

MAXIMIZE THE FEDERAL FUNDS TEXAS RECEIVES FOR TRANSPORTATION

LBB RECOMMENDATIONS

- 1 Amend statute to require TxDOT to create plans allowing federal funding to be maximized for all modes of transportation in the Statewide Transportation Improvement Program.
- 2 TxDOT should coordinate with locals to identify projects eligible for Scenic Byways grants.
- 3 Include a contingency rider, requiring TxDOT, DPS, and TTI to develop a system to measure commercial vehicle traffic at Texas' ports of entry.
- 4 Amend statute to require DMV to participate in the Uniform Hazardous Material State Registration and Permit Program.
- 5 Amend statute to meet federal requirements for data collection on the race and ethnicity of passengers involved in motor vehicle stops.
- 6 Amend statute to eliminate the rail industry exemption from the motor fuels diesel tax and direct revenue to the Rail Relocation and Improvement Fund.
- 7 Include a rider requiring TxDOT, DPS, and DMV to report to the Governor and the Legislative Budget Board on efforts to identify, coordinate, and implement methods to maximize discretionary sources of federal funding.

Recommendations 1, 4, 5, and 6 require statutory change. The introduced 2012–13 General Appropriations Bill includes riders implementing Recommendations 3 and 7.

These recommendations would generate at least \$223.8 million in All Funds for the 2012–13 biennium and would better position the state to receive Federal Funds for transportation in the future.

Federal transportation funding for Texas is primarily allocated from the Federal Highway Trust Fund, which receives revenues from: federal gasoline and diesel taxes; truck, bus, and trailer taxes; tire taxes; heavy vehicle usage fees; and alternative fuel taxes. Texas is a "donor state," meaning that more money is deposited in the Federal Highway Trust Fund from the collection of federal taxes and fees in Texas than is returned to the state in federal funding for highways and transit. Federal funding for transportation consists of guaranteed programs and discretionary programs. Funding levels for guaranteed programs are set in federal legislation—currently the Safe, Accountable, Flexible, and Efficient Transportation Equity Act. Funding for discretionary programs is determined by various federal transportation agencies which select projects based on applications received.

The state has missed opportunities to receive certain transportation-related federal funds such as those offered under the Scenic Byways Program, grant to prohibit racial profiling, and High Speed Intercity Passenger Rail grants. Additionally, the state may forgo federal funds offered for hazardous materials transportation and commercial motor vehicle enforcement in the future. This is the result of issues surrounding the state's current method of transportation planning, gaps in Texas statutes, and a need for greater coordination among the state's transportation-related agencies; including the Texas Department of Transportation (TxDOT), Department of Public Safety (DPS), Department of Motor Vehicles (DMV), and Texas Transportation Institute (TTI). Amending state statutes, improving Texas' transportation planning processes, and improving coordination among transportation-related agencies would increase the state's eligibility for additional federal funding opportunities. The five-year fiscal impact of these recommendations is shown on the next page.

The full text of this report can be found in the *Government Effectiveness and Efficiency* report (Legislative Budget Board, January 2011), page 411.

MAXIMIZE THE FEDERAL FUNDS TEXAS RECEIVES FOR TRANSPORTATION

FIVE-YEAR FISCAL IMPACT, FISCAL YEARS 2012 TO 2016

FISCAL YEAR	PROBABLE GAIN/(LOSS) IN FEDERAL FUNDS FOR THE STATE HIGHWAY FUND	PROBABLE GAIN/(LOSS) IN GENERAL REVENUE FUNDS
2012	\$375,000	\$104,460,224
2013	\$375,000	\$118,526,838
2014	\$375,000	\$123,156,933
2015	\$375,000	\$128,111,580
2016	\$375,000	\$133,647,629

Source: Legislative Budget Board.

RESTRUCTURE THE HIGHWAY MAINTENANCE FEE TO BETTER ALIGN IT WITH THE COST OF ROAD MAINTENANCE AND REPAIRS

LBB RECOMMENDATIONS

1 Include a rider requiring the Texas Department of Transportation to evaluate the damage that oversized and overweight vehicles cause on roads, including exempt vehicles. The agency shall provide recommendations for permit fee amounts and fee structure adjustments, including the highway maintenance fee, and submit a report by December 1, 2012.

