

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 8, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2796 by Raymond (Relating to joint participation agreements with local governments for highway improvements.), **As Introduced**

The costs of implementing the bill could be absorbed within existing resources; however, the enactment of the bill could result in a loss of federal highway funds to the state.

The bill would amend the Transportation Code to specify that a rule adopted by the Texas Department of Transportation that governs joint participation agreements with local governments for a highway improvement project must (1) allow a local government to perform maintenance on interstate highways located within the boundaries of the local government under a contract in which TxDOT reimburses the local government for the maintenance and (2) limit the amount a local government may be held responsible under an agreement for right-of-way acquisition and utility relocation to not more than 10 percent over the TxDOT's original estimate for the acquisition or relocation.

TxDOT indicates that the state's federal highway funding could be jeopardized under provisions of the bill that permit local jurisdictions to assume responsibility for work on interstate highways. TxDOT is the designated state administrative agency granted authority to oversee federal transportation funding and related planning, design, and construction functions in Texas. Under Federal Transportation law, failure to follow guidelines established by the Federal Highway Administration may result in penalties of up to ten percent (estimated to be \$304 million) of federal highway funding apportionments each year the violation is in effect for allowing a local transportation entity to assume responsibility for interstate highway projects.

It is assumed TxDOT would be responsible for any right-of-way acquisition and utility relocation costs in excess of 110 percent of the department's original estimate for the local share of such costs under a joint participation agreement for a project. The increased costs to TxDOT would depend on the number and scope of applicable projects, and it is assumed any increased costs resulting from the provisions of the bill would be accommodated through the reallocation of TxDOT's existing highway planning and construction funds.

The bill would take effect upon receiving a two-thirds majority vote in both houses; otherwise, the bill would take effect September 1, 2013.

Local Government Impact

This bill would result in cost savings to local governments that cannot be estimated.

Source Agencies: 601 Department of Transportation

LBB Staff: UP, AG, MW, TG, KKR