

BILL ANALYSIS

H.J.R. 81
By: Krusee
Transportation
Committee Report (Unamended)

BACKGROUND AND PURPOSE

To create a Texas Rail Relocation and Improvement Fund, which will be administered by the Texas Transportation Commission (TTC) for the purpose of providing a method of financing the relocation and improvement of privately and publicly owned passenger and freight rail facilities.

Under Chapter 91, Transportation Code, the Texas Department of Transportation (TxDOT) has the authority to acquire, construct, and maintain rail facilities. Chapter 91 is limited to TxDOT-owned rail facilities, and very little funding is available to implement Chapter 91.

Under Subchapter M, Chapter 201, Transportation Code, the TTC may use the Texas Mobility Fund to finance public transportation projects. Public transportation projects include passenger rail facilities, but not freight rail facilities.

Highway capacity is not keeping up with demand. Texas roadways have become increasingly congested in recent years due in part to population growth and the changing economy.

The transportation of freight on the state's transportation system has grown tremendously and will continue to do so, causing a greater burden on both the highway system and the freight rail system.

The railroad industry was deregulated in 1980. As a result, the industry dramatically improved its productivity and stabilized its market share. This was accomplished, however, by downsizing and streamlining operations and keeping capital expenditures low. The industry does not generate sufficient profits to reinvest in the infrastructure. As the demand for freight transportation increases, the rail industry's infrastructure will not be sufficient to maintain its market share and keep freight off highways.

A rail relocation and improvement fund could leverage its assets to issue bonds. It is estimated that \$100 million per year could generate \$1 billion in bond proceeds to be used for the relocation or improvement of rail lines. In some instances, the costs of the projects could be offset somewhat by the acquisition of the existing right of way (in the case of relocated lines) and the potential for increased economic development along these corridors. Savings could be generated by the availability of highway funds that otherwise would have been expended on grade-separated rail crossings, safety improvements, and right of way expenses for highway improvements.

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

SECTION 1. Adds Article III, Texas Constitution, by adding Section 49-o, to: create the Texas Relocation and Improvement Fund, to be administered by the TTC so as to provide a method of financing the relocation and improvement of privately and publicly owned passenger and freight rail facilities; authorize the legislature to dedicate to the fund one or more specific sources or portions, or a specific amount, of the revenue, including taxes, and other money of the state that are not otherwise dedicated by the constitution.

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SECTION 2. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held November 8, 2005. Requires the ballot to be printed to permit voting for or against the proposition: "The constitutional amendment creating the Texas Rail Relocation and Improvement Fund and authorizing grants of money and issuance of obligations for financing the relocation, construction, reconstruction, acquisition, improvement, and expansion of rail facilities.

EFFECTIVE DATE

This proposed constitutional amendment shall be submitted to the voters at an election to be held November 8, 2005.