

SUBJECT: Providing for the selection of transportation projects and related plans

COMMITTEE: Transportation — committee substitute recommended

VOTE: 11 ayes — Pickett, Martinez, Burkett, Y. Davis, Fletcher, Harless, Israel, Murr, Paddie, Phillips, Simmons

0 nays

1 absent — McClendon

WITNESSES: For — Terri Hall, Texas TURF, Texans for Toll-free Highways; Brandon Janes, Transportation Advocates of Texas; Don Dixon; Johnny Weisman; (*Registered, but did not testify*: Anne O’Ryan, AAA Texas; Bob Jones, ACEC-Texas; Jennifer Newton, AGC of Texas; C. Brian Cassidy, Alamo RMA, Cameron County RMA, Camino Real RMA, Central Texas RMA, Grayson County RMA, North East Texas RMA; Gary Bushell, Alliance for I-69 Texas, I-14/US 190/ Gulf Coast Strategic Highway Coalition; Dana Harris, Austin Chamber of Commerce; Seth Mitchell, Bexar County Commissioners Court; TJ Patterson, City of Fort Worth; Charles Reed, Dallas County; Brandi Bird, Dallas Regional Mobility Coalition; Byron Campbell and Drew Campbell, DRMC; Matthew Geske, Fort Worth Chamber of Commerce; Donna Warndorf, Harris County; Chris Shields, San Antonio Chamber of Commerce; Victor Boyer, San Antonio Mobility Coalition, Inc.; Mark Mendez, Tarrant County Commissioners Court; Vic Suhm, Tarrant Regional Transportation Coalition; Richard A. (Tony) Bennett, Texas Association of Manufacturers; Bill Hammond, Texas Association of Business; Steven Garza and Daniel Gonzalez, Texas Association of Realtors; Justin Yancy, Texas Business Leadership Council; Donald Lee, Texas Conference of Urban Counties; Lawrence Olsen, Texas Good Roads Association; Chuck DeVore, Texas Public Policy Foundation; Jennifer McEwan, Texas Transportation Alliance; Les Findeisen, Texas Trucking Association; Deece Eckstein, Travis County Commissioners Court; Conrad John, Travis County Commissioners Court; Tara Snowden, Zachry Corporation; Teresa Beckmeyer)

Against — Dennis Borel, Coalition of Texans with Disabilities;
(*Registered, but did not testify*: John Patrick, Texas AFL-CIO; Maxie Gallardo, Workers Defense Project)

On — Michael Morris, NCTCOG; Duane Gordy; (*Registered, but did not testify*: Dick Lavine, Center for Public Policy Priorities; James Hernandez, Harris County and Harris County Toll Road Authority; Donna Warndorf, Harris County, Texas; Cyrus Reed, Lone Star Chapter Sierra Club; Scott Haywood, Move Texas Forward; John Barton, James Bass, and Joe Weber, Texas Department of Transportation; Ronald Hufford, Texas Forestry Association; Victor Vandergriff, Texas Transportation Commission)

DIGEST: CSHB 13 would establish various requirements relating to the selection of projects and the allocation of funds for the Texas Department of Transportation (TxDOT), the Texas Transportation Commission (TTC), and transportation planning organizations.

Specifically, the bill would require that the Texas Transportation Commission (TTC) initiate a process to review its categories and formulas relating to allocating transportation funding by October 1, 2015. This review process would be required to include input from all planning organizations in the state. Following this review process, the bill would obligate the TTC to adopt rules implementing updated funding categories and formulas and to provide detailed explanations for the difference on its website.

This bill would require each planning organization to develop a 10-year transportation plan to guide the use of funding allocated to the region. The first four years of this plan would be subject to the applicable standards in federal law. Department districts, with input from counties and municipalities, would be required to develop the plan for areas outside of a metropolitan planning organization's jurisdiction.

