

- SUBJECT:** Allowing regional mobility authorities to issue bonds and obtain revenue
- COMMITTEE:** Transportation — committee substitute recommended
- VOTE:** 6 ayes — Krusee, Phillips, Garza, Harper-Brown, Hill, Laney
0 nays
3 absent — Hamric, Edwards, Mercer
- WITNESSES:** For — Gary Bushell, Alliance for I-69 Texas; Brian Cassidy and Michael Weaver, Central Texas Regional Mobility Authority
Against — None
On — Glenn Gadbois, Just Transportation Alliance; Ric Williamson, Texas Transportation Commission
- BACKGROUND:** Transportation Code, chapter 361 sets forth the turnpike project financing powers and duties of the Texas Transportation Commission (TTC) and the Texas Department of Transportation (TxDOT), including TxDOT's Turnpike Authority Division.

In 2001, the 77th Legislature enacted SB 342 by Shapiro, et al., authorizing TTC to create regional mobility authorities (RMAs) on request of TxDOT district offices. One or more counties may form RMAs to build, operate, and maintain toll road projects. The first and only such entity so far is the Central Texas RMA in Travis and Williamson counties. It plans to build State Highway 45-South in southern Travis County and a toll extension of U.S. Highway 183 in and near Cedar Park.
- DIGEST:** CSHB 157 would grant RMAs the same financing powers and duties as TTC and TxDOT have in regard to financing turnpike projects. Specifically, RMAs could issue turnpike revenue bonds, impose turnpike tolls, and obtain revenue from any other source to repay all or part of the principal and interest on turnpike revenue bonds.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2003.

**SUPPORTERS
SAY:**

The original intent of last session's SB 342 was to authorize RMAs to issue revenue bonds to pay for turnpikes, tollways, and other transportation projects. However, the enacted bill inadvertently omitted express authority for this. CSHB 157 would correct that oversight.

The bill would ensure the legality of any debt incurred by an RMA and would assure the viability of any bonds issued to help finance RMA projects, both of which are essential to bond market investors. Statutory authority is necessary because TxDOT rules are insufficient legally and inadequate in practice.

CSHB 157 would incorporate existing law absolving the state from any liability for RMA bonds. These bonds are supported by and repaid from tolls, a type of self-assessing user fee that motorists pay voluntarily to drive on turnpikes and tollways. Nevertheless, RMA officials are accountable to taxpayers through the local elected officials who appoint them and through the state, which authorizes them.

Local debt as a share of combined (state/local) debt has declined from 85 percent in 1995 to 81 percent in 2000, according to the Texas Bond Review Board (BRB). RMA debt would be secured with toll revenue and, once repaid, would be used to help pay for more transportation projects.

**OPPONENTS
SAY:**

Local government debt in Texas already is too high, and CSHB 157 would exacerbate it by giving RMAs unfettered bonding authority. At 81 percent, the share of local debt in Texas' combined state/local debt ranked third among the 10 most populous states in 2000. The BRB's 2000 annual report put the national average at slightly more than 60 percent, according to U.S. Census Bureau data.

With the authority granted by CSHB 157, unelected RMAs could incur obligations with little or no accountability to or oversight from the TTC, TxDOT, BRB, or the electorate. Unlike tax-supported bonds, RMA bonds do not require voter approval. This bill could worsen the fragmentation of local debt issuance in Texas.

Authorizing RMA funding through “any other source” would be too broad. That provision would pave the way for more local taxes, which, when added to motor-fuel taxes and tolls, would amount to triple taxation with little or no representation.

**OTHER
OPPONENTS
SAY:**

CASHB 157 would not protect counties from bond liability sufficiently. The bill should specify that counties are not liable for any part of RMA debts, just as existing law does not obligate the state for toll projects’ bonded debt.

NOTES:

The committee substitute added provisions that explicitly would allow RMAs to issue turnpike revenue bonds, obtain revenue from any source to retire them, and impose tolls for turnpike projects. The substitute also refers to both the TTC and TxDOT, as does Transportation Code, chapter 361.

HB 156, HB 2311, HB 2312, and HB 2459, all by Krusee, also deal with the powers of RMAs. HB 156 was placed on the General State Calendar for March 25. The other three bills have been referred to the Transportation Committee.