

Editorial: Dewhurst shows courage on transportation funding

Lt. Gov. David Dewhurst has gone out on a political limb in advocating more money to improve the state's roads and bridges. It's a risky move, given the atmosphere in Austin this year, but the lieutenant governor is right to push lawmakers to live up to their responsibility to protect state assets.

In his inaugural address last week, Dewhurst singled out transportation as one of his priorities in the current legislative session. He elaborated in an interview with *Dallas Morning News* transportation writer Michael Lindenberger, citing a voter-approved boost in the vehicle registration fee — perhaps \$20 a year — as a possible source of new money.

Call that an overdue down payment on the huge, unmet cost of keeping up a first-class transportation system. More is needed yet, but the Dewhurst initiative is a start.

Most Texans pay between \$60 and \$70 a year to register their vehicles. Adding \$25 would raise an estimated \$623 million a year; borrowing against that amount would create a pool of about \$8.3 billion for road and bridge projects.

A bit of perspective: Transportation experts have estimated that the state faces a long-term highway-funding shortfall ranging toward \$100 billion and beyond, depending on the quality of roads the state wants to build.

Still more perspective: Research shows that Texas ranks near the bottom nationally in the amount of annual taxes and fees that the average motorist pays the state.

The Dewhurst plan would use the new cash to target specific congestion-relief projects in urban areas. That would have the benefit of making the proposal tangible for the public and for lawmakers who would fear political fallout from supporting higher fees.

Those same lawmakers also need to be held accountable for the insidious cost of doing nothing. The multibillion-dollar Project Pegasus in the heart of Dallas shows up prominently on the state's official list of 100 most congested highways, yet the project now has no chance of full funding anytime soon. Meanwhile, a new report from the Texas Transportation Institute ranks growing North Texas among the 10 worst U.S. metro areas in terms of time and money wasted in traffic. Bad traffic is bad business, as Dewhurst points out.

The ideal approach to build roads would be increasing the state's motor-fuels tax for the first time in 20 years. Dallas' John Carona championed that cause in the Senate for two sessions, but members ran like rabbits at the thought.

Dewhurst won't go there, saying he's against new taxes. It's going to be a neat trick for him to explain why a fee shouldn't be considered a tax. Painful budget-cutting in Austin this year complicates his job.

Parts of Dewhurst's inaugural address sounded like a politician's anti-Washington stump speech. We heard the substantive parts, too, the parts that identified problems where there are no easy solutions. That's what

Q&A with Texas Lt. Gov. David Dewhurst; Sen. John Carona of Dallas calls Dewhurst a 'statesman' but warns efforts may be futile



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Last Tuesday, Lt. Gov. David Dewhurst (at right, courtesy of the AP) sat down for an interview in his grand, second-floor office in the Capitol. It was a few hours after he had taken the oath of office for a third term for what many say is at least the second most powerful office in Texas, and some argue, given its role in leading the Senate, is the first. We have a page one story for Monday's paper about his ideas, and a full transcript of the chat is available on the jump below.

Outside, peddlers were still selling souvenirs from the inauguration (Gov. Perry was top billing, though Dewhurst's gave the longest speech) and grounds crews and legislative interns alike were taking down thousands of chairs.

Inside, we were interrupted once by his wife -- 'My boss called' he said jocularly -- who called on his cell phone to urge him along to an inauguration day celebration of one form or another, and again by a passel of senators who stopped by to tell him how great they thought his speech earlier in the day had been. 'We just wanted to stop by and say attaboy,' one of the senators said.

In the interview, Dewhurst highlighted the tension that could dominate this session: On the one hand, everyone knows we need more money for highways, he said. On the other? No one, least of all conservative Republicans like himself, want to raise taxes to bring in that new money.

"I know we need some more money to go into building new roads, and I know Texans don't want to see taxes raised," he said. "But anticipating and knowing how they feel, and quite frankly sharing their feeling, I have been working on solutions for the past two years."

