



The Transportation Policy Body for the North Central Texas Council of Governments
(Metropolitan Planning Organization for the Dallas-Fort Worth Region)

September 15, 2020

The Honorable Terry Canales
Texas House of Representatives
PO Box 2910
Austin, TX 78768

Dear Chair Canales:

On behalf of the Regional Transportation Council (RTC), the Metropolitan Planning Organization (MPO) for the Dallas-Fort Worth (DFW) area, I would like to extend our thanks for your valuable service in the Texas Legislature on transportation issues. The RTC would like to respond to the House Committee on Transportation's notice of formal request for information on interim charges.

House Transportation Interim Charge 1B: SB 282 and SB 962, which relate to the funding for the State Highway Fund. Study the current mix of user fee-based funding for the state highway system, including registration fees, tolls, and fuel tax, and determine if current funding generated is sufficient to maintain cost demands. Examine whether current legislative appropriations, including projections for Proposition 1 (severance tax) and Proposition 7 (sales tax) funds, are keeping pace with Texas' highway funding needs to accommodate population and economic development growth. Make recommendations for additional methods of funding or innovative tools that the state could utilize to deliver road infrastructure projects.

Funding Needs

Identifying additional transportation revenue is key to reducing congestion across Texas large urban regions like the DFW area. Significant population growth, increased construction costs and continued improvements in vehicle fuel efficiency have all contributed to a transportation funding shortfall.

As you know, the Comptroller's revised 2020-2021 Certification Revenue Estimate projects a Fiscal Year 2021 ending deficit of \$4.58 billion, down from a previously projected surplus of \$2.89 billion. While the future remains uncertain, severance tax collections in FY21 are expected to decrease from FY20 totals, resulting in smaller FY22 transfers to the State Highway Fund and Rainy Day Fund. Proposition 1 and Proposition 7 allocations are not guaranteed amounts and will fluctuate each year, so it is important to identify additional reliable, long-term funding solutions.

Methods of Funding

Due to these fluctuations in certain transportation revenue sources, such as Propositions 1 and 7, it is imperative to ensure other transportation funds are appropriately allocated. The RTC is requesting the Legislature ensure the fair-share allocation of funds to metropolitan regions. Texas Transportation Code Chapter 201.9991 states that the Transportation Commission may

make discretionary funding decisions. This has led to different interpretations, and clarification of current code is needed to ensure proper allocations of Category 12 Strategic Priority Funds. Historically, you have requested TxDOT to fund other Categories of funds, with Category 12 to be used for emergency purposes.

Additionally, traditional funding sources in their current condition are not meeting the needs of the State and other methods of funding must be explored. In recent legislative sessions, there have been numerous proposals to increase funding for transportation but have not achieved final passage. Some of these proposals include indexing the motor fuels tax to fuel efficiency, allowing counties in a region the ability to adopt a \$10 optional vehicle registration fee, or implementing a temporary, voter approved local transportation revenue source that could be used for both highway and transit projects. Transportation reinvestment zones and a vehicle miles traveled pilot project are other options. The RTC encourages the Legislature to consider all options during the upcoming legislative session.

It is important to note that much has changed since the motor vehicle fuels tax was last increased nearly three decades ago. Vehicles are more fuel efficient, and alternative fuel, hybrid, and electric vehicles have proliferated. Last session, Senate Bill 604 (86R) authorized a study to be completed by December 2020 on the effect alternative fuel vehicles have on transportation revenue. Once published, study recommendations that provide additional revenue should be investigated. Delays in implementation will make legislation more difficult.

Innovative Tools

Utilizing innovative tools to expedite projects during times of recession, which we now face, are critical. The RTC supports the ability to utilize tolled managed lanes and public-private partnerships to help expedite projects when traditional funding sources are scarce. We understand that some believe the current environment does not support tolling, this is not the view of our region and this may be an opportunity for a partnership between MPOs, TxDOT, the Texas Transportation Commission, and the Texas Legislature to work together to allow tolled managed lanes with restrictions. This may include only tolling in urban districts or in only part of a region that experiences extensive traffic congestion. As the DFW region continues to grow, so does the need to accommodate rising travel demand, provide choices, and balance transportation investments.

The RTC appreciates the opportunity to provide these comments and looks forward to discussing our ideas with you further. If you have any questions, please contact me or Michael Morris, P.E., Director of Transportation, at (817) 695-9241 or mmorris@nctcog.org.

Sincerely,



Roger Harmon, Chair
Regional Transportation Council
Johnson County Judge

RH:kw

cc: Members of the House Committee on Transportation
Michael Morris, P.E., Director of Transportation, NCTCOG