



September 18, 2020

**TO: Chairman Terry Canales &
Members of the Texas Transportation Committee**

**FR: ALEC Action
2900 Crystal Drive, Suite 600
Arlington, VA 22202
571.482.5050
mbowman@alecaction.org**

**RE: Transportation RFO
Interim Charge 1 B
P3 Highway Tolls**

On behalf of ALEC Action, the 501c4 sister organization of the American Legislative Exchange Council, America's largest nonpartisan, voluntary membership organization of state legislators dedicated to the principles of limited government, free markets and federalism, thank you for this opportunity to share our views and approach.

In short, we believe that innovative solutions are needed to maintain and improve the Texas transportation infrastructure to keep pace with the rapid growth of the state, particularly in light of current fiscal realities.

Expenses and a drop off of anticipated revenue due to COVID-19 has drastically altered the financial positions of state budgets all over America. Texas is no exception. The Texas Comptroller projects a \$4.6 billion revenue shortfall for 2021. Meanwhile, the reality is that Texas continues to be one of the fastest growing states in America.

According to the latest edition of the ALEC publication *Rich States, Poor States*, Texas currently has the best economic performance in the country, thanks to outstanding GDP and job growth. As a result, the state has experienced net domestic in-migration of more than 1.2 million new residents over the past decade. In terms of economic outlook, Texas ranks a respectable 15th among the 50 states. The state has wisely avoided an income tax, a key decision which has helped its economy thrive.

Another critical decision is to look to Public-Private Partnerships (P3). ALEC has long supported P3s because they are often more efficient, better executed and get the job done at little or no expense to taxpayers.

The ALEC Statement of Principles on Road Transportation Financing states:

Government policy should encourage a market-driven highway system, one that responds to the needs of users, on a user-pays basis. Traffic congestion imposes enormous costs on the U.S. economy. Because of future deficits in the Highway Trust Fund, the federal government will not adequately fund needed improvements for our roads. Hence, innovative financing methods, such as public-private partnerships, have a vital role in solving our current transportation problems. Private investment in highway projects generates new sources of money, ideas, and efficiency.

Despite Texas, and the entire nation, dealing with the economic fallout from the pandemic, the federal government appears unable or unwilling to pass a critical infrastructure funding bill in Congress. As more people move to the Lone Star State and place greater demands on the road system, Texas does not have the luxury of waiting on Congress to act. Rather, Texas should do what it has always done well, rely on itself to address the challenges it faces.

Over time, highways have transformed the American way of life, and they remain essential to commerce and employment opportunities. Here is a synopsis of our position:

1. Alongside Texas' booming economic growth (due to its low taxes and fiscal discipline), its population is projected to grow from 29 million to 54 million people by 2050. (Texas Demographic Center projected in 2019)
2. Texas currently faces a \$4.6 billion revenue shortfall for 2021. This is due to the combined impact of low oil and gas prices and the COVID-19 shutdown. (Texas Comptroller Statement, July 20, 2020)
3. Texas already faces too much congestion, particularly in critical areas of the state with current and long-term prospects for economic growth. The state needs to build for the present and the future.
4. P3s are the solution that would allow Texas to build needed infrastructure without increasing spending or raising taxes.

We believe the best path forward is to support P3 road projects that utilize user fees, expanded road capacity and advanced technologies to reduce congestion and promote economic activity.

Why is ALEC Action so bullish on P3s? Simply because they work! P3s improve operational efficiency and environmental performance; promote public safety; attract private investment; minimize governmental liabilities; and allow necessary funding for other critical projects to be completed on time.

Finally, Texas has enjoyed tremendous growth because of its fiscal discipline and avoidance of raising taxes. Now that Texas is working on economic recovery, the state must adhere to the principles that made it so successful. ALEC Action strongly urges the Transportation Committee to unleash the power of P3s for the Texas highway system.

If you have any question regarding this issue, please contact me at mbowman@alecaction.org

Sincerely,

Michael Bowman
President
ALEC Action

Resources:

<https://www.alec.org/model-policy/establishing-a-public-private-partnership-p3-authority-act/>

<https://www.alec.org/model-policy/alec-statement-of-principles-on-toll-roads/>

ALEC Action is the 501(c)4 affiliate of the American Legislative Exchange Council.