

## **BILL ANALYSIS**

H.B. 471  
By: Pickett  
Appropriations  
Committee Report (Amended)

### **BACKGROUND AND PURPOSE**

Funding constraints at all levels of government are making it more difficult to effectively address mobility concerns. This lack of adequate funding makes it necessary for the Texas Department of Transportation (TxDOT) to seek new and innovative solutions to satisfy transportation demand. The State Comptroller's review of TxDOT in January 2001 recommended that TxDOT be given the authority to borrow funds on a short-term basis, either from the state treasury or from outside capital markets, in order to allow TxDOT to manage its cash position more aggressively.

At the time of the Comptroller's review, TxDOT had monthly cash balances of at least \$300 million, which the Comptroller viewed as being far more than TxDOT needed to protect against a potential deficit balance. The cash balances were viewed as underutilized resources that could be converted into faster project delivery. The ability to borrow funds on a short-term basis would allow the cash balances to be used to fund projects without concerns that a deficit balance could result.

Recently, the award of contracts and the issuance of work authorizations for some projects were delayed due to a lower than desired cash balance in the state highway fund. TxDOT has taken steps to return its cash balance to a more comfortable level, in order to keep projects on schedule, meet its financial obligations, and to prevent a deficit balance. The ability to borrow funds would assist this effort.

As proposed, House Bill 471 authorizes the Texas Transportation Commission to authorize TxDOT to borrow money from the state treasury or any other source for transportation-related projects.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

House Bill 471 amends the Transportation Code as follows:

1. The bill authorizes the Texas Transportation Commission to authorize the Texas Department of Transportation (TxDOT) to borrow money from the state treasury or from any other source to carry out the functions of the department.
2. The bill authorizes loans under this section to contain any provisions deemed appropriate by TxDOT, except that (i) the term of the loan may not exceed five years, (ii) the total amount of outstanding loans under this section may not exceed the average monthly revenue deposited into the state highway fund for the 12 months preceding the loan, (iii) the loan may not create a general obligation of the state, and (iv) the loan is payable only as authorized by legislative appropriation.
3. The bill authorizes the Comptroller to contract with TxDOT for a loan of non-dedicated funds

from the state treasury, excluding money from the state highway fund.

4. The bill authorizes the legislature to appropriate money from the state highway fund for the repayment of a loan under this section.

**EFFECTIVE DATE**

The date on which the constitutional amendment proposed by House Joint Resolution 28 takes effect, if that amendment is approved by the voters.

**EXPLANATION OF AMENDMENTS**

Committee Amendment No. 1 modifies the provision which sets forth a five year term limit on a loan under this bill by decreasing the term limit to two years.