

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 17, 2009

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: SB1350 by Carona (Relating to the creation, administration, financing, and use of a Texas Transportation Revolving Fund; granting the authority to issue bonds.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Transportation Code to create the Texas Transportation Revolving Fund to be held in the Texas Treasury Safekeeping Trust Company and to be administered by the Texas Transportation Commission (TTC) through the Texas Department of Transportation (TxDOT). The bill would require TTC to file an annual report with the Governor and the presiding officer of each house of the legislature providing certain information on the operation of the fund. The bill would authorize TTC to deposit to the fund proceeds from the sale of State Highway Fund revenue bonds (Proposition 14), bonds authorized Section 49-p, Article III, Texas Constitution (Proposition 12 General Obligation Bonds), and proceeds from the sale of revenue bonds backed by the fund as authorized by the bill; repayments of principal and interest on loans made from the fund as authorized by the bill; funds provided by TTC from the State Highway Fund, Texas Mobility Fund, and/or any other source designated by TTC; and from direct appropriations to the fund. Interest income from investments of money in the funds would also be deposited to the fund. The bill would authorize TTC to issue revenue bonds backed by the fund. The bonds would be special obligations of TTC and would not constitute a debt of the state or a pledge of the faith and credit of the state. The bill would authorize TTC to use money held in the fund to provide financial assistance to a public or private entity for the costs of a transportation project and to pay debt service on revenue bonds backed by the fund. The bill would authorize a public entity that is authorized by law to construct, maintain, or finance a transportation project to borrow money from the fund and to pledge revenues, income, and pledge, levy, and collect taxes (subject to constitutional limitation) for the repayment of a loan or other financial assistance from the fund. The bill would authorize TTC to require the entity receiving financial assistance to make charges, levy and collect taxes, pledge revenues, or otherwise take actions necessary to provide for money in an amount sufficient for repayment under the terms and conditions of the financial assistance/loan. For a tolled project, TTC would be authorized to require that revenues from the project be shared between the entity and the commission based on the terms and conditions of a revenue sharing agreement between TTC and the entity. The bill would authorize TTC to sell any loans made from money in the fund, the proceeds from which would be deposited to the fund. The bill would require a competitive bid process for the sale of loans. The bill would require TTC to adopt rules to establish eligibility and prioritization criteria for entities applying for financial assistance and for projects that may receive financial assistance; specify the method for setting the terms and conditions for providing financial assistance from the fund; and establish procedures for the sale of loans originated from amounts on deposit in the fund. The bill would require TTC to appoint a rules advisory committee to advise TxDOT and TTC on the development of the initial rules. TxDOT indicates that there are currently no unobligated Proposition 14 bond proceeds that would be available for deposit to the Texas Transportation Revolving Fund (Fund). Additionally, the issuance of Proposition 12 General Obligation Bonds is not currently authorized in statute, and therefore is not currently an available funding source for the Fund. Therefore, it is assumed TTC would provide money for deposit to the Fund from existing State Highway Fund or Texas Mobility Fund appropriations to TxDOT that are not otherwise obligated for the payment of bond debt service or outstanding construction contract obligations. It is assumed the use of existing State Highway Fund

and Texas Mobility Fund appropriations for deposit to the Fund would result in a decrease of funds from these sources that the department could use for new construction contracts or bond issuances. Based on the analysis of TxDOT, it is assumed any administrative costs or duties associated with the implementation of the bill could be absorbed within the agency's existing resources.

Note: Although this bill would not make an appropriation, it would establish the basis for an appropriation.

Note: This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.094, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

It is unknown which or how many local government entities would seek to borrow funds from the proposed revolving fund. The fiscal impact would vary by entity depending on the amount of the loan or other financial assistance received. It is assumed that an entity would seek a loan for which the entity would have sufficient resources for repayment.

Source Agencies: 405 Department of Public Safety, 601 Department of Transportation, 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, MW, TG, DB