Still, he said he's committed to finding a solution, and the starting point for that effort includes closer review of an idea floated three weeks ago by the man he named last year to lead the Senate transportation committee: An increase in vehicle registrations that would

be tied to a specific list of projects that the new money would pay for. Any increase would be contingent upon giving voters the right to vote the package up or down, much like a school bond election.

Beyond that, Dewhurst would offer no details, saying much would depend on how the senators now arriving back in Austin for the 2011 election will see it.

Already, some senators have voiced opposition, including Plano Republican Florence Shapiro. She told my colleague Gromer Jeffers on WFAA's political roundtable Jan. 9 that she won't support any fee increases for highways until TxDOT 'gets its house in order.'

That's become an almost reflexive response by politicians reluctant to find new money for highways. But more eye-raising was the opposition by Sen. John Carona, R-Dallas.

In 2009, Carona brought the entire Legislature to a halt, and forced a special session, in a fiery effort to get the House to support a highway funding bill known as the local option. He's been arguing for years that Texas faces a transportation crisis and lawmakers must raise the gas tax or, at the least, let local voters approve a raft of higher taxes and fees to build local projects.

On Friday, I asked Carona if he would support raising the vehicle registration fee.

"No. The Legislature is not being honest with taxpayers when it pursues such a sleight of hand," he said. "This is nothing more than a disguised tax increase, it will not slow the costly proliferation of private toll road development, and creates a false sense that the problem has been adequately addressed. Funding of road construction should be based upon the extent to which drivers actually use our roads. A flat across-the-board increase ... fails to achieve such."

He also said the fee was a bad idea because, unlike for instance the gas tax, a vehicle fee costs frequent drivers no more or less than infrequent drivers. Still, I told him that given his strong support for higher taxes and the local-option tax bill in previous sessions, his opposition might be seen as a surprise. He said:

This fee doesn't address the magnitude of the statewide funding dilemma, serves only as another temporary measure, and creates the false sense that the transportation funding crisis has been cured. It allows the Legislature to once again postpone dealing with the problem of insufficient infrastructure to handle its exploding population.

A little later, he wrote me to say a bit more. The fee could end up working, he said, if local voters have the final say in which projects are funded by the fee -- something that Dewhurst appears to support, though, again, he has not provided details about the plan as it has not yet been fully shaped. Carona continued:

"It remains unclear who would ultimately choose the projects to be voted upon," Carona said. "If the Legislature chooses, bypassing the decision making of either the Transportation Commission or local transportation councils, then we're headed into more trouble. The Legislature, a body which receives direct campaign contributions, should never be allowed to select the specific roadways for consideration. If actual projects as well as the decision of whether or not to collect the higher fee are decided by local voters, then the arrangement may work---because it would then resemble last session's local option proposal."

Maybe, I thought, Carona was upset that Dewhurst was out front supporting new revenue for highways in 2011, when his support had largely been behind the scenes in recent sessions as Carona waged his costly campaign to support gas tax hikes and the local option bill.

He said no, and credited Dewhurst with trying to do the right thing. This year, though, is going to be very tough for Republicans to back Dewhurst should he persist in the effort to raise fees, he added.

"I wouldn't say 'sore feelings,' but it does seem to me that folks are finally awakening to the fact that what we were previously proposing may have made the most sense--both fiscally and politically," Carona said. "Everybody enters this transportation debate thinking that there must be an obvious (i.e. easy) answer. Clearly, among those who have truly studied the issue, there isn't one. I'm sensing that the Lt. Gov. understands the urgency and wants to be a statesman as it relates to this issue. He's cares about the state. The problem for him rests in timing, however, as political pragmatism gets you few Republican votes at the moment---especially when other more equitable options may exist."

Below is the transcript of an interview I conducted with Lt. Gov. David Dewhurst last Tuesday afternoon. The questions have been edited in places for clarity. -ML

The News: Listening to your speech, which by the way sure sounded like a Senate speech ...

