

BILL ANALYSIS

Senate Research Center
82R21276 JXC-D

C.S.H.B. 699
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International Relations & Trade
4/21/2011
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Chapter 55 (Funding of Port Security, Projects, and Studies) of the Texas Transportation Code provides for the funding of port security, facility projects, and port studies by the Texas Department of Transportation (TxDOT) from the Port Access Account Fund (fund). The statute specifies eligibility for receiving funding by TxDOT, strict matching fund requirements for projects to receive funding, and a list of eligible projects. Chapter 55 further establishes the parameters of the fund, specifying sources of money for the fund and limiting TxDOT in the use of that money to performing its powers and duties concerning port transportation and economic development under the statute and accordingly paying its incurred expenses. The statute provides for the membership of the Port Authority Advisory Committee (committee), the committee's duties, and requires the committee to prepare a two-year port capital program which defines the goals and objectives of the committee regarding the development of port facilities and an intermodal transportation system. The term "port" is used broadly throughout the statute, and refers to ports for all modes of transportation: land, sea, and air.

During the interim, the Senate Committee on International Relations and Trade (IRT) conducted a study which examined the role that maritime trade plays in the state's economic vitality along with the need for further investment in maritime port infrastructure. IRT found that trade through maritime ports is critical to the state's economy, creating nearly one million jobs, and generating nearly \$135 billion in economic value and approximately \$5 billion in tax revenue. IRT also found that developments such as the expansion of the Panama Canal, projected to be completed in 2014, will lead to a sharp increase in maritime trade activity that Texas sea ports must be capable of accommodating in order to avoid losing trade to other states. Based on these findings, IRT issued recommendations that include working with transportation officials and the state's ports in developing an innovative funding mechanism for the fund and better preparing Texas' maritime ports for future international trade opportunities.

Recent developments such as the expansion of the Panama Canal and the increase in maritime trade that is expected to occur as a result, have led experts to conclude that Texas must invest in its maritime port infrastructure or risk losing its competitive position to other states. Maritime ports will need to be upgraded to accommodate heavier traffic and larger ships and there will be a corresponding need to upgrade port security. In the United States, Texas is currently second only to California in maritime trade, and with this trade playing a vital role in the state's economy, the consequences of losing this competitiveness in the realm of international trade would be severe.

As it is currently written, Chapter 55 is an inadequate mechanism for the funding of Texas maritime port security and infrastructure. By referring to "ports" in a broad sense, the statute applies to ports of all modes of transportation, including air and land ports. This places maritime ports at a disadvantage in securing funding from the fund, and also fails to guarantee maritime ports with representation on the Port Authority Advisory Committee, which provides recommendations for eligible projects and studies. Further, the current matching requirements to receive funding by TxDOT are rigid, with TxDOT unable to fund a port security, transportation, or facility project unless an amount at least equal to the amount provided by TxDOT is invested in the project by a port authority or navigation district. This inflexibility limits TxDOT in its ability to invest in projects that may be critical to the state's continued economic well-being.

In addition to directing TxDOT in the funding of port security, transportation or facility projects and port studies, Chapter 55 establishes the fund, along with the Port Authority Advisory Committee and the Committee's Capital Program. The statute specifies money that is to be credited to the fund, and mandates that money from the fund be appropriated only to TxDOT in order to perform its powers and duties under Chapter 55. The Chapter also specifies the membership of the committee, which is to include one member from the Port of Houston Authority, three members representing ports on the upper Texas coast, and three members representing ports on the lower Texas coast.

The statutory duties of the committee are provided, which include preparing a port mission plan, maintaining trade data information to assist ports in the state and in international trade, and annually preparing a list of projects along with recommended funding levels and funding requirements for the committee. Chapter 55 also provides that the committee is to prepare a port capital program every two years. The capital program is to include projects or studies submitted to the committee by any port, along with recommendations for the construction and development of transportation facilities or port facilities for various purposes, including connecting any port to another transportation mode and increasing port revenues.

The legislation modifies the language of Chapter 55 to apply exclusively to maritime ports.

C.S.H.B. 699 amends current law relating to the funding of port security, facility projects, and port studies.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Transportation Commission in SECTION 2 (Section 55.002, Transportation Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 55.001(5), Transportation Code, to redefine "port security, transportation, or facility project."

SECTION 2. Amends Sections 55.002(a), (b), and (c), Transportation Code, as follows:

- (a) Requires the Texas Department of Transportation (TxDOT), from money in the port access account fund (fund), to fund port security, transportation, or facility projects and maritime port studies, rather than port studies.
- (b) Authorizes the Texas Transportation Commission (TTC) by rule to establish matching fund requirements for receiving money from the fund. Deletes existing text prohibiting TxDOT from funding a port security, transportation, or facility project unless an amount at least equal to the amount provided by TxDOT is invested in the project by a port authority or navigation district.
- (c) Changes references from port security, transportation, or facility projects to maritime port security, transportation, or facility projects.

SECTION 3. Amends Section 55.005(c), Transportation Code, to make a conforming change.

SECTION 4. Amends Section 55.006(a), Transportation Code, to make conforming changes.

SECTION 5. Amends Section 55.007, Transportation Code, as follows:

Sec. 55.007. DUTIES OF COMMITTEE. (a) Creates this subsection from existing text. Requires the Port Authority Advisory Committee (committee) to:

- (1) prepare a maritime port mission plan;

(2) review each project eligible to be funded under this chapter and make recommendations for approval or disapproval to TxDOT;

(3) every two years, prepare a report on Texas maritime ports, with a list of projects that have been recommended by the committee, including the recommended funding level for each project, and if staged implementation of the project is appropriate, the funding requirements for each stage; and

(4) advise TTC and TxDOT on matters relating to port authorities.

(b) Requires the committee to update the report on Texas maritime ports and to submit the report not later than December 1 of each even-numbered year to TTC for distribution to the governor, the lieutenant governor, and the speaker of the house of representatives.

SECTION 6. Amends Section 55.008, Transportation Code, as follows:

Sec. 55.008. CAPITAL PROGRAM. (a) Makes conforming changes.

(b) Requires the committee to update the port capital program and to submit the capital program not later than December 1 of each even-numbered year to the governor, the lieutenant governor, the speaker of the house of representatives, and TTC. Deletes existing text requiring the committee to update the port capital program annually and to submit the capital program not later than February 1 of each year to the governor, the lieutenant governor, the speaker of the house of representatives, and TTC.

SECTION 7. Effective date: September 1, 2011.