HOUSE RESEARCH ORGANIZATION bill analysis 5/21/2001

SB 896
Shapiro
(Hamric, Ramsay)

SUBJECT: Creating the Special County Road Assistance Program

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 7 ayes — Oliveira, McCall, Bonnen, Y. Davis, Keffer, Ramsay, Ritter

0 nays

4 absent — Craddick, Hartnett, Heflin, Hilbert

SENATE VOTE: On final passage, April 24 — voice vote (Fraser, Gallegos recorded nay)

WITNESSES: For — Jim Allison, County Judges and Commissioners Association of Texas; Donald Lee, Texas Conference of Urban Counties; Craig Pardue, Dallas County

Against — None

BACKGROUND: Tax Code, sec. 153.503 requires the comptroller to deposit a portion of the state's gasoline-tax revenues into the county and road district highway fund. Annual deposits to this fund are capped at $7.3 million.

DIGEST: SB 896 would create the Special County Road Assistance Program. Money appropriated to the new program could be used only to support the county road system, including right-of-way acquisition for lateral and farm-to-market roads and state highways, lateral road construction and maintenance, and debt service for road bonds.

On or before each October 15, the comptroller would have to distribute funds to each county through an allocation formula based on the ratios of:

- the county's total population to that of the state (two-fifths);
- the population in unincorporated areas of the county to that of all unincorporated areas of the state (one-fifth);
- the lineal mileage of county roads in the county to that of all county roads in the state (one-fifth); and
- lane-miles of paved and concrete county roads in the county to lane-

miles of such roads in the state (one fifth).

The two road-related ratios would have to be calculated from the most recent county road inventory compiled by the Texas Department of Transportation (TxDOT).

The bill also would stipulate that the comptroller could deposit into the county and road district highway fund only receipts from gasoline-tax collections as provided by Tax Code, sec. 153.503.

This bill would take effect September 1, 2001.

SUPPORTERS SAY:

Texas' county roads are deteriorating because of rapid population growth and higher usage in suburban and "exurban" areas, coupled with a scarcity of funds. In areas like Collin County, north of Dallas, recent growth has outpaced the counties' ability to raise revenue, sometimes by a factor of two or three to one, and county roads have suffered. SB 896 would help alleviate these problems by creating a supplemental fund for county roads in heavily populated counties.

The county and road district highway fund contains more than $50 million. The fund is used mainly to leverage road bonds. Its formula is weighted to the benefit of rural, low-population counties. Rather than jeopardize their funding or take much-needed gasoline-tax revenue away from highways, another fund is needed to address the problems facing high-growth urban and suburban counties.

The Special County Road Assistance Program's funding formula would be weighted in favor of high-population counties, many of which have county roads heavily traveled by suburban and exurban commuters.

The county road and district highway fund was designed to help with rural roads. Given the state's tight budget, underfunded highways, and the divergent needs of urban and rural counties, it makes sense to create a separate fund for heavily populated counties. Creating this mechanism would make a significant policy statement and would prepare the state to provide relief to counties as soon as funding becomes available.

OPPONENTS SAY:

Enacting this bill would do nothing to help counties repair or upgrade their roads. Like the proposed revolving bond fund for highways, creating an empty fund for county roads would be a sham exercise. No source of funding has been identified, and no money has been appropriated. The state does not need another fund with no money in it. If the program is worthwhile, the Legislature should fund it. If money is not available, the Legislature should hold off on creating new special funds.

A better option would be to remove the cap from the county and road district highway fund. Its allocation formula is outdated and should be changed to help growing counties by basing it on vehicle miles traveled or on other appropriate measures.

OTHER OPPONENTS SAY:

Counties always have the option of raising taxes or issuing more bonds to pay for pressing needs. The state cannot be expected to bail them out because they failed to prepare for their current growth.