

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 28, 2011**

**TO:** Honorable Larry Phillips, Chair, House Committee on Transportation

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

**IN RE: HB2802** by Pickett (Relating to the financing of transportation projects.), **Committee Report 1st House, Substituted**

**The bill would result in an indeterminate positive impact to the State depending on the nature and terms of loan repayments and revenue sharing agreements approved by the Transportation Commission and the timing of receipts from such agreements authorized by the bill.**

The bill would amend Section 201.943 of the Transportation Code, relating to the Texas Mobility Fund (Fund 365), to broaden the scope of the Comptroller's certification for money dedicated to Fund 365 in support of the issuance of short-term or long-term debt to include money or revenues that the Texas Transportation Commission (commission) commits to Fund 365, including loan repayments, receipts from credit agreements, money received or to be received from the federal government, and uncommitted fund balances.

The bill would amend the Transportation Code to authorize the issuance of and/or use of proceeds from Texas Mobility Fund obligations, State Highway Fund Revenue Bonds (Proposition 14 Bonds), and general obligation bonds for highway improvements (Proposition 12 GO Bonds) for the purpose of making loans to public entities, including a transportation corporation created under Chapter 431 of the Transportation Code, for transportation projects subject to the statutory provisions of each applicable bond program. The bill would require the commission to determine the terms and conditions, including the interest rate to be charged, for repayment of such loans. Under the provisions of the bill, loan repayments would be deposited to the credit of Fund 365 for loans made from Texas Mobility Fund Bond proceeds; to either the State Highway Fund (Fund 6) or the State Infrastructure Bank (SIB) for loans made from Proposition 14 Bond proceeds; and to the SIB for loans made from Proposition 12 GO Bond proceeds.

The bill would authorize certain public entities (including units of local government) to enter into an agreement to receive a loan from money authorized by the bill and pledge revenue from any available source (including the pledge, levy, and collection of any taxes, subject to any constitutional limitation) to provide for the repayment of a loan.

The bill would amend Section 222.103, Transportation Code, to require (rather than authorize) the commission to require the repayment of any money spent by TxDOT for participation in the cost of toll facility of a public entity or require the public entity to agree to share project revenue with TxDOT on terms and conditions approved by the commission. The bill would require payments received under the agreement to be deposited to the credit of the fund from which TxDOT's expenditure for cost participation was made.

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, 2011.

Because the amounts of any loans extended to public entities and the terms of any repayments or revenue sharing agreements that may be set by the commission under the provisions of the bill is unknown, the fiscal implications to state cannot be determined at this time. Based on the analysis of

the Comptroller's office and TxDOT, it is assumed the provisions of the bill could result in an indeterminate positive impact to Fund 6, Fund 365, and the SIB (an account held within Fund 6), depending on the nature and terms of any loan repayments and/or revenue sharing agreements approved by the commission and the timing of receipts by TxDOT under such agreements.

### **Local Government Impact**

Fiscal impact to a local government would vary depending the amount of funds, if any, borrowed under the provisions of the bill, and the terms and conditions of the loan.

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

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