

**SUBJECT:** Allowing TxDOT to waive indirect costs on joint projects

**COMMITTEE:** Transportation — committee substitute recommended

**VOTE:** 7 ayes — Alexander, Siebert, Finnell, Hawley, Hill, Pickett, Uher  
0 nays  
1 present, not voting — Hartnett  
1 absent — Edwards

**WITNESSES:** None

**BACKGROUND :** The Texas Department of Transportation (TxDOT) is required under state law to recover any indirect costs resulting from agreements with local governments or other state agencies for work on transportation-related projects or TxDOT-administered programs.

**DIGEST:** CSHB 2337 would authorize the executive director of TxDOT to waive the assessment of any indirect costs resulting from agreements between it and a local governmental entity or another state agency. The agreement would have to relate to the development of a transportation project or a program administered by TxDOT. Any waiver of indirect costs would be permissive, and at the full discretion of TxDOT's executive director.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

**SUPPORTERS SAY:** CSHB 2337 would allow TxDOT to waive reimbursement for indirect costs of joint projects when circumstances make this requirement counterproductive. TxDOT has completed many such joint projects and has concluded that in some instances charging indirect costs is contrary to the cooperative spirit that these joint enterprises were designed to create. CSHB 2337 would allow the executive director of TxDOT, upon well-reasoned discretion, to waive this requirement. The bill would impose no mandate on the agency , but would only empower the director to use flexibility with work partners.

HB 2237  
House Research Organization  
page 2

OPPONENTS  
SAY:

This spirit of cooperation may be admirable, or even appropriate in certain cases, but it may not best serve the interests of the taxpayers of the state. Certain indirect costs may be created by mistakes or oversights on the part of local governments or other state agencies working with TxDOT. In such cases, neither the taxpayer nor TxDOT would be served by ignoring improper oversight or a lack of financial accountability.

NOTES:

The original version of the bill proposed an absolute exemption from indirect costs for other state agencies or local governmental entities.

The companion bill, SB 1661 by Shapiro, passed the Senate on May 5 and has been referred to the House Transportation Committee.