

# STATE SUMMARY OF COUNTY TRANSPORTATION FUNDING AND FINANCE

## TEXAS COUNTIES

### FUNDING SOURCES FOR COUNTY TRANSPORTATION PROJECTS

#### From State Funds:

- The Texas legislature appropriated \$225 million for county transportation project grants. Counties may create County Energy Transportation Reinvestment Zone (CETRZ) in areas affected by oil and gas exploration and production to apply for grant funding for transportation infrastructure projects (TIPs) from the Texas Department of Transportation (TxDOT). Most counties which are awarded grants must provide matching funds of 20 percent, however some counties on TxDOT's list of economically disadvantaged will only have to match 10 percent of the awarded funds. Upon creation of a CETRZ, the county will establish a tax increment account with revenues used to fund infrastructure projects within the zone and to provide matching funds for the grant.
- The county portion of the 2012 gas tax collections through the County and Road District Highway Fund (in proportion to their area, rural population, and total mileage of lateral roads) is \$7.3 million, which is divided among all 254 counties.

#### From County Funds:

- Counties issue "pass-through toll revenue and tax bonds" to fund highway projects that are part of the state highway system, which includes farm-to-market roads. The pass-through toll method requires the county to finance and construct the project with TxDOT paying for a percentage of the cost over time through pass through toll reimbursement payments to the county. The county receives the pass through toll payments only after the project is completed and accepted by TxDOT.

### COUNTIES FACE THE FOLLOWING CHALLENGES IN FUNDING AND FINANCING TRANSPORTATION PROJECTS

- The oil boom in Texas induces considerable demand for repairing and rebuilding broken roads caused by heavy trucks, but counties have limited financial resources to do it. There is always a two-year lag time between when drilling first begins and when counties see the financial gains on their tax rolls.
- The property tax rate increment is also limited to no more than 8 percent each year without facing a rollback election.

Share of County Owned <b>Road Miles</b> Out of Public Roads Statewide	<b>47%</b>
Share of County Owned <b>Bridges</b> Out of Public Bridges Statewide	<b>19%</b>
Share of <b>Structurally Deficient Bridges</b> Out of County Owned Bridges	<b>9%</b>

### COUNTY FINANCIAL AUTHORITY

	County Authority	Limitations
Levy Property Taxes	X	Counties must get voter approval and the tax is subject to a maximum rate.
Levy Personal Property Taxes		
Levy Local Option Sales Taxes	X	Subject to voter approval counties may levy a sales tax, so long as the sum of all local sales taxes do not exceed 2%. The revenue cannot be used to repay bonds.
Levy a Local Gas Tax		
Charge a Motor Vehicle License or Registration Fee		
Form Special Districts for Transportation	X	Counties establish special taxing districts for various purposes including county roads depending on qualifications the size of its population.

Counties can create a funding mechanism to address oil/gas related road damages.

- Over 31,000 county road miles are exposed in the counties with shale play activity while 21,000 county road miles are affected in the counties with logging activity and nearly 12,000 county road miles are affected in the counties with seaports.
- Counties have limited authority to raise funding for road construction and maintenance, and receive only a small portion from limited funding sources, which include vehicle registration fees, overweight vehicle fees, vehicle sales tax, a few optional fees and road and bridge tax.

### NEW FUNDING AND FINANCING SOLUTIONS FOR COUNTIES

- Some oil companies voluntarily donate some money as an interim source of funds, but not all companies do.
- Bexar County applies a fundamental tenet of pavement preservation: for the lowest-cost, long-term performance, treat roads before they show distress, through an overall pavement management program.