

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

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**March 8, 2021**

**TO:** Honorable Richard Peña Raymond, Chair, House Committee on Defense & Veterans' Affairs

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB737** by White (Relating to military toll discount programs.), **As Introduced**

Because the number of additional customers who may participate in the program and number of additional discounted or waived transactions under the provisions of the bill is unknown, the potential negative impact to toll revenue and costs to replace lost toll revenue cannot be determined at this time.

The bill would amend Transportation Code §372.053 to change the current optional veteran discount program for toll project entities, including the Texas Department of Transportation (TxDOT), to a military discount program. The bill would require a military toll discount program to provide free or discounted use of the entity's toll project by a vehicle associated with the account of an electronic toll collection customer who is eligible to be issued certain military specialty license plates, including Disabled Veteran, active members of the Texas National Guard or State Guard, "Legion of Valor" plates, Purple Heart, and specialty plates for Gold Star mother, father, spouse, or family members. The bill would require a toll project entity that establishes a military discount program to adopt a policy to allow a customer whose account is not associated with a vehicle that displays an eligible specialty license plate to establish eligibility to participate in the program for other vehicles. The bill would require a toll project entity that has an electronic toll collection customer who participates in the entity's discount program to provide to any other toll project entity with a discount program the information necessary for the customer to participate in that entity's discount program. The bill would require TxDOT to maintain a map on the TxDOT website that displays all toll projects that offer a discount program, including those of other toll project entities. The bill would take effect on September 1, 2021.

TxDOT operates a veteran toll discount program under current law, under which TxDOT waives tolls on certain toll projects for vehicles registered with the state of Texas and displaying a qualified specialty license plate, including license plates for recipients of the Congressional Medal of Honor; Air Force Cross, Distinguished Service Cross, Army Distinguished Service Cross, and Navy Cross (Legion of Valor); Purple Heart; and disabled veterans. The bill would change the veteran discount program to a military discount program and expand program eligibility to vehicles associated with the account of an electronic toll collection customer who is eligible to be issued Texas specialty license plates for active members of the Texas National Guard or State Guard and Gold Star specialty plates and would not require the customer's vehicle to display a qualifying plate.

TxDOT reports that the bond indenture for the Central Texas Turnpike System (CTTS) does not allow TxDOT to provide free or discounted passage on CTTS toll facilities. Therefore, TxDOT is required to replace lost revenue for the current veteran toll discount program on the CTTS. TxDOT currently uses funding from State Highway 130 Concession revenue held in the State Highway Fund to replace lost CTTS revenue from waived tolls and reports paying \$6.5 million for the cost of the current veteran discount program in fiscal year 2020. For other toll projects with debt outstanding, TxDOT reports the bond indentures allow for discounted or waived tolls provided that the reduction of revenue does not impair the ability to meet the rate covenants. If reduction in revenue impaired the ability to meet the rate covenants, TxDOT or the Legislature would be required to replace lost revenues. Otherwise, TxDOT would not be able to offer the toll discount. TxDOT reports that reduction in tolls on roadways other than the CTTS under the current program was approximately \$5.0 million for fiscal year 2020.

Based on the information provided by TxDOT, it is assumed implementation of the expanded military discount program required by the bill would result in additional lost toll revenue on all participating TxDOT toll projects and potential increased costs to replace lost toll revenue on the CTTS or other toll projects with debt outstanding. Because the number of additional customers who may participate in the program and number of additional discounted or waived transactions on each toll facility is unknown, the potential negative impact to toll revenue and costs to replace lost CTTS toll revenue cannot be determined at this time.

**Local Government Impact**

The provisions of the bill would apply to local toll project entities that offer a toll discount program, including regional mobility authorities, county toll road authorities, and the North Texas Tollway Authority. Based on the information provided by TxDOT, it is assumed local toll project entities would incur additional costs and reduced toll revenue if the entities opt to provide a discount under the expanded eligibility required by the bill.

**Source Agencies:** 403 Veterans Commission, 601 Department of Transportation

**LBB Staff:** JMc, SLE, MB, TG