2 Amend statute to restructure the highway maintenance fee assessed to overweight vehicles so that it reflects weight and distance traveled.

The introduced 2012–13 General Appropriations Bill includes a rider implementing Recommendation 1. Recommendation 2 requires statutory change.

These recommendations would not have a fiscal impact for the 2012–13 biennium. They would result in a gain of State Highway Funds if the highway maintenance fee structure is restructured to generate additional revenue.

Overweight vehicles cause more damage to Texas highways than passenger vehicles, but pay for a smaller share of the damage. The highway maintenance fee that the state charges overweight vehicles accounts only for a vehicle's weight and does not reflect the variability in each vehicle's highway use or distance traveled. Vehicle weight and distance traveled are the two factors most closely associated with roadway damage caused by vehicles. Restructuring the highway maintenance fee to account for weight and distance, and reevaluating the fee and adjusting it as necessary, would make it more equitable and proportional to the damage caused by overweight vehicles.

The full text of this report can be found in the *Government Effectiveness and Efficiency* report (Legislative Budget Board, January 2011), page 423.

IMPROVE THE EFFECTIVENESS OF MOTOR VEHICLE THEFT PREVENTION PROGRAMS IN TEXAS

LBB RECOMMENDATIONS

1 Amend statute to require ABTPA to include standard measures for all grants, allocate grant funds across all program categories, and ensure grants are used to increase the recovery rate of stolen vehicles, clearance rate of vehicle thefts, and number of persons arrested for vehicle theft.

2 Amend statute to require ABTPA to distribute funds based on motor vehicle theft rates rather than geographic distribution.

3 Amend statute to require ABTPA to update their plan of operation biannually.

4 Amend statute to authorize, rather than require, the H.E.A.T. Program.

5 Include a rider requiring DPS to apply for Federal Funds to administer BATIC.

Recommendations 1, 2, 3, and 4 require statutory change. The introduced 2012-13 General Appropriations Bill includes a rider implementing Recommendation 5.

These recommendations would not have a fiscal impact for the 2012-13 biennium. They would improve the operation and measure the future performance of state programs addressing motor vehicle theft.

The Automobile Burglary and Theft Prevention Authority (ABTPA) at the Texas Department of Motor Vehicles and the Texas Department of Public Safety (DPS) are involved in activities to prevent motor vehicle theft and recover stolen vehicles. Since these activities began, the rate of motor vehicle theft in Texas has decreased. However, no data conclusively indicates this decline can be attributed to the efforts of state programs.

The percentage of stolen vehicles recovered, motor vehicle thefts cleared, and number of persons arrested for motor vehicle theft in Texas has decreased, rather than increased, since 1999. Texas appropriates almost twice as much to auto theft prevention authority activities as any other state, yet is ranked second nationwide for total vehicle thefts and ninth for vehicles stolen per 100,000 residents. No standard criteria is used to measure the effectiveness of ABTPA grant programs, and the Help End Auto Theft Program (H.E.A.T.) and Texas Recovery and Identification Program do not collect information to determine if vehicles in these programs are stolen or recovered. The Border Auto Theft Information Center (BATIC), which is fully funded by Texas, has recovered more vehicles registered in California than registered in Texas and 68 percent of vehicles recovered through BATIC since 2004 have been registered outside of Texas.

Although the introduced 2012-13 General Appropriations Bill does not include appropriations for ABTPA, appropriations may be restored in future biennia. Therefore, implementing these recommendations would improve the ability of these programs to increase the recovery rate of stolen vehicles and enable the state to assess the effectiveness of its motor vehicle theft and recovery programs.

The full text of this report can be found in the *Government Effectiveness and Efficiency* report (Legislative Budget Board, January 2011), page 429.

