

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**  
**Revision 1**

**March 30, 2017**

**TO:** Honorable Robert Nichols, Chair, Senate Committee on Transportation

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** SB28 by Creighton (Relating to the financing of ports in the state.), **Committee Report**  
**1st House, Substituted**

The fiscal implications of this bill are indeterminate but depending on action taken to execute the provisions of the bill could be significant at the time of implementation.

The bill would amend the Transportation Code relating to the financing of ports in the state.

The bill would define "port access improvement project" and authorize the Texas Transportation Commission to provide funding for a port access improvement project from the Texas Mobility Fund.

The bill would create the Ship Channel Improvement Revolving Fund as an account in the General Revenue Fund to be administered by the Texas Transportation Commission. The bill would require the commission by rule to establish a revolving loan program to use money from the fund to finance qualified projects for navigation districts.

Under the provisions of the bill, the fund would consist of money the commission receives as a gift, grant, or donation for the purpose of funding ship channel improvements; money appropriated to the commission for such purpose; money received by the commission for the repayment of a loan from the revolving fund; and interest earned on deposits and investments of the fund. Money in the fund may only be appropriated to the commission for purposes of administering the fund and the revolving loan program.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2017.

The Ship Channel Improvement Revolving Fund would be a revolving loan account in the General Revenue Fund, and any loan repayments would be credited to the fund.

The bill would establish criteria for a qualified project, which includes that a project be authorized under the federal Water Resources Reform and Development Act of 2014, and also that would meet criteria established by commission rule. Those criteria are unknown at this time. The authorized projects for Texas in the federal Water Resources Reform and Development Act of 2014 include estimated costs ranging from \$239.3 million to \$1.1 billion. The authorized projects require a non-federal sponsor to share the cost of the project. The non-federal share for the

authorized projects ranges from \$118.3 million to \$365.9 million. Actual parameters of the loan program are unknown at this time. Assuming the the smallest of these projects is eligible and selected for the program, and assuming the revolving loan program makes a loan to a navigation district at a 50/50 match of a project's non-federal share, the initial capitalization based on providing a loan to a navigation district for an authorized project with a non-federal share of \$118.3 million would be \$59 million. For purposes of calculating loan repayments being credited to the revolving fund, a \$59 million loan being made in fiscal year 2018 with a term of 10 years at a 5 percent annual interest rate would result in estimated loan repayments of approximately \$7.5 million each fiscal year beginning in fiscal year 2018.

Based on the analysis of the Texas Department of Transportation, it is assumed that any additional duties and responsibilities required could be accomplished using existing agency resources.

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. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

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

**LBB Staff:** UP, AG, EH, LBO, SD, TG