

TEXAS COUNTIES

STATE SUMMARY OF TRANSPORTATION FUNDING AND FINANCE

TRANSPORTATION AND FINANCIAL AUTHORITY:

Counties have authority to:

- Establish special taxing districts for various purposes including county roads depending on qualifications like the size of its population. And a county may use its portion for the construction and maintenance of lateral roads or the acquisition of rights-of-way for lateral roads, farm-to-market roads, or state highways.
- Certain counties may contract with transit authorities and transportation companies to provide public transit to the public for a fee.
- Charge fees for privileges or services that it contracts to private individuals in an airport that it owns and operates.
- Create a funding mechanism to address oil/gas related road damages.

Counties do not have authority to:

- Levy franchise taxes or fees.

Mandated/Authorized Transportation Services:

- Counties have the authority to lay out, construct, maintain, widen, improve, and otherwise enlarge all roads, avenues, boulevards, sidewalks, bridges, and other public easements or rights-of-way within the boundaries of the county.
- The county has the power to vote the stock of any railroad corporation or in any election thereof.
- Counties may establish sober ride programs to provide transportation to any individual who does not wish to operate a motor vehicle intoxicated or under the influence of a drug.

FUNDING SOURCES FOR COUNTY TRANSPORTATION PROJECTS:

- 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.
- Creation of a CETRZ (County Energy Transportation Reinvestment Zone) to apply for funding from a Transportation Infrastructure Fund (TIF). Not less than \$1 million annually to be appropriated to TIF, and counties would apply for funds. The county would match 10% of the loan amount. Funding of the loan could come from tax increment (gas/oil production, etc.).
- 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 the Department 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 the Department.

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.
- Property tax rate increment is also limited to no more than 8 percent each year without facing a rollback election.
- 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.

INNOVATIVE SOLUTIONS TO FUNDING AND FINANCING CHALLENGES:

- 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.
- 183-A Turnpike (PPP project): The owner is Centra Texas Regional Mobility Authority (CTRMA). The funding sources are Senior lien revenue bond proceeds - \$177.8 million, TIFIA loan- \$66 million (used to retire Bond Anticipation Notes [BANs] in 2008), State funding grant - \$64.7 million; Local ROW contribution - \$18.6 million, Investment earnings and accrued interest - \$9.5 million.