

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

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**March 31, 2023**

**TO:** Honorable Robert Nichols, Chair, Senate Committee on Transportation

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

**IN RE: SB1387** by Hughes (Relating to an agreement with a private entity for dynamic message signs used in certain statewide alert systems.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Government Code to require the Texas Department of Transportation (TxDOT) to contract with a private entity to provide information for certain statewide alert systems through a statewide system of dynamic message signs capable of displaying digital images useful in locating missing individuals. The bill would require the agreement to generate net revenue to the state and prohibit the use of tax revenue to install or operate the signs. The bill would authorize TxDOT to accept gifts and grants of money, equipment, or other resources to install and operate the signs. The bill would stipulate that TxDOT is not required to enter into an agreement if doing so would result in the loss of federal highway funding or other punitive actions taken against the State due to noncompliance with federal laws, regulations, or policies.

Based on the information provided by TxDOT, it is assumed the agency would enter into a contract with a private entity under the provisions of the bill only if the proposed uses of the dynamic message signs would be in compliance with applicable federal laws, regulations, or policies as necessary to avoid the loss of federal highway funding. Pursuant to federal law and regulation, the use of dynamic message signs must comply with the federal Manual on Uniform Traffic Control Devices, which limits the use of the signs to the display of pertinent traffic operational and guidance information and the state alert programs. TxDOT indicates that noncompliance with these federal laws and regulations could result in the withholding of the state's federal highway funding.

This analysis assumes the use of the dynamic message signs under a contract with a private entity under the provisions of the bill would be limited to the display of traffic information and state alert program information and exclude advertising or other noncompliant commercial uses; therefore, it is assumed a contract entered into with a private entity under the provisions of the bill would not result in a significant revenue gain to the State.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 601 Department of Transportation

**LBB Staff:** JMc, AAL, TG