Dewhurst: Everybody was saying that. It wasn't. Wasn't at all. Just simply a reminder of that we are doing well in Texas and all we want to have happened to us is just leave us alone from Washington. We are perfectly willing to crack down and protect folks from polluters. But going in and canceling 167 clean air permits when we reduced NOx and ozone more than any other state is just an overreach.

The News: ... Listening to your speech, you talked about Texas as a shining example. You've been in office eight years. Most folks involved in transportation around the state say we're in something of a crisis, either there isn't enough money or the maintenance of our roads is deteriorating, or if you live in cities like Dallas and certainly here, your roads are more and more congested. How much is that your responsibility? The Senate's

responsibility for failing to do something different, whatever that might be, to have corrected the problems?

Dewhurst: It's a combination of a number of things. For the longest time, TxDOT was run as a black box and TxDOT had little interest in interfacing and talking and working with the legislature. That day has changed. I applaud the new chair Deirdre Delisi for a more transparent and open agency. As you know, over the seven year period of 2003 and 2009 the legislature appropriated \$69.5 billion to TxDOT. Now that's 10 billion a year. And you live in Dallas and I live in Austin and Houston and neither of us has seen a dramatic reduction in congestion. So things have to change.

That's why I pushed for a top-down study from an outside consulting firm. That came back from Grant Thornton, scathing. So I want to see a reorganization of TxDOT. We're going to see some savings that we can put into new highway construction and some procedures that make more sense.

... the old attitude has been one in which TxDOT employees could say, 'we are not going to change we're not going to do that. We'll just wait em out. We were here before they get here and we will just wait until they get out of politics.' That isn't going to work any more.

The News: Of TxDOT's \$16 billion biennial budget, only about \$700 million in cash goes to new construction, with another 1.2 billion in borrowed money uses for that purpose. That's not much.

Dewhurst: We've actually put a little more than that. I would differ from some of those numbers but not by a large amount. (Note: the 2010-11 budget calls for slightly more construction spending than the figure above. -ML) When I came in as Lt. Governor, 2003 I knew we have had a real problem with increased maintenance costs and I have not been able, regrettably, to get TxDOT and people to focus on the fact that we're tearing up our roads, we're just tearing em up. We are letting 18-wheelers go wherever they want to, just tearing up our roads.

I still don't understand why on our high usage highways by 18-wheelers, why we are not building dedicated lanes with reinforcements, so we're not tearing up our roads. Every 18-wheeler does the destruction of 10,000 cars. We have a million 18-wheelers that transit our state each year and I guarantee you they do a lot more damage than whatever minor fees they pay.

Maintenance is now gobbling up the majority of our budget. We've put some \$6 \$7 \$8 billion in bonds for new construction into TxDOT over the past four years. But we are going to have to continue to build.

That is why I have been working with the Texas Transportation agency (TTI at Texas A&M) and introduced Sen. Williams to the process whereby we have gone out and recalculated the 100-most congested road segments in the state of Texas.

Now based upon real-time data, which we didn't have before. ... A number of road segments have changed ... I've asked the TTI to rate the 5 to 8 most congested road segments in each of our urban areas and how much money would we need in order to attack those 5 to 8, plus be able to invest some \$4 or \$5 billion into rural Texas on building essential roads and finishing some of our truck lines.

... What I have been looking with Sen Williams at a couple of ideas on non-tax revenue where we are not raising taxes but we are looking at additional sources to go go ahead and fund just those priorities that I discussed. Now, not just those, but initially, and then in six or seven years we will build all that, the next tranche, ... then we will work on the next five to 8 so we can get goods to market and people back home.

The News: That's going to cost many billions of dollars. In this political environment, that seems to be an uphill battle for this session. Any prospect of that happening in this session?

