which carry about 36 percent of all traffic; 40,969 miles of farm-to-market roads, which carry about 11 percent of all traffic; 10,302 miles of interstate highways and frontage roads, which carry 27 percent of all traffic; and 337 miles of parks and recreation roads, which carry less than 1 percent of all traffic. Approximately 106 centerline miles of tolled highways are in operation on the state highway system, which include 68 miles on the Central Texas Turnpike System, 5 miles on State Highway 121 in Dallas, 7 miles on Loop 49 in Tyler, 21 miles on State Highway 255 (formerly the Camino Columbia Toll Road) in south Texas, and 5 miles on State Highway 99 in the Houston area. In fiscal year

2008, the state highway system consisted of approximately 192,542 lane miles. Figure 334 shows changes in the number of highway lane miles and centerline miles on the state highway system and the number of highway vehicle miles driven daily since fiscal year 1999.

Farm-to-market routes are designed primarily to meet rural traffic needs and to provide access to metropolitan markets. The process of changing county roads into state highway system farm-to-market roads is ongoing. TxDOT has the authority to designate a county road as a farm-to-market road for purposes of construction, reconstruction, and maintenance. Once a county road has been so designated, it becomes part of the state highway system. Approximately 145,478 centerline miles of county roads and approximately 79,871 centerline miles of city streets in Texas are not included on the state highway system.

Interstate highways in Texas make up part of the National System of Interstate and Defense Highways, established in 1956, that includes over 46,000 miles. The interstate system is designed to link approximately 90 percent of the nation's metropolitan areas and to carry 20 percent of the nation's traffic.

**FIGURE 334
HIGHWAY MILES AND VEHICLE MILES DRIVEN DAILY
FISCAL YEARS 1999 TO 2008**



Source: Texas Department of Transportation.

TRANSPORTATION PLANNING

The Eighty-first Legislature, Regular Session, 2009, appropriated \$1.8 billion for the 2010–11 biennium for transportation planning and development. Appropriations for planning and development fund project planning, design, and management functions carried out by agency staff; contracted planning and design services; acquisition of rights-of-way; and research and development programs.

The planning and development of transportation construction projects is a complex process. First, the need for a transportation project is identified through the input and involvement of cities, counties, Metropolitan Planning Organizations (MPO), and citizen groups. To obtain federal funding for a project, current federal law requires each MPO to develop a local transportation improvement program, which is a four-year, prioritized program of transportation projects covering a metropolitan planning area in a manner consistent with the metropolitan transportation plan. Next, the TTC selects projects for inclusion in the Unified Transportation Plan, which is a 10-year planning document to guide and control project development for TxDOT in a feasible and economical manner, and in the Statewide Transportation Improvement Program, which is a multiyear, statewide, intermodal program of transportation projects that includes a financial implementation plan and that must be implemented within each three-year period after the adoption of the program. Then, TxDOT begins several simultaneous actions to develop projects, including conducting public hearings; undertaking feasibility and environmental studies, route and locations studies, traffic and revenue studies, and road inventory surveys; purchasing rights-of-way; designing construction plans; and performing a variety of other preliminary engineering functions.

Appropriations for the 2010–11 biennium for project planning, design, and management functions carried out by agency staff total \$747.7 million. Appropriations by which the agency enters into contracts to carry out project planning and design functions total \$428.5 million for the 2010–11 biennium.

Funding for transportation planning initiatives also includes acquiring rights-of-way and research and development efforts. The Eighty-first Legislature, Regular Session, 2009, appropriated \$592 million for the 2010–11 biennium for acquiring rights-of-way and \$44.7 million for research and development programs. Rights-of-way acquisition costs include all related contract expenses, adjustments of utility facilities directly affected by transportation construction

projects, relocation expenses incurred for displaced residents and businesses, and no less than 90 percent of acquisition cost reimbursements for cities and counties that are authorized to acquire rights-of-way in the name of the state.

