

Scott, Rider

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# Perry's Texas: Transportation needs trail behind

By **PATRICIA KILDAY HART** and **GARY SCHARRER**

AUSTIN BUREAU

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## PAVING WITH DEBT

- \$575 million: Amount Texas budgeted for building new roads in next two years.
- \$850 million: Amount Texas will pay for debt service to fund the building of roads during the same period.
- \$488 billion: Amount of road construction needed through 2030, according to Texas Transportation Institute in 2009.

Source: Texas Department of Transportation and Texas Transportation Institute

*Editor's note: This is the first of four stories looking at the state of Texas infrastructure under the tenure of Rick Perry, the longest-serving governor in state history.*

One week a year.

That's how much time the average urban Texan loses to traffic delays on one of the state's increasingly overburdened highways, according to a study by the Texas Transportation Institute.

While Gov. Rick Perry likes to brag that "people are voting with their feet" by moving to Texas for its pro-business, low-tax policies, the state's austere budgets have done little to keep pace with a population that has grown by nearly 1,200 new residents every day for the last 10 years.

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After a decade of Perry-style frugality the Texas welcome mat is growing increasingly threadbare as the state struggles to accommodate a booming, young populace hoping to travel its roads, get educated in its schools, drink its water and access its health care system.

During Perry's tenure, the state has postponed investment or turned to debt to finance critical infrastructure needs, experts say. With Perry making a run for the Republican nomination for president, the national media and American public will judge the trade-offs and choices he made — and the consequences for Texas.

More than any other issue, Texas' transportation policies illustrate its growing pains.

As governor, Perry advocated the controversial Trans-Texas Corridor, an ambitious transportation scheme that relied on foreign investment and tolls for financing. It was abandoned after the outcry from property owners whose land would have been claimed by eminent domain.

Since then, the state has relied heavily on issuance of bonds to build highways. For the first time in history, the Texas Legislature this year appropriated more cash to pay for debt service than to pay for actually building new roads: \$850 million per year versus \$575 million.

### **\$488 billion needed**

Lawmakers also approved the use of \$3 billion approved by voters in 2007 for road construction, but the Texas Department of Transportation estimates the state must pay \$65 million in annual financing costs for every \$1 billion it borrows through the sale of bonds.

The state began borrowing money in 2003 to pay for roads and will owe \$17.3 billion by the end of next year, contributing to the rapid escalation of total state debt, from \$13.4 billion in 2001 to \$37.8 billion today.

The money will cover just a fraction of the transportation needs identified by planning experts. The Texas Transportation Institute two years ago placed the state's highway construction needs through 2030 at \$488 billion. The state pays for road construction through vehicle registration fees and the gasoline tax. Gas tax revenues, however, have declined in recent years as Texans drive more fuel-efficient vehicles.

Like Perry, Ken Allen, a retired H-E-B grocery company executive, sees the state's population growth as a positive: "Every one of those new Texans comes with a mouth and a stomach and they are a potential customer for our business."

Those additional residents, however, present a challenge, he said at a 2009 state Capitol press conference.

"While we are sitting immobilized in congestion, we are spending expensive diesel and our engines are putting undesired emissions into our Texas air," he said.

Improved Texas roads would lower "the cost of commercial transport and, in the case of H-E-B, that "means we land product on the shelves in our stores at a lower cost and we can sell those products at a lower cost to the shoppers in our store."

### **Costs to motorists**

Recently, University of Texas engineering professor C. Michael Walton wrote a Houston Chronicle guest column warning of the consequences of neglecting state highways. "If there are no changes to policies or funding levels between now and 2035, the average household will pay almost \$6,100 per year for additional travel time associated with traffic congestions and detours, increased fuel purchases and additional vehicle maintenance expenses due to worsening road conditions," he wrote.

According to the TTI study, the typical Texas household currently pays \$232 in taxes and transportation-related fees annually. If the Legislature approved a modest tax hike, say increasing a household's annual cost by \$402, the typical household would enjoy a return on the investment of \$2,440 in benefits each year by reducing the costs associated with additional travel time.

## All bond money spent

Perry in 2007 derailed a plan by Sen. John Carona, R-Dallas, to permit a "local option" gas tax increase permitting voters to approve gas tax hikes for specific projects in their communities.

Carona's successor as Senate Transportation Chairman, Sen. Tommy Williams, R-The Woodlands, warned his colleagues the state is running out of money for new construction, but defended the decision to pay for roads with bonds, comparing it to a mortgage on a home.

Rep. Joe Pickett, D-El Paso, the Texas House's expert on transportation, argued during the legislative session that borrowing costs the taxpayer more in the long run. "The conservative thing to do would be to limit borrowing capacity and put more cash in," he said.

Having spent all the bond money approved by voters, lawmakers next session will not be able to fund any highway construction - unless they ask voters to approve more debt.

*Thursday: Health care*

*Friday: Water*

*Saturday: Public education*

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