INCREASE THE STATE TRAFFIC FINE TO IMPROVE TRAFFIC SAFETY

LBB RECOMMENDATIONS

1 Amend statute to increase the state traffic fine from \$30 to \$45.

2 Include a contingency rider appropriating collections not to exceed \$5 million per fiscal year in General Revenue Funds to TxDOT to enhance traffic safety and provide additional grants to DPS and local law enforcement agencies to increase enforcement on weekend and holiday periods.

Recommendation 1 requires statutory change. The introduced 2012–13 General Appropriations Bill includes a contingency rider implementing Recommendation 2.

These recommendations would result in a net gain of \$53.4 million in General Revenue Funds and \$31.7 million in General Revenue–Dedicated Funds for the 2012–13 biennium, and would allow additional grants to be provided to local law entities for increased traffic enforcement.

Traffic safety in Texas has improved but not at the same rate as the rest of the nation. While traffic fatalities decreased 9 percent nationwide from 2007 to 2008, Texas' fatality rate did not change during this period. Texas ranked 37th by fatality rate in the nation during this time. Fatalities from traffic crashes in Texas increase an average of 15 percent during holiday periods and 32 percent on weekends compared with weekdays. Previously enacted legislation requires a person found guilty of committing a traffic violation to pay a \$30 state traffic fine in addition to any other sentence imposed for committing the violation. The intent of the legislation that created this court cost was to encourage responsible driving as well as help fund trauma care in Texas.

The Texas Department of Transportation (TxDOT) administers a series of grants through the Traffic Safety Program to provide for safety education programs and roadway improvement projects. The Department of Public Safety (DPS) and local law enforcement entities receive grants through this program to increase patrolling and enforcement during periods of high crash and fatality rates. Increasing the state traffic fine would provide an incentive for persons to drive responsibly; increase public safety; and generate revenue to help offset the costs of traffic enforcement, educational programs, roadway improvement projects, and trauma care. Providing \$10 million in General Revenue Funds for the 2012–13 biennium to TxDOT would make additional funds available to state and local law enforcement agencies for enforcement during periods of increased crash risk.

The full text of this report can be found in the *Government Effectiveness and Efficiency* report (Legislative Budget Board, January 2011), page 435.

FIVE-YEAR FISCAL IMPACT, FISCAL YEARS 2012 TO 2016

FISCAL YEAR	PROBABLE GAIN/(LOSS) IN GENERAL REVENUE FUNDS	PROBABLE SAVINGS/(COST) IN GENERAL REVENUE FUNDS	PROBABLE GAIN/(LOSS) IN GENERAL REVENUE–DEDICATED FUNDS	PROBABLE GAIN/(LOSS) TO LOCAL GOVERNMENTS
2012	\$31,536,572	(\$5,000,000)	\$15,768,286	\$2,489,729
2013	\$31,822,818	(\$5,000,000)	\$15,911,409	\$2,512,328
2014	\$32,111,663	\$0	\$16,055,831	\$2,535,131
2015	\$32,403,129	\$0	\$16,201,564	\$2,558,142
2016	\$32,697,241	\$0	\$16,348,620	\$2,581,361

NOTE: Designated Trauma Facility and Emergency Medical Services Account.
Source: Legislative Budget Board.

IMPROVE TRAFFIC SAFETY BY BANNING THE USE OF WIRELESS COMMUNICATION DEVICES WHILE DRIVING

LBB RECOMMENDATIONS

1 Amend statute to prohibit use of all wireless communication devices while driving, except in cases of emergency.

2 Amend statute to make violations involving wireless communication devices an offense under the Driver Responsibility Program.

3 Include a contingency rider appropriating \$500,000 per fiscal year to TxDOT to inform drivers of the ban on wireless communication devices.

Recommendations 1 and 2 require statutory change. The introduced 2012-13 General Appropriations Bill does not include any adjustments as a result of these recommendations. Recommendation 3 requires a contingency rider.

These recommendations would generate \$2.3 million in General Revenue Funds and General Revenue-Dedicated Funds for the 2012-13 biennium and would improve traffic safety by reducing distracted driving.

