LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 4, 2003

TO: Honorable Steve Ogden, Chair, Senate Committee on Infrastructure Development and Security

FROM: John Keel, Director, Legislative Budget Board

IN RE: **SB1924** by Ogden (Relating to the powers and duties of a regional mobility authority, including the power of eminent domain and the power to issue bonds; providing criminal penalties.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Transportation Code to allow the Transportation Commission (TTC) to authorize the creation of a regional mobility authority (RMA) for the purposes of constructing, maintaining, and operating transportation projects in a region of the state and expand laws governing an RMA. The bill would also repeal existing statutes that currently govern and enable an RMA.

The bill would establish an RMA as a local governmental unit with specific powers, duties, authorities, and abilities. The bill would also establish guidelines, requirements, and restrictions for an RMA and would allow an RMA to defray its costs through toll collections, donations, and revenue bond issuances. The bill would provide an RMA with the powers of eminent domain; exemption from taxation or assessments; and rulemaking authority for the installation, construction, operation, maintenance, repair, renewal, relocation, or removal of a public utility facility in, on, along, over, or under a transportation project. The bill would authorize an RMA to lease, sell, or convey a transportation project to a governmental entity upon approval of the governing body of the entity to which the project would be transferred.

The bill would allow an RMA to enter into agreements with public or private entities, a toll road corporation, the United States, a state of the United States, the United Mexican States, a state of the United Mexican States, another governmental entity, or a political subdivision, in order to study the feasibility of a transportation project or to acquire, design, finance, construct, maintain, repair, operate, extend or expand a transportation project. The bill would also allow an RMA to enter into exclusive development agreements and to transfer a turnpike project that has outstanding bonded indebtedness to the Department of Transportation (TxDOT) under specific conditions. The bill would provide guidelines for the dissolution of an RMA.

The bill would require the Texas Transportation Commission (TTC) to oversee an RMA and would authorize the TTC to convert sections of state highway to a toll road and deed those stretches to the RMA, to donate funds to an RMA, and to aid in all aspects of transportation project completion. The bill would not require TxDOT or local governments to commit funds for projects, but would allow for funds to be committed by TxDOT and local government entities. The bill would require an RMA to reimburse the TTC for the cost of a transferred turnpike project unless the TTC would determine that the transfer would result in substantial benefits to the state, TxDOT, and the public. The bill would allow the TTC to remove a turnpike project from the state highway system at the time of transfer but would prohibit it from transferring the Queen Isabella Causeway in Cameron County to an RMA. The bill would allow the TTC to transfer a ferry to an RMA under specific conditions established in the bill and would require the TTC to establish necessary rules to implement the provisions of the bill.

No significant fiscal implication to the state is anticipated because it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources at TxDOT and that any cost savings realized by the state from activities and established agreements involving RMAs would be used for other transportation related purposes. TxDOT estimates that RMAs would issue bonds to develop and construct projects and that this would allow funds normally used for those projects to be used on other transportation projects in the state.

The bill would take effect September 1, 2003.

Local Government Impact

It is assumed that costs to local governmental entities and RMAs would depend on the size and type of projects constructed and the nature of agreements entered into with TxDOT. It is also assumed that an RMA would utilize various funding mechanisms for which it is authorized to pay for projects, such as issuing bonds.

Currently, only one RMA has been established, and officials with that authority indicated to the Comptroller of Public Accounts that neighboring local governmental units would contribute significantly to the projects it might undertake, although no figures were provided.

An example of a possible project and associated costs would be converting an existing highway to a tollroad. Based on costs associated with the North Texas Tollway Authority and the President George Bush Tollway, as provided by the co-chair of the Dallas Area Mobility Coalition, converting a highway segment to a tollway (building barrier plazas and reconfiguring access and exit ramps) would cost approximately $265 million. Annual staffing of the tollway would cost approximately $28 million. Although a toll would be collected, the amount of traffic volume generally drops when a toll is charged. The overall fiscal impact would depend on the length of highway converted to a tollway, the size and complexity of any other transportation projects, and how much revenue is raised through bonds, toll collections, and contributions to offset those costs.

Source Agencies:	302 Office of the Attorney General, 304 Comptroller of Public Accounts, 601 Department of Transportation
LBB Staff:	JK, RR, RT, MW, KG