TRANSPORTATION CONSTRUCTION

The Eighty-first Legislature, Regular Session, 2009, appropriated \$8 billion for transportation construction for the 2010–11 biennium, which is approximately 43 percent of TxDOT's total appropriations. Because TxDOT contracts with private firms for the construction and reconstruction of all roads, bridges, and other transportation facilities on the state highway system, payments to contractors account for approximately 75 percent (\$6 billion) of 2010–11 appropriations for transportation construction project expenditures. This function also includes planning and installing various warning and protection devices at railroad/highway crossings off the state highway system on a match basis, of which 90 percent is funded by the state and 10 percent is funded by the railroad. The remaining 2010–11 appropriations for construction (\$2 billion) are budgeted to provide (1) state participation in transportation improvement projects carried out by local entities through grants to counties to pave roads in colonias located along the Texas–Mexico border, (2) pass-through financing to reimburse local governments for their participation in the development of state highway improvement projects, and (3) loans through the State Infrastructure Bank, a revolving loan fund within the State Highway Fund, to provide low-interest financing for eligible transportation projects. In the 2008–09 biennium, TxDOT contracted for 1,334 highway construction projects. The agency plans to award 1,600 contracts for highway construction projects in the 2010–11 biennium.

Funding for construction also includes Aviation Services Division projects. The functions of the Aviation Services Division include protecting, developing, and promoting public interest in aeronautics and Texas aviation. This includes assisting with the development and maintenance of a statewide system of modern airports and air navigation aids for public use. The division also acts as the agent of the state and each of the state's political subdivisions for the purposes of applying for, receiving, and disbursing federal funds for the state's general aviation, reliever, and non-primary commercial service airports. Additionally, the division conducts airport inspections as required by the Federal Aviation Administration to check for obstructions to aircraft operations and safety violations in relation to the condition of airports. During inspections, data is collected on the

number of based aircraft, on the services that are available, and on operations information such as radio frequencies and aircraft operation patterns. Although the division had assumed the responsibilities and duties of the State Aircraft Pooling Board (SAPB) pursuant to an interagency contract agreement beginning in fiscal year 2004, the enactment of legislation by the Seventy-ninth Legislature, Regular Session, 2005, abolished the SAPB and transferred its powers and duties to TxDOT. TxDOT serves as a point of coordination for state officials and agencies to contract for the use of state aircraft to access remote and rural areas and to provide all necessary hangar space, maintenance, and services for the use of state aircraft.

Appropriations for aviation service operations and projects for the 2010–11 biennium total \$177.6 million. This amount includes \$86.7 million from the State Highway Fund and \$84 million in Federal Funds, of which \$156.1 million is for airport facility grants that will be matched with local funds. TxDOT awarded 95 grants to 69 general aviation airports in fiscal year 2008, 81 grants to 59 airports in fiscal year 2009, and inspected 20 airports during the 2008–09 biennium. The agency projects awarding grants to 36 airports in fiscal year 2010 and 54 airports in fiscal year 2011 and plans to inspect 30 airports during the 2010–11 biennium.

MAINTENANCE AND PRESERVATION

TxDOT is responsible for the preservation, upkeep, and restoration of the state highway system. Highway system maintenance includes roadway surface repairs and improvements, road base repairs, bridge and drainage structure inspection and maintenance, and road sign and traffic signal installation and repair. Responsibilities also encompass litter cleanup, roadside mowing, rest area maintenance, and repair of damage caused by floods, hurricanes, and other disasters. Additionally, TxDOT is responsible for regulating movement of oversize and overweight vehicles and loads on the state highway system, which the agency accomplishes by issuing oversize/overweight vehicle permits and routing such vehicles on roadways suitable for the dimension and weight of the vehicles. During the 2008–09 biennium, the agency contracted or performed 46,178 bridge inspections, resurfaced 33,687 highway lane miles, contracted for mowing approximately 3.4 million roadside acres, and issued 1.1 million oversize/overweight vehicle permits. The agency estimates contracting for or performing more than 45,000 bridge inspections, resurfacing 45,886 highway lane miles, and issuing 1.3 million oversize/overweight vehicle permits during the 2010–11 biennium.

Transportation system maintenance is the agency's largest function in terms of the number of employees involved. In fiscal year 2008, approximately 43 percent of the agency's personnel (6,126 FTE positions) were directly involved in the maintenance function. It is the second-largest function in terms of appropriations. Excluding indirect administration costs, TxDOT expended \$2.8 billion for contracted maintenance functions (84 percent of maintenance expenditures) and \$518.4 million for routine and preventive maintenance work performed by state employees in fiscal year 2008. The Eighty-first Legislature, Regular Session, 2009, appropriated \$5.8 billion for transportation system maintenance in the 2010–11 biennium, including \$4.6 billion for contracted maintenance functions and \$1.2 billion for maintenance work performed by state employees.

