

SUBJECT: Abolishing the Texas High-Speed Rail Authority

COMMITTEE: Transportation — favorable, without amendment

VOTE: 5 ayes — Alexander, Bosse, Alonzo, Price, Siebert

0 nays

1 present, not voting — Edwards

3 absent — Clemons, Moreno, Uher

WITNESSES: For — D.M. "Mack" Malmsten, DERAILED; Kathryn Keller, Texas Farm Bureau

Against — None

BACKGROUND: The High Speed Rail Authority was created in 1989. The authority was to choose a private franchisee to build and operate a high-speed (more than 150 mph) rail system and was given broad statewide powers, including the power of eminent domain, that would have transferred to the franchisee. No public funds could be used to build or operate the train system.

The authority awarded a 50-year franchise to the Texas TGV Corporation, a French-American consortium, in 1991 and accepted a \$500,000 non-refundable application fee to administer the project. The corporation proposed a 200-mile per hour train with service between Houston, Dallas/Fort Worth, DFW Airport, Austin and San Antonio and Bryan/College Station. In August 1994 the High Speed Rail Authority revoked the franchise from Texas TGV after the consortium missed a December 1992 deadline for coming up with \$170 million in equity capital. The franchisee agreed to reimburse the state for all tax dollars spent on the project, including the agency's 1995 budget.

On September 1, 1995, the Texas Railroad Commission is scheduled to become the Texas High-Speed Rail Authority. The board will be expanded from nine members to 11 by adding the other two elected railroad commissioners on September 1, 1995.

DIGEST: HB 2390 would repeal the Texas High Speed Rail Act and abolish the Texas High-Speed Rail Authority on September 1, 1995. On that date board-member terms would expire, unobligated funds would be transferred to the general revenue fund and all property and records would be transferred to the General Services Commission.

SUPPORTERS SAY: The purpose of the High Speed Rail Authority is not attainable, and it should be abolished. It is not possible for a private company to build a high-speed rail system in Texas without government assistance, and therefore it would be futile to continue the high-speed rail authority. The expense is too great and investors too scarce. Texas TGV spent more than \$40 million on the failed project. The state needs to stop the losses and repeal the high speed rail act.

The initial attempt at high speed rail revealed too many problems to expect the idea to be revived anytime soon. The chance of the project paying for itself without a public subsidy was remote. Possible negative environmental effects on air, water and natural ecology, including endangered species, and on land use, agriculture, noise and vibration and historical/archaeological sites, not to mention possible hazards to human health from electromagnetic fields, created too many uncertainties.

Abolishing the authority would assure that rural landowners' property could not be taken through eminent domain. Many rural property owners have seen the value of their land diminish because of the uncertainty about the high-speed rail project. This bill would assure them that their property cannot be taken for high-speed rail.

OPPONENTS SAY: Although the first attempt to award a franchise for a high-speed rail system failed, that is no reason to abolish the authority. Abolishing the authority prematurely is an attempt to kill high-speed rail in Texas forever.

High-speed rail is an alternative mode of transportation that is better for the environment and safer than automobile or air travel. The state should join forces with the private sector to bring this advanced transportation system to Texas.

**OTHER
OPPONENTS
SAY:**

Abolishing the High Speed Rail Authority would not kill high-speed rail in Texas, but would merely eliminate clarity about which state agency has authority to oversee high-speed rail transport. Without specific authority, future attempts to build a high-speed rail project could fall to TxDOT, as the state's main transportation agency, the Texas Railroad Commission or even the Texas Turnpike Authority, which performed the original high-speed rail study and has authority to issue bonds, or a combination of those agencies. This bill would only eliminate the Texas Railroad Commission's clearcut authority to use eminent domain to build a high-speed rail system.

NOTES:

HB 32 by Kubiak, which passed the House on the Local and Consent Calendar on April 28, would eliminate the Texas High-Speed Rail Authority's powers of eminent domain.