

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 16, 2019

TO: Honorable Terry Canales, Chair, House Committee on Transportation

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB436 by Shaheen (Relating to the cessation of tolls by toll project entities in certain circumstances.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB436, As Introduced: an impact of \$0 through the biennium ending August 31, 2021. However, the bill would result in an estimated two-year impact of (\$26,943,000) to the State Highway Fund through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|--------------------|---------------------------------------------------------------------------------|
| 2020 | \$0 |
| 2021 | \$0 |
| 2022 | \$0 |
| 2023 | \$0 |
| 2024 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue Gain/(Loss) from State Highway Fund |
|--------------------|-------------------------------------------------------------|
| 2020 | 6 (\$12,830,000) |
| 2021 | 6 (\$14,113,000) |
| 2022 | 6 (\$15,524,000) |
| 2023 | 6 (\$17,076,000) |
| 2024 | 6 (\$18,784,000) |

Fiscal Analysis

The bill would amend Chapters 228, 366, and 370 of the Transportation Code by repealing

provisions authorizing certain toll project entities, including the Texas Department of Transportation (TxDOT), to use surplus revenue of a toll project to support the financing another project. The bill would amend Subchapter B, Chapter 372 of the Transportation Code by adding Section 372.054 regarding the cessation of tolls. The bill would stipulate that a toll project becomes part of the state highway system and shall be maintained by the Texas Transportation Commission without tolls when the costs of acquisition and construction of the project have been paid and either (1) all bonds and bond interest payable from or secured by the project's revenue have been paid, or (2) a sufficient amount for payment of all bonds to maturity has been set aside by the issuer.

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, 2019.

Methodology

TxDOT reports that three toll projects operated by the department do not have debt, including toll facilities on the DFW Connector, IH 30/Tom Landry, and IH 635. Based on the information and analysis provided by TxDOT, it is assumed tolls for these facilities would be removed when the bill becomes effective resulting revenue losses to the State Highway Fund as shown in the table above. For the purposes of this analysis, an effective date of September 1, 2019, is assumed.

TxDOT also reports that five additional TxDOT toll projects that have debt outstanding, with final maturity dates ranging from 2042 to 2057, and additional toll concession projects that have debt outstanding from private activity bonds or other private debt. TxDOT indicates that cessation of tolling on toll concession projects once the concessionaire's project debt has been paid may require the department to use the "termination for convenience" contract provision in the associated comprehensive development agreement, which could require a cash payment to a concessionaire in an amount that cannot be determined at this time. However, it is assumed implementation of the bill would not result in an immediate impact to the tolling, operations, and maintenance of these projects.

TxDOT reports that cessation of tolling would eliminate a source of revenue used to fund the maintenance of toll roads. Based on the information provided by TxDOT, it is assumed the routine maintenance and rehabilitation costs of any toll projects that cease tolling and become part of the state highway system, including local toll project entities' projects, would be accommodate through the reallocation of the agency's existing highway planning and construction funding sources.

Local Government Impact

Based on the information provided by Harris County and regional mobility authorities (local toll project entities), it is assumed implementation of the bill would result in an immediate negative impact to a local toll project entity's ability to secure debt financing for construction and reconstruction of transportation projects.

Source Agencies: 601 Department of Transportation

LBB Staff: WP, JGAn, SGr, TG