Funding for maintenance also includes maintaining the Gulf Intra-coastal Waterway and two toll-free ferry systems. The Eighty-first Legislature, Regular Session, 2009, appropriated \$1.9 million for the 2010–11 biennium for the purpose of maintaining the Gulf Intra-coastal Waterway, which extends 423 miles from the Sabine River to the Brownsville Ship Channel. The toll-free ferry systems connect Port Aransas to Aransas Pass (a 0.25-mile crossing) and Galveston Island to the Bolivar Peninsula (a 2.5-mile crossing). In fiscal year 2009, the six-boat ferry system at Port Aransas transported approximately 2.2 million vehicles and the five-boat ferry system at Galveston transported approximately 1.2 million vehicles. The Eighty-first Legislature, Regular Session, 2009, appropriated \$60.7 million for the 2010–11 biennium for the purpose of operating and maintaining the two toll-free ferry systems.

PUBLIC TRANSPORTATION

The Federal Transit Act and state law both require TxDOT to support and promote public transportation by working with local governments, nonprofit entities, and the Federal Transit Administration (FTA). The Eighty-first Legislature, Regular Session, 2009, appropriated \$228.6 million for the 2010–11 biennium to fund public transportation programs. Funding for TxDOT's public transportation responsibilities consists of State Highway Funds for agency administrative costs and state public transportation grants and federal receipts for the FTA State Planning and Research Grants Program, Metropolitan Planning Program, Non-urbanized Area Formula Program (Rural Systems), Elderly and Persons with Disabilities Program, Job Access and Reverse Commute Program, and New Freedom Program.

State public transportation grant funds are allocated to rural and urban transit districts based on a formula determined by the TTC and may be used for any approved public transportation project. TxDOT also acts as the state's administrator for 100 percent of the state's federal apportionments for the State Planning and Research Grants Program, Metropolitan Planning Program, and Elderly and Persons with Disabilities Program. In addition, TxDOT administers all federal apportionments to the state for the Non-urbanized Area Formula Program and the portions of the Job Access and Reverse Commute Program and New Freedom Program designated for small urbanized areas of fewer than 200,000 population and rural areas of fewer than 50,000 population. With the exception of federal apportionments for the State Planning and Research Grants Program and Metropolitan Planning Program, urbanized areas above 200,000 in population typically obtain federal funding directly from FTA through coordination with TxDOT. In fiscal year 2009, TxDOT awarded state and federal public transportation grants to 30 small urban transit districts, 39 rural transit districts, and 71 other recipients including intercity bus operators, private for-profit and nonprofit transit operators, MPOs, and independent living centers.

TRAFFIC SAFETY

TxDOT coordinates the Texas Traffic Safety Program and the State and Community Highway Safety Program and implements the Highway Safety Plan, which provides state and federal traffic safety grant funding in accordance with the National Highway Safety Act of 1966 and the Texas Traffic Safety Act of 1967. These programs reduce traffic accidents and resultant deaths, injuries, and property damage, as well as provide education, engineering, and enforcement efforts conducted in a partnership among federal, state, county, local jurisdictions, and nonprofit organizations. With the enactment of legislation by the Eightieth Legislature, 2007, all duties associated with the collection, tabulation, analysis, and maintenance of traffic accident reports and records were transferred from the Department of Public Safety to TxDOT. TxDOT is responsible for collecting comprehensive data regarding motor vehicle accidents and maintaining a crash records information system that provides enhanced abilities to capture, manage, and disseminate timely and accurate data to improve the safety of Texas roadways. During fiscal year 2009, the agency funded 298 state agencies, educational institutions, public and private organizations, and local governments for projects included in

the Highway Safety Plan. In total, approximately \$38 million in traffic safety grants were awarded in fiscal year 2009. The Eighty-first Legislature, Regular Session, 2009, appropriated \$96.8 million for the 2010–11 biennium for traffic safety.

REGISTRATION AND TITLING, VEHICLE DEALER REGULATION, AND AUTOMOBILE BURGLARY AND THEFT PREVENTION

Appropriations to TxDOT for the 2010–11 biennium include \$119.6 million for vehicle titling and registration, \$6.4 million for motor vehicle dealer regulation, and \$15.2 million for the Automobile Burglary and Theft Prevention Authority. However, House Bill 3097, Eighty-first Legislature, Regular Session, 2009, establishes the Department of Motor Vehicles and transfers these functions from TxDOT to the new agency, effective November 1, 2009. Pursuant to enactment of the provisions of House Bill 3097 and the Eighty-first Legislature, General Appropriations Act (GAA), 2010–11. Biennium, any unexpended and unobligated amounts from these appropriations to TxDOT are to be transferred from TxDOT to the Department of Motor Vehicles. See the Department of Motor Vehicles for more information regarding these programs.