Dewhurst: Here's the tension between what you're wanting to report on what I am working on and my wanting to get progress made, but I have a pretty good feeling on how the Legislature works and it's premature to be announcing too much. Rest assured that I think most the people in Texas know that we have got severe congested road segments in most of our urban areas and folks in rural Texas want certain essential new roads to be built out and truck lines to be built out. Everyone understands that is going to cost money. I don't think anyone doesn't understand that.

But the bottom line is folks just don't want to be raising taxes right now I understand that. And during a time when we are pulling out of some rough years -- and state of Texas is enjoying 8 months in a row of sales tax increases, the last thing I want to do is ask families to do with less so government can have more. But, but there are some ideas that I think Sen. Williams talked to you about, in which if we pick up a little more of what our real costs are, if we look in the future at giving some options to voters to say, 'Yeah I'd like this road or that road improved ...

The News: Williams' numbers assumed that if this passed it would be a statewide increase. Is that right, or could these votes be specific to local areas, so some might vote yes and some vote no?

Dewhurst: You mention our vehicle registration fees, and if you look at data and all costs involved with normal car, not just vehicle registration fee, but gas taxes that would accrue to that vehicle driving an average amount of miles in a given year, all costs in, Texas rates 41st out of 50 states. Now, I don't want it to dramatically increase, but there are things that I believe -- It's a question of the people of Texas understanding that we are not going to be able to congestion and not going to be able to build new roads unless we can figure out a source of financing.

Now, TxDOT has been a champion in the past of building these private roads with foreign and domestic contractors owning them. I think there is a limit to how many of

these comprehensive development agreements can be done. And so we are going to have to come up with a source of revenue other than debt financing where we can build the roads. And so that's what we have been looking at for months.

But quite frankly, and don't mean to frustrate you, it's premature as we are just laying out our budget to be talking about any cost reimbursals -- Leave it to say, that I am committed to not raise taxes. I don't want to raise the burden of government on any body. But we are looking at ways in which we can come up with the funding over the long term that the people will agree with that is not raising taxes but is going to be done with local participation, and may take the form of simply trying to pick up some of the costs, a little bit of the cost involved in the building and maintenance of our highways.

The News: I began with a comment about running for U.S. Senate. And that's something I want to ask you about. Under normal circumstances, you'd have four more years before you'd have to test your plan before the voters -- enough time, perhaps, for some of the roads you've asked them to pay more for to have been built. Now, as you consider running for senate, you are going to have go back up, if you decide to run, in as little as a year. That might be more politically touchy. I wonder if your consideration of running for Senate will constrain you in way as you lead the Senate, this senate, during this term.

Dewhurst: If you listen to my speech today. I am going to do what I think is in the best interest of the 25 million people of this state, regardless of what political office I am in or people are urging me to consider.

I know we need some more money to go into building new roads, and I know Texans don't want to see taxes raised. But anticipating and knowing how they feel, and quite frankly sharing their feeling, I have been working on solutions for the past two years.

The News: Finally, a more mundane matter, about TxDOT reorganization: Five commissioners? Three? One? Does it really matter how many?

Dewhurst: The whole push for going from three commissioners to five commissioners was to increase the geographical diversity of the board with a view toward making sure that everybody got their fair share of funding. We can do that, but my experience as commissioner of the general land office is that it's much more effective in an organization to have one boss and to hold him or her accountable. If the boss doesn't do a good job, fire em.

The News: Last question.

Elsewhere, governments are thinking bigger than ours seem to be: From LA, where voters approved \$40 billion plan to fast-track transit, to Seattle, where a bond package for transportation passed, despite it being bigger than both Texas's Prop 12 and Prop 14 bond packages combined. ... Boston's Big Dig, despite problems, is credited with completely transforming its waterfront.

Here in Texas, we're known for two things nationwide when it comes to transportation: The squandering of what was once the nations best highway infrastructure in terms of its huge, excess capacity, and its push for privatization of toll roads.

The only bold policy initiative relating to transportation was the Trans Texas Corridor, which was politically mishandled. Since then, we've seen all we've seen from the Legislature is we're borrow a bit here, restructure that and reorganize that.

