

Keep the BAN on PPPs/CDAs PPP = PUBLIC Money for PRIVATE Profits

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Why we must keep the current BAN on public private partnerships (PPPs), known as CDAs in Texas, in place:

Many believe private firms run things better than government, which is often very true. But public private partnerships are not truly private ventures.

Privatizing our **PUBLIC** infrastructure...

- Grants private, even foreign, entities MONOPOLIES for 50 years
- Limits the expansion of free roads (that could threaten their toll revenues)
- Manipulates the speed limits to drive more traffic to the toll road
- Charges toll rates as high as 75 cents PER MILE (these are PUBLISHED rates for both the LBJ & North Tarrant Express CDAs in DFW)
- Allows private corporations the power to tax
- Eliminates due process in contesting interest and penalties, with the possibility of losing your car registration for failure to pay what they say you owe
- Puts the taxpayer on the hook for the losses while the private investors are GUARANTEED PROFITS in the contracts
- Use massive amounts of public money & debt to subsidize/prop-up toll projects that can't pay for themselves. This model is doesn't remotely resemble the claim that the user pays for the road. When \$500 million dollars in gas taxes, and another \$1.5 BILLION in PABS and TIFIA loans are subsidizing the LBJ project and \$500 million in gas taxes and \$1 BILLION in PABS and TIFIA loans are subsidizing the North Tarrant Express, ALL Texans should have access to those lanes.

In five years of studying these contracts, we haven't found a single PPP/CDA that was a good deal for the taxpayer, and none that compare to the affordability of gas tax funded roads.

Cintra's traffic study for I-820 forecasts that a mere 8% of traffic will take the toll lanes. Why are we building a massive network of toll lanes so few can afford to travel? How does this solve congestion? It doesn't.

Managed lanes and congestion pricing is "code" for government control of one's freedom to travel, since the price is purposely jacked-up in real time in order to price the public off the road to maintain speed and profit guarantees. Though under a CDA scenario, it's more accurately named foreign controlled, profit-driven travel.

Accountability before tax hikes

While we have supported a modest increase in gas taxes to end the reliance on tolling, we also have several conditions before there could be public acceptance of it, none of which have been addressed in 3 legislative sessions.

The first is ending diversions, which includes directing ALL taxes paid by motorists (to own and operate a vehicle) to roads, like vehicle sales taxes that have been dumped into general revenue to fund general government rather than go to roads as taxpayers intend for them fund. Directing vehicle sales taxes to roads would reap \$2-3 BILLION a YEAR, not per biennium, to roads without raising taxes and would be reap more than tripling the gas tax would, without the political blowback of raising taxes.

The second caveat before a gas tax hike would fly is to end toll road proliferation, especially the sale of our Texas roads to private corporations. We've witnessed precisely what TxDOT does with new sources of revenue - it spends it on more toll roads even when the funds are backed by all taxpayers like Prop 14, Prop 12, Texas Mobility Funds, and stimulus money...preference is given to toll roads, not free roads. Such double and triple tax schemes are unacceptable, as is the use of our gas taxes as a backstop for toll projects like the \$4 billion all Texans are on the hook for over the next 36 years for the Hwy 161 deal. Without putting an end to the toll regime, taxpayers will get hit with a double whammy with a gas tax hike while still having to pay tolls, too.

The third caveat is restoring trust in the highway department. Band-aids won't do, neither will more funding. The Department needs to fundamentally change. When they spend our taxpayer money to cook the books and mark entries "engineering" when they actually expended the funds on PR (per the State Audit Report, February 2007), when they spend our money on lobbyists and ad campaigns to lobby for toll roads, PPPs, the Trans Texas Corridor, and higher taxes, when they commit \$1 billion dollar accounting errors with impunity, when they prepare fraudulent environmental studies and break the law to fast-track toll projects, and when they continue to promote risky financing schemes that utilize the same multi-leveraging schemes that caused the sub prime mortgage crisis, nothing short of a total house cleaning and true accountability will do.

Here's the path to restoring fiscally sound, sensible road policy:

1. Stop building roads with debt.
2. End diversions completely.
3. Increase TxDOT efficiency and stop wasteful spending.
4. Halt the public subsidies to prop-up loser toll projects and convert public right of ways into toll roads, as well as STOP ALL CDAs (both design-build and concession CDAs). PPPs/CDAs are public money for private profits.
5. End non-traditional financing ("innovative financing" which in reality means "creative," risky accounting practices and public money for private profits).

Texas TURF is a non-partisan, grassroots, all-volunteer group to defend Texans' concerns with toll road policy and the Trans Texas Corridor, and promote non-toll transportation solutions.