

**SUBJECT:** Prohibiting the use of state money for privately operated high-speed rail

**COMMITTEE:** Transportation — favorable, without amendment

**VOTE:** 8 ayes — Morrison, Martinez, Burkett, Y. Davis, Goldman, Minjarez, Simmons, Wray

3 nays — Israel, Phillips, E. Thompson

2 absent — Pickett, S. Thompson

**SENATE VOTE:** On final passage, April 18 — 26-5 (Garcia, Menéndez, Rodríguez, Watson, Zaffirini)

**WITNESSES:** *On House companion bill, HB 2172:*

For — Lane Grayson, Ellis County; Blake Beckham and Kyle Workman, Texans Against High-Speed Rail; Terri Hall, Texas TURF, Texans for Toll-Free Highways; and 22 individuals; (*Registered, but did not testify:* Robert Floyd, Delta Troy Interests; Jason Skaggs, Texas and Southwestern Cattle Raisers Association; Michael Pacheco, Texas Farm Bureau; Barbara Miles and Christen Workman, Texans Against High-Speed Rail; Trey Duhon, Waller County; and 19 individuals)

Against — Peter LeCody, National Association of Railroad Passengers-Texas Members; Chris Lippincott, Texas Rail Advocates; (*Registered, but did not testify:* Gary Pedigo, Brotherhood of Locomotive Engineers and Trainmen; Anna Holmes, City of Dallas; Chase Bearden, Coalition of Texans with Disabilities; David Cain, The Real Estate Council of Dallas; Dave Dobbs, Texas Association for Public Transportation; Brandi Bird, Transit Coalition of North Texas; David Conley; Nita Davidson; Gordon Walton; Tori Zander)

On — Tim Keith, Texas Central; (*Registered, but did not testify:* Marc Williams, Texas Department of Transportation)

**DIGEST:** SB 977 would prohibit the Legislature from appropriating money and a

state agency from accepting or using state money to pay for a cost of planning, facility construction or maintenance, or security for, promotion of, or operations of high-speed rail operated by a private entity, except as required under federal or other state law. High-speed rail would mean intercity passenger rail service that was reasonably expected to reach speeds of at least 110 mph.

A state agency would be required to prepare a semiannual report of each expense described above and submit a copy to the Texas Transportation Commission, the comptroller, legislative committees with appropriate jurisdiction, the House speaker, the lieutenant governor, and the governor.

The bill would not preclude or limit the execution of the Texas Department of Transportation's responsibilities under federal or state law.

The bill would take effect September 1, 2017.

**SUPPORTERS  
SAY:**

SB 977 is a measured approach designed to ensure that only private money would be used to fund a high-speed rail project under development, while allowing the Texas Department of Transportation (TxDOT) to continue in its full capacity as a regulatory agency.

The project under development is estimated to cost between \$12 billion and \$20 billion to construct, and it has been stated that it will be funded entirely through private investment and not require state funds. However, no high-speed rail has been constructed or operated successfully without public money. Texas is supportive of private business, but concerns have been raised that if the project failed financially, state funds would be needed to either complete the project or return the land to its original condition. This bill would protect taxpayers should the prospective project fail by ensuring that state funds were not used to subsidize, bail out, or otherwise support a private high-speed rail project.

The bill aligns with budget riders in the House- and Senate-passed versions of the general appropriations act directing that no state money be used for private high-speed rail. SB 977 would echo this language in

statute to ensure that no state funds were used for the project. Taxpayer spending on transportation in Texas should be directed toward fully funding the maintenance of state highways and building new roads where needed because Texans rely primarily on cars, not trains, for their transportation needs.

Concerns that the bill unfairly would be aimed at a specific high-speed rail project are unfounded because the bill would prevent state funds from going to any high-speed rail project. The project under development has indicated that it would be funded entirely through private investment, so the bill should not impact its progress. The bill also would ensure that TxDOT still was able to perform all necessary regulatory duties regarding rail and other transportation infrastructure required under state or federal law, including collaborative work with private entities.

The bill would not categorically prevent high-speed rail from being developed in Texas. If a future project was deemed viable and the use of public funds was in the best interests of the public, the Legislature could amend the statute to allow state funding.

**OPPONENTS  
SAY:**

SB 977 is unnecessary because the finance plan for the high-speed rail project currently under development does not involve any state funds to build or operate the railway. There are no state appropriations in the budget for the project, and riders in the proposed budget would prevent the Legislature from making such appropriations.

While this bill's provisions would in practice be aimed at a specific high-speed rail project, they also would change state policy so as to close off an avenue for state investments in future transportation options. Establishing a preemptive ban on the use of state money for high-speed rail would result in a long-term, statutory prohibition on any future projects and could discourage innovation. Whether through private enterprise, public-private partnerships, or even public funds for a specific public need, the state would not be able to participate in one of these projects once the bill's language became law.

Further, public and private resources already are intermingled to operate the state's transportation system. Drawing a line at private operation would not be consistent with how TxDOT currently deals with the state highway system's toll roads.

NOTES:

A companion bill, HB 2172 by Ashby, was left pending following a public hearing in the House Transportation Committee on May 4.