Does that distress you that Texas seems to be falling off the forward edge? Or is that simply the wrong way to look at it?

Dewhurst: My personal view is that you are not seeing it that same way I do. That is, you can't compare the state of Texas and its huge geography with downtown Boston or downtown Seattle. It's just so huge and so diverse. We have to focus on what we want to accomplish and go accomplish that. I think it's a mistake when you have an agency like TxDOT to be responsible for highways and rail and air transport and operating state aircraft pooling board. Let them do what they do best which hopefully is build and maintain highways

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Dewhurst makes risky pledge for better highways



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David Dewhurst listed transportation among six policy priorities in his inaugural address today, and I'm surprised. Why? Because of the painfully tight budget and the price tag of building major roadways.

Here is what he said about his legislative priorities:

My priorities this session are clear. In addition to securing our borders, we will pass legislation to encourage more job creation; to protect the integrity of our elections, we will again pass voter ID; we will continue to improve our public schools because a quality education gives every child a chance to realize their dreams; we will continue building a world-class transportation system because quality roads without congestion are the economic arteries of future prosperity; we will make healthcare more accessible and more affordable with better medical outcomes at a lower cost by passing reforms that will lead the nation because Texans deserve better health care, not more bureaucracy; and we will achieve all these goals while balancing our budget without raising taxes because I want a budget that grows the Texas economy, not the Texas government.

That is a very expensive promise. In other priority areas he might be able to claim success just by economizing and staving off the knife. You could do that in education or health, call it reform and declare victory. Fair enough.

Roads are different. It takes big money to pour concrete, and lawmakers have been refusing to pony up for years now. TxDOT has been saying the department will not be able to start new projects without new money.

Where will Dewhurst find the cash? Last year he told me that he expected to support some kind of local-option funding for transportation. A couple of weeks ago a Dewhurst spokesman told my colleague Michael Lindenberger that he was open to discussing a boost in vehicle registration fees. Lindenberger quoted Dewhurst's office this way:

"Finding efficiencies in the current TxDOT budget, increasing total annual vehicle fees - in which Texas is in the bottom quartile as compared to other states - and involving local voters for specific highway payments in a region are among the ideas being discussed," [the spokesman] said.

This is politically tricky territory for a conservative who has his eye on a Senate run next year. The policy guru for the Texas Public Policy Foundation told me this month that a fee is a tax, period.

That said, there are only two big options to taxes/fees for highway money: more borrowing and more tolls. Lawmakers have been pushing borrowing programs as though it's free money. TxDOT officials have told the transportation commission that debt service is getting huge, and you get the feeling that the department is almost borrowed out.

Dewhurst has also talked about targeting congestion and putting other road needs farther down the priorities list. He told me that a starting place is the list of 100 most congested highway segments that he had been pushing TxDOT to prepare. OK, but some of those segments in the D/FW area couldn't be candidates as new projects. Congested Central Expressway is one of them, since it was just rebuilt in recent years.

My view is that Dewhurst has an idea to steer money toward high-impact projects. In the Dallas area, there's no more obvious candidate than Project Pegasus, right in the heart of the city. You can't toll your way out of that one.

Hiking Up Fees In Texas Could Help Congestion Problems, But Not Solve Them



(Houston – Wendy Siegle, KUHF News) David Dewhurst, the lieutenant governor of Texas, told the *Dallas Morning News* that he'll encourage lawmakers to seek out more money for highway construction.

He said he won't support a tax increase, but would possibly favor raising fees, namely on vehicle registration. Alan Clark, the director of transportation planning at the *Houston-Galveston Area Council*, says if nothing is done, money for road projects could actually fall over the next ten years. "I'm very encouraged that the legislator is talking about it," says Clark, "and I think that there are many things they could do that would be a step in the right direction. Raising the vehicle registration fee could be one of those."

Listen to the story [here](#).

