

SUBJECT: Revising advanced transportation district tax rates and eligible projects

COMMITTEE: Urban Affairs — favorable, with amendment

VOTE: 9 ayes — Carter, Bailey, Burnam, Callegari, Edwards, Ehrhardt, Hill, E. Jones, Najera

0 nays

SENATE VOTE: On final passage, March 27 — voice vote (Wentworth recorded nay)

WITNESSES: For — Leo T. Lopez, John M. Milam, and Lewis T. Tarver, Jr., VIA Metropolitan Transit; *Registered but did not testify*: Priscilla Ingle, VIA Metropolitan Transit

Against — Bennett Feinsilber, Taxpayer Association of San Antonio; Jeff Judson, Texas Public Policy Foundation

On — Sam Dawson, San Antonio Transportation Alliance, Greater San Antonio Chamber of Commerce, and North San Antonio Chamber of Commerce; Seth Mitchell, Bexar County Commissioners Court

BACKGROUND: In 1999, the 76th Legislature enacted SB 769 by Madla, allowing VIA Metropolitan Transit in San Antonio to create an advanced transportation district. Transportation Code, sec. 451.702 authorizes the district to levy a quarter-cent sales and use tax to pay for several types of transportation projects. In May 2000, city voters rejected formation of a district and defeated a light rail proposal.

DIGEST: SB 782, as amended, would expand the types of projects on which an advanced transportation district could spend tax revenue. It also would raise the district's maximum allowable tax rate and would change the allowable allocation of revenue.

The bill would add high-occupancy toll lanes, traffic management systems, bus ways, bus lanes, bus transit, public transportation-related improvements in conjunction with regular public bus service (including maintenance),

operating costs, and management to the definition of advanced transportation under Transportation Code, sec. 471.701.

The sales and use tax rate could range from one-eighth of a cent to one-half cent. The district's board would have to determine the proposed initial tax rate before the election on the creation of the district. The board could raise the tax rate only in increments of one-eighth of a cent.

The board would have to determine how tax revenue would be spent. Expenditures could include local matching funds for state or federal grants. Revenue used to improve or maintain public bus routes would constitute the only authorized payment to the district's principal city or to participating units for street repair and maintenance, other than for pre-existing contractual obligations in the sale of a transit system.

The bill would take effect September 1, 2001.

**SUPPORTERS
SAY:**

SB 782, which represents compromise legislation agreed to by all parties, would give VIA much-needed flexibility to raise adequate funds and to spend them on a broader array of projects to meet San Antonio's changing transportation needs. Voters still would have to approve the district's creation, tax rate, and projects.

The bill would not short-change bus route maintenance and repair, nor would it lock San Antonio or other entities into a single cost reimbursement structure. It would jettison arbitrary spending thresholds in favor of board discretion. It also would allow tax revenue to be used to leverage state and federal grants.

**OPPONENTS
SAY:**

The bill should not raise the district's maximum allowable tax rate before the district even has been created and proven whether it can be effective.

Management, operating costs, and bus route maintenance are not transportation advances; they are primary components of VIA's and the city's operating budgets. Taxpayers already are paying for those costs and services and should not be expected to tax themselves twice for the same benefits.

OTHER
OPPONENTS
SAY:

Putting a bus system in charge of a district designed to pursue transportation innovation would be self-defeating and short-sighted. The enabling legislation should be changed to provide for a truly independent board that could seek new solutions to San Antonio's transportation problems.

NOTES:

The House committee amendment to the Senate engrossed version would:

- ! add bus route maintenance to the list of eligible advanced transportation projects;
- ! delete provisions that would allocate two-thirds of the tax revenue to projects determined by the board and one-third to the City of San Antonio and the district's other taxing entities, based proportionately on bus service mileage in the city and in those entities in the preceding calendar year; and
- ! delete provisions that would require San Antonio and other entities to spend their shares of revenue only on transportation-related improvements along public bus routes and would designate that revenue to be the only payments VIA could make to the city and other entities for bus route maintenance and repair, except for pre-existing contractual obligations in a transit system sale.

A floor amendment is expected to be offered to remove the provision from the committee amendment stating that revenue used to improve or maintain public bus routes would constitute VIA's only payment to San Antonio and the other entities for street repair and maintenance, other than for pre-existing contractual obligations in the sale of a transit system.