

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 16, 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 the creation and membership of planning organizations and funding allocations for transportation projects.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2589, As Introduced: 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 1 of the bill would amend the Transportation Code to require the Texas Transportation Commission (TTC) to divide the state into 25 districts and to align the district boundaries along the boundaries of the councils of government (COG).

SECTION 3 of the bill would establish the parameters for the creation of rural planning organizations (RPO). The bill would allow the Texas Department of Transportation (TxDOT) to use money in the State Highway Fund to fund the operations of an RPO.

SECTION 4 of the bill would require the Chief Financial Officer of 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 the

department's districts. The bill would require the allocated funds to be deposited to subaccounts in the State Highway Fund. The bill would require RPOs and metropolitan planning organizations (planning organizations) to develop a 10-year transportation plan utilizing the funding allocated to the region and would require TxDOT to review the plans of the planning organization to ensure they are in compliance with federal requirements and provide assistance to the planning organization to correct deficiencies.

SECTION 5 of the bill would require TTC to adopt rules to create a funding formula in order to allocate funds to the regions and would establish the minimum criteria for the formula for distribution of certain funds to each region. The bill would allow the use of funds allocated to the region for transportation projects, repayment of loans from other regions, and the operations of planning organizations as specified by the bill.

SECTION 6 of the bill would require TxDOT to develop a 10-year business work plan based on the planning organizations' ten-year plans. The bill would require TxDOT to develop performance measures specified by the bill and require the TTC to review the performance biennially. The bill would establish a 10-member legislative oversight committee on transportation to monitor the implementation of the statewide transportation program and budget.

SECTION 7 of the bill would require TTC, no later than December 1, 2009, to appoint an Inspector General to perform duties specified by the bill.

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 24 TxDOT districts along the boundaries of the COGs. According to TxDOT, new district headquarters facilities would need to be constructed in the Sherman and Killeen/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 \$154 million from the regional transportation funding allocations for their operations. It is assumed the use of these of 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

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