By September 1 of every odd-numbered year, TxDOT's chief financial officer would publish a cash flow forecast for a period of 10 years or

more. The forecast would identify:

- the aggregate amount of all sources of funding available for transportation projects;
- the amount previously committed to transportation projects;
- the amount not committed to transportation projects but that the department anticipated allocating during the forecast period through adopted formulas;
- the amount the department anticipated allocating during the forecast period through discretionary decisions of the commission; and
- the sources of all funds projected to be available during the forecast period, including bond proceeds, and an estimation of debt service payments associated with proceeds from bonds.

The bill would require planning organizations to develop project selection criteria, which would include consideration of:

- projected improvements to congestion and safety;
- projected effects on economic development opportunities;
- available funding;
- effects on the environment;
- socioeconomic effects; and
- any other factors deemed appropriate by the planning organization.

The bill would require planning organizations to select and prioritize projects in their region using these criteria. TxDOT would be required compile the project selections of planning organizations to develop a statewide transportation plan in accordance with federal law.

This bill would provide that any transfer of funds between categories by any method outside of established formulas be subject to public hearing, with a written justification for the transfer of the funds provided 30 days before the hearing.

If TxDOT received a funding increase for the 2016-17 biennium, or if a constitutional amendment providing additional money to the department was adopted, this bill would allow the commission to use the additional money to finance projects that otherwise would be financed using proceeds from either the sale of bonds and other public securities or general obligation bonds. The TTC would determine whether or not the unused proceeds from those bonds could be used to finance projects that reduce congestion, increase capacity, reduce tolls, or promote safety. TTC would establish criteria for eligible projects funded under this authority. Any projects funded under this authority would have to be considered at a public hearing 30 days prior to approval. All provisions summarized in this paragraph would expire September 1, 2017.

This 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, 2015.

**SUPPORTERS
SAY:**

CSHB 13 would increase effectiveness and transparency for transportation project selection in the state. In so doing, the bill would ensure the state was receiving the greatest possible return on investment. Transportation is a core state responsibility that is critical to Texas's growing economy, and the state should make certain that appropriations are used wisely and transparently.

TxDOT publishes the Unified Transportation Plan, a 10-year plan for transportation projects in Texas. This plan is more than 1,300 pages long, and it is difficult for a member of the public to understand and track. Changes to this plan can impact the allocation of significant sums of money to one project or another, but current law does not require a hearing for such changes. This bill would make these modifications more transparent by requiring written notification at least 30 days before a hearing with a justification for the change.

The state should not be overly specific in establishing guidelines for project-selection criteria because local entities better understand the needs of their jurisdiction and are better equipped to respond if changes to the

criteria are necessary. If the bill were too specific in setting guidelines, the planning organization would have to wait until the next legislative session to reconstruct its criteria. Any suggested inclusions in the guidelines could be added to the criteria by a planning organization, such as those relating to lifecycle cost.

The guideline relating to available local funding would not cause an increase in taxes or spark development of toll roads. The guideline merely would require consideration of available funding, and it would not assure that the project with the most local funding would be selected. Local governments could do any number of things to influence criteria drafted under this guideline, and raising taxes is not a likely possibility.

**OPPONENTS
SAY:**

CSHB 13 should be more specific when establishing points of consideration for the development of project selection criteria. The guidelines provided could be too broad and could lead to counterproductive variances. The bill also should require planning organizations to consider a lifecycle cost analysis of the project to ensure that all costs were taken into account when selecting projects.

Additionally, criteria established in this bill could have perverse incentives. Currently, it requires planning organizations to develop criteria about potential available local funding. This could incentivize local entities to raise taxes or find other sources of revenue, such as tolls. In a state where local taxes are higher than average, the Legislature should be mindful of such potential unintended consequences.

NOTES:

CSHJR 13 by Pickett, is set for second-reading consideration on today's Constitutional Amendments Calendar.

A related bill, CSHB 20 by Simmons, would require the Texas Department of Transportation to develop and implement a performance-based planning and programming process to quantify and report progress toward agency goals and objectives. CSHB 20 is set for second-reading consideration on today's Major State Calendar.