Texas Urban Transportation Alliance

Working together for metropolitan mobility

Policy Positions

- Appropriate highway user fee and tax revenue for highway construction, maintenance and directly related purposes, and redirect $200-to-$250 million of such revenue from the General Revenue Fund to the Texas Mobility Fund
- Index the Motor Fuels Tax to the Consumers Price Index
- Make appropriations to the Rail Relocation Fund (not from SHF006, TMF365 or highway user fee/tax revenue)
- Empower metro areas to address their own transportation needs (policies plus local option transportation tax)

Use Highway User Fee and Tax Revenue for Transportation

Good public policy, generally accepted accounting principles, and government transparency all suggest that highway user fee and tax revenue should be used to fund highway construction, maintenance and support activities. This policy represents our goal. We are not calling for an immediate change of the state constitution, which directs 25% of the revenue from the state motor fuels tax into the Available school fund. Nor are we suggesting an immediate reversal of legislative intent that results in revenue from the sales tax on motor vehicles being deposited into the General Revenue Fund. But we are recommending that $200-to$250 million of highway user fee and tax revenue be redirected from the General Revenue Fund to the Texas Mobility Fund, following the example of the 78th Texas Legislature when it redirected $233 million of revenue from motor vehicle inspection fees, driver license fees and driver record information fees from GR to the TMF, which will be fully committed to long term debt service in 2009. While there are multiple highway user fees/taxes that could be redirected to the Texas Mobility Fund, we offer the following by way of illustration only and urge the Legislature to select the particular ones it finds most appropriate:

State Highway User Fee / Tax	FY 2003 GRF Revenue
motor vehicle registration fees	$3,576,956
motor vehicle rental tax	$149,118,366
motor vehicle certificates	$26, 110, 626
special vehicle registration fees	$18,189,509
commercial transportation fees	$8,885,523
excess fines from speeding violations	$108,433
total	**$205,989,413**

Index the Motor Fuels Tax

The gas tax is one of the only state revenue sources that does not grow with the economy. Yet normal inflation certainly does regularly increase the costs of roadway maintenance and construction that are funded by gas tax revenues. The motor fuel tax should be tied to the consumer price, which would raise the 20-cent motor fuel tax to 36 cents over 20 years and increase revenue by $27.3 billion.

Identify and Appropriate Resources to the Rail Relocation Fund

Moving freight rail traffic out of center cities in Texas' metropolitan areas will improve mobility. The Texas Legislature should identify an appropriate revenue source for rail relocation and make appropriations to the Rail Relocation Fund. Highway user fees and taxes are not an appropriate revenue source for rail relocation.

Empower Metropolitan Areas - Local Option Transportation Tax (LOTT)

The proposal is to authorize regional entities (RMAs, RTAs, Urban Counties) to levy fees and taxes for transportation uses subject to regional voter approval. The fees/taxes could include motor fuels sales tax, motor vehicle sales tax, motor fuels excise tax, motor vehicle registration fee or any other highway user fee/tax. The authority should be broad, enabling the proposing entity and its voters to decide the particular fee/tax and the rate. Permissible uses of the proceeds should include any and all transportation uses.

Empower Metropolitan Areas - Policies

TUTA and other transportation advocates lobbied for the constitutional amendment to enable TxDOT to be able to invest in toll road development. Previously TxDOT could make loans for toll road development but could not make equity investments. HB 3588 and HB 2702 established a new project procurement method now called CDAs (comprehensive development agreements), which now appears to be the TxDOT-preferred method of project development. TxDOT apparently has "redefined" toll equity to mean that it gets a piece of the toll revenue stream from any toll project developed when state right-of-way or traditional transportation funding is used in the project, which raises policy concerns.

1. Will this practice result in higher toll rates?
   TxDOT says the market should determine the toll rate and has indicated that the North Texas market rate may be 30 cents per mile, nearly 3 times the current rate.

2. Will it be an unfair burden on the metro areas?
   Will it mean more transportation revenue being generated from the metro areas to fund transportation statewide, i.e., the metro areas subsidizing transportation outside the metro areas when they urgently need additional resources to address their own pressing mobility needs?

3. Will metro areas be permitted to develop toll projects with their own entities (RMA, HCTRA, NTTA) and receive traditional transportation resources from TxDOT for partial funding? If so, will a condition be that TxDOT receive "repayment" in the form of a piece of the toll revenue stream? Would TUTA have lobbied for the toll equity constitutional amendment under this scenario? Does such a policy mean that TxDOT will no longer use traditional transportation resources for any capacity project anywhere in the state unless it is a toll project? If not, then highway user fees and taxes paid by metro-area drivers are underwriting benefits to others.