

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 6, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2700 by Martinez (Relating to agreements for municipal maintenance of state highway right-of-way.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Transportation Code to authorize the Texas Department of Transportation (TxDOT) and a municipality to enter into an agreement to allow the municipality to maintain state highway right-of-way located within the municipality or its extraterritorial jurisdiction. The bill would require such an agreement to provide compensation to the municipality equal to the cost TxDOT would incur if TxDOT or a contractor acting on behalf of TxDOT maintained the right-of-way.

TxDOT reports that the agency currently has authority to enter into agreements with municipalities to maintain all or a portion of the state highway right-of-way within the municipality and has permissive authority to reimburse for services provided by the local government if TxDOT and the municipality agree to do so. The provisions of the bill may authorize TxDOT to enter into an agreement with a municipality to allow the municipality to maintain state highway right-of-way within the municipality's extraterritorial jurisdiction that provides compensation to the municipality equal to the cost of TxDOT performing the maintenance in-house or through a contractor. It is assumed implementation of the bill would not result in a significant fiscal impact to TxDOT. However, TxDOT reports that right-of-way maintenance costs could increase if existing agreements with municipalities that do not provide compensation to the municipality were to be renewed or replaced with agreements that require compensation for maintenance provided by the municipality.

Local Government Impact

The fiscal impact to a municipality would depend on the terms of an agreement between the municipality and TxDOT under the provisions of the bill.

Source Agencies: 601 Department of Transportation

LBB Staff: JMc, AAL, MB, TG