Clark says if everyone in the greater Houston area paid \$20 more for vehicle registration, that would generate an additional \$60 to \$70 million a year. Clark says the extra money would help repair some of the roads and pay for some new projects in the region. But he says it wouldn't solve all of Houston's congestion problems.

He says moving people around the city doesn't just come down to roads, but also public transit systems. "We understand that it's going to take more than just building new highways to have effective transportation and good mobility," he said.

Dewhurst hasn't said how much the fee

Sen. Florence Shapiro: No fee increase for TxDOT till it 'gets its house in order'



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Sen. Florence Shapiro, R-Plano, said Sunday morning that she will not support a plan floated last week by Sen. Tommy Williams that would raise vehicle registration fees by as much as \$50 a year to provide more money to build highways in Texas.

"TxDOT is in pretty bad shape," said Shapiro, who was a guest on Channel 8's political roundtable this morning with WFAA reporter Brett Shipp and Dallas Morning News political writer Gromer Jeffers. "There is a sincere lack of trust and there are many legislators who want to see them get their house in order first."

She said last's release by the TxDOT restructure council's recommendations for how to reform the transportation department showed that there is much work to be done. "They need to hire a CFO, become more transparent ... none of those things are happening and they need to happen first, before I think lawmakers are going to increase anything for that department."

She declined to say whether the vehicle registration fee increase would be a "tax increase" but said for now, and until TxDOT makes reforms she says it has failed to make, she's against it. "From my perspective, I would not go for a fee increase even," she said.

Is a transportation fee really a tax?

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Yes, says [Talmadge Heflin](#), big policy guy at the [Texas Public Policy Foundation](#). The foundation's legislative recommendations will be the songbook for many conservative lawmakers this coming session.

I asked Heflin about this after colleague [Michael Lindenberger's](#) report that [Sen. Tommy Williams](#) put the possibility of a new vehicle registration fee on the table to raise more money for highways. Williams made a [presentation to the Texas Transportation Forum](#). Lindenberger wrote on this blog:

Sen. Tommy Williams, R-The Woodlands, would not rule out the possibility of legislation requiring higher vehicle registration fees, or some other fee, passing this session. But he acknowledged that it's more likely that this session will be spent making changes to how Texas operates and how its projects are selected to better its reputation among lawmakers and the public. ...

The senator, who was named earlier this year to replace Sen. John Carona, R-Dallas, to lead the transportation and homeland security committee, laid out a plan he hopes will catch on with his colleagues that would raise motor vehicle fees as much as \$50 a year.

That increase, he said, would support \$18 billion or so in new construction. That would fund, he said, the most important congestion-relief projects in all of Texas' largest cities and leave enough left over for a statewide series of safety measures.

OK, I thought, does Williams see a way through the gantlet of conservative obstacles to new revenue? Will a "fee" somehow make it through where a "tax" would not?

I took a spin through the [TPPF's guide for lawmakers](#) for the 2011 session, looking for its transportation position. Its [recommendations on highway funding](#) call for stopping diversions, setting better priorities, more transparency finding highway money in other areas, etc. And this:

Resist calls to increase the state motor fuels tax.

I didn't see the word "fees," and so I called Heflin thinking fees just might get a pass with his group. What a naive thought.

"It's the same as raising gas taxes," he said. "As long as diversions continue, fees become a tax."

Heflin said the gas tax should be regarded as a user fee that should not be siphoned off for non-highway purposes. Until lawmakers can discipline themselves on this, it's wrong to raise more money for roads.

But, I asked, isn't the "diversion" amount really an insignificant one for road construction -- a little over a billion a biennium? That would build maybe four freeway intersections every two years. It would take eight or 10 years of all the diversion money to build the I-35 project from Dallas to Denton.

Heflin doesn't deny the diversion amount doesn't build a whole lot, in a relative sense, but he said stopping the practice is an important first step.

So there it is -- another stanza in the songbook: "no new fees."