Studies have found that drivers using wireless communication devices, such as mobile phones and personal digital assistants, are distracted to a level of impairment equal to intoxicated drivers. The prevalence of mobile phone use while driving makes it the most common cause of crashes and near-crashes related to distracted driving. In response to these concerns, various local governments in Texas have banned the use of handheld mobile phones or talking on a mobile phone while driving. Six states and the District of Columbia have banned the use of hand-held mobile phones while driving and 13 states and the District of Columbia have banned text-messaging while driving.

A statewide policy banning the use of wireless communication devices while driving could save lives, reduce the risk of accidents, reduce traffic congestion, and generate an additional \$2.3 million in General Revenue Funds and General Revenue-Dedicated Funds. Changes in driving laws intended to improve public safety, such as seat belt laws, have been found to be ineffective unless there is a strategy to inform the public of the law. Therefore, under the report's recommendation, revenue from fines and surcharges for the 2012-13 biennium would be directed to the Texas Department of Transportation (TxDOT) to help fund an education campaign about the dangers of distracted driving.

The full text of this report can be found in the *Government Effectiveness and Efficiency* report (Legislative Budget Board, January 2011), page 441.

FIVE-YEAR FISCAL IMPACT, FISCAL YEARS 2012 TO 2016

FISCAL YEAR	PROBABLE GAIN/(LOSS) TO GENERAL REVENUE FUNDS	PROBABLE SAVINGS/(COST) TO GENERAL REVENUE FUNDS	PROBABLE GAIN/(LOSS) FOR GENERAL REVENUE-DEDICATED—TRAUMA/EMS FUND	PROBABLE GAIN/(LOSS) TO LOCAL GOVERNMENTS
2012	\$1,074,189	(\$500,000)	\$260,603	\$697,310
2013	\$1,275,163	(\$500,000)	\$299,397	\$836,772
2014	\$1,402,679	0	\$329,337	\$920,449
2015	\$1,681,408	0	\$381,117	\$1,115,696
2016	\$2,074,080	0	\$449,792	\$1,394,620

Source: Legislative Budget Board.

TEXAS HIGHWAY FUNDING, LEGISLATIVE PRIMER

REPORT HIGHLIGHTS

- ◆ An estimated \$11 billion per year is spent on transportation in Texas by local, state, and federal governments.
- ◆ During the 2010–11 biennium, spending on highway construction and maintenance accounted for 10.2 percent of the state's net expenditures.
- ◆ Traditional methods of financing for highway construction and maintenance include revenues from state motor fuel taxes, oversize/overweight permits, motor vehicle sales and use tax, and motor vehicle registration fees.
- ◆ New financing methods that have been used for highway construction and maintenance in Texas include the use of bond proceeds and comprehensive development agreements.

There are no recommendations in this report. The introduced 2012–13 General Appropriations Bill does not include any adjustments as a result of this report.

This report would have no fiscal impact for the 2012–13 biennium. The report provides an overview of sources of revenue deposited to the State Highway Fund and Texas Mobility Fund and expenditures from these funds for road construction in Texas.

Texas has traditionally used a pay-as-you-go financing system in which roads are built as funding becomes available. Funding for the pay-as-you-go system in Texas is generated from user fees (motor fuels tax revenues and registration fees) and Federal Funds. However, as the cost of constructing and maintaining transportation corridors has increased, Texas has begun to use additional financing mechanisms to construct roads. The Seventy-seventh, Seventy-eighth, Seventy-ninth, and Eighty-first Legislatures, gave the Texas Department of Transportation (TxDOT) the authority to issue debt and enter into public-private partnerships. The agency's ability to use public-private partnerships was restricted by the Eightieth Legislature.

This report provides an overview of the financing mechanisms available to TxDOT to construct and maintain highways. Additionally, the constitutional and statutory requirements and historical expenditures and trends of these revenue sources are discussed. The majority of revenue sources for highway construction and maintenance are deposited into either the State Highway Fund or the Texas Mobility Fund.

The full text of this report can be found in *Texas Highway Funding, Legislative Primer* (Legislative Budget Board, January 2011).