

## **BILL ANALYSIS**

H.J.R. 28  
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 Joint Resolution 28 requires the submission to the voters of a constitutional amendment authorizing the Texas Transportation Commission to authorize the Texas Department of Transportation 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 resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

House Joint Resolution 28 amends the Texas Constitution to authorize the Texas Transportation Commission to authorize the Texas Department of Transportation to borrow money for transportation-related projects.

The resolution provides the following limitations on loans created under this section:

1. The loan may not have a term of more than five years;
2. The debt created by such a loan is not a general obligation of the state; and
3. The loan is payable only as authorized by legislative appropriation.

The resolution also authorizes the legislature to appropriate funds dedicated under Article III of the Texas Constitution to pay the debt created by such a loan.

The resolution also requires that this proposed constitutional amendment be submitted to the voters at an election to be held November 4, 2003. Requires that the ballot be printed to allow voting for or against the following proposition: “The constitutional amendment providing for authorization of the borrowing of money on a short-term basis by a state transportation agency for transportation-related projects.”

### **FOR ELECTION**

This proposed constitutional amendment shall be submitted to the voters at an election to be held November 4, 2003. If the voters approve the amendment, House Joint Resolution 28 takes effect as part of the constitution on the date of the official canvass of returns showing adoption.

### **EXPLANATION OF AMENDMENTS**

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