TRAVEL INFORMATION

The agency also operates 12 facilities—11 travel information centers across the state and one information center located in the State Capitol complex—that provide transportation and travel information and services to the media and to the public. In fiscal year 2009, the travel information centers received approximately 2.6 million visitors. In addition, TxDOT publishes the monthly Texas Highways magazine, the state's official travel magazine. Approximately 2.7 million copies were sold in fiscal year 2009. The Eighty-first Legislature, Regular Session, 2009, appropriated \$37.3 million for the 2010–11 biennium to support the agency's travel information activities.

RAIL SAFETY

With the enactment of legislation by the Seventy-ninth Legislature, Regular Session, 2005, all powers and duties of the Texas Railroad Commission associated with railroads and the regulation of railroads were transferred to TxDOT. TxDOT rail safety personnel conduct safety inspections of railroad facilities and equipment and monitor compliance with both state and federal safety regulations regarding hazardous materials, operating practices, motive power and equipment, signal and train control, and track. The

Eighty-first Legislature, 2009, appropriated \$2.4 million for rail safety in the 2010–11 biennium.

SIGNIFICANT LEGISLATION

The Eighty-first Legislature enacted several significant bills that affect TxDOT. Among the more significant are House Bill 3097, Regular Session, 2009; House Bill 1, First Called Session, 2009; and Senate Bill 2, First Called Session, 2009.

Enactment of House Bill 3097 establishes the Texas Department of Motor Vehicles (DMV) and establishes a nine-member board of the DMV appointed by the Governor with the advice and consent of the Senate to serve staggered six-year terms. The legislation requires the DMV board to organize the agency into divisions to accomplish the agencies functions, including divisions for administration, motor carriers, a motor vehicle board, and vehicle titles and registration. The legislation establishes a sunset date of September 1, 2015, for DMV. The legislation requires the transfer of all powers, duties, obligations, rights of action, personnel, computers, other property and equipment, files, and related materials from TxDOT's Motor Carrier Division (with the exception of oversize/overweight vehicle permitting and enforcement), Motor Vehicle Division, Vehicle Titles and Registration Division, and the Automobile Burglary and Theft Prevention Authority to the new DMV. All applicable powers, duties, obligations, and rights of action of the TTC associated with these divisions are also required to be transferred to the board of the DMV. The legislation transfers and reappropriates in fiscal year 2010 any unobligated and unexpended balance of appropriations made to TxDOT for the 2008–09 biennium relating to the transferred programs. The legislation requires the two agencies to create memorandums of understanding regarding the transfer of FTE positions, the coordination of information systems, and for the transfer of applicable powers and duties of TTC to the DMV board. The legislation requires TxDOT to establish a DMV transition team to plan for and recommend transfers of appropriate obligations, property, and personnel to DMV. The legislation requires the transfers from TxDOT to DMV to occur on November 1, 2009. Additionally, the legislation requires the State Auditor's Office to conduct an initial financial audit of DMV to establish financial benchmarks for DMV and to report the audit findings to the DMV board.

Enactment of House Bill 1, First Called Session, 2009, authorizes TTC to issue up to \$5 billion in General Obligation bonds under the authority of Article 3, § 49-p of the Texas Constitution (Proposition 12 General Obligation

bonds). The legislation authorizes TTC to use the bonds to pay costs of highway improvement projects and to pay the costs of administering authorized projects, the cost or expense of the issuance of the bonds, or a payment owed under a credit agreement. The legislation prohibits the bond proceeds from being expended unless appropriated by the Legislature. The legislation requires the Comptroller of Public Accounts to pay the principal and interest and any costs related to the bonds that become due. The legislation also amends Rider 60, Article 7, Department of Transportation, 2010–11 GAA to require \$1 billion of the contingent appropriation from Proposition 12 General Obligation bond proceeds to capitalize the State Infrastructure Bank to be used for the purpose of making loans to public entities, provided that money in the State Infrastructure Bank may not be used to convert a non-tolled road or highway to a tolled road or highway.

Enactment of Senate Bill 2, First Called Session, 2009, extends the sunset date for TxDOT to September 1, 2011, from September 1, 2009. The legislation authorizes the Sunset Advisory Commission to review the appropriateness of its recommendations to the Eighty-first Legislature regarding TxDOT and to include in its report to the Eighty-second Legislature, 2011, any of those recommendations it considers appropriate.