

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 21, 2009

TO: Honorable Joseph Pickett, Chair, House Committee on Transportation

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2589 by Pickett (Relating to transportation planning and funding allocations.),
Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB2589, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2011.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from State Highway Fund 6
2010	(\$11,065,000)
2011	(\$11,065,000)
2012	\$0
2013	\$0
2014	\$0

Fiscal Analysis

SECTION 2 of the bill would require the Texas Transportation Commission (TTC) to divide the state into 25 districts and to align the districts' boundaries along the boundaries of regional planning commissions created under Chapter 391, Local Government Code.

SECTION 3 of the bill would establish a legislative oversight committee on transportation. The bill would require the legislative oversight committee or the TTC to appoint an inspector general and would prescribe the duties of the inspector general.

SECTION 5 of the bill would require the Chief Financial Officer of the Texas Department of Transportation (TxDOT) on September first of every odd numbered year following the legislative session to issue a 10-year cash flow forecast for each method and category of funding, which is to be

used by the TTC to allocate funding to planning organizations. The bill would require the allocated funds to be deposited to subaccounts for each region in the State Highway Fund. The bill would require each planning organization to develop a 10-year transportation plan for the use of funding allocated to the region and would require TxDOT to compile the planning organizations' project selections to develop a statewide transportation program and budget. The bill would require TxDOT to review the plans of each planning organization to ensure they are in compliance with federal requirements and provide assistance to correct deficiencies. The bill would require TTC to adopt rules to create funding formulas for different types of transportation projects. The bill would authorize the use of funds allocated to planning organizations for transportation projects costs, payment of debt service, repayment of loans from another region, or to fund planning organization operations. The bill would establish a cap on the amount of allocated funds that may be used for planning organization operations at the lesser of 10 percent or \$10 million if the planning organization is located in a transportation management area; or the lesser of 10 percent or \$3 million if the planning organization is not located in a transportation management area. The bill would require TxDOT to develop a 10-year business work plan based on the planning organizations' 10-year plans. The bill would require TxDOT to develop performance measures specified by the bill and require the TTC to review performance biennially.

SECTION 7 of the bill would require at least 75 percent metropolitan planning organizations (MPO) policy board to be composed of elected officials who are elected within the boundaries of the MPO in order to be eligible to receive formula funding under the provisions of the bill.

SECTION 10 of the bill would require TTC or the legislative oversight committee on transportation to appoint an inspector general not later than December 1, 2009.

The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to each house or otherwise on September 1, 2009.

Methodology

Based on the analysis of TxDOT, it is assumed the bill would require TTC to establish 25 TxDOT districts along the boundaries of the 24 councils of government in the state. According to TxDOT, new district headquarters facilities would need to be constructed in the Sherman and Kileen/ Temple areas at a total estimated cost of \$20.1 million for the acquisition of land and building construction. Additionally, TxDOT indicates that an existing facility in the Del Rio/Laredo area would need to be upgraded to accommodate a headquarters office at an estimated cost of \$2 million. Based on the information provided by TxDOT, it is assumed the construction and renovation would take two years to complete.

Based on the analysis of TxDOT, the provisions of the bill would allow planning organizations to utilize up to \$131 million from the regional transportation funding allocations for their operations. It is assumed the use of these funds for planning organization operations would be offset by an equal reduction in expenditures for transportation construction.

Based on the analysis of TxDOT, it is assumed TxDOT could absorb any other costs and duties associated with implementing the provisions of the bill within the agency's existing resources.

Local Government Impact

It is assumed the costs incurred by local governmental entities to create planning organizations, and develop plans and programs would likely be offset by funds allocated to the organizations by the commission for start-up costs.

Source Agencies: 601 Department of Transportation

LBB Staff: JOB, KJG, MW, TG, TP