

## **BILL ANALYSIS**

Senate Research Center  
83R7300 MTB-F

S.B. 1778  
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Finance  
4/15/2013  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In 2012, the Texas Department of Transportation created the Task Force on Texas' Energy Sector Roadway Needs (task force) to address the impacts to the highway and road systems as a result of shale oil and gas exploration. Increased energy exploration and production activity has transformed once sleepy Texas towns into bustling economic centers of commerce and development; however, that economic impact is playing havoc on the state and county road systems. The task force findings determined that the oil and gas industry impact on state highway system to date is near \$2 billion. An additional \$400 million per year is needed to repair current infrastructure issues and another \$600 million per year would be needed to modify roadways to facilitate the traffic and weight requirements.

To put it into perspective, nearly 1,200 loaded trucks are needed to bring just one gas well into production—the traffic equivalent to roughly eight million cars. The shale regions do not have the capacity to handle the traffic volume nor are the roads constructed to handle the weight of the vehicles. As a result, poor roads have a direct threat on public safety and have inhibited business development in many areas.

S.B. 1778 proposes the use of 25 percent from severance taxes to facilitate county transportation infrastructure projects in the shale region. These projects will include comprehensive construction, maintenance, and improvement of the counties road system.

As proposed, S.B. 1778 amends current law relating to funding for certain county transportation infrastructure projects.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subtitle Z, Title 6, Transportation Code, by adding Chapter 473, as follows:

#### **CHAPTER 473. STATE AND COUNTY TRANSPORTATION INFRASTRUCTURE**

Sec. 473.001. DEFINITIONS. Defines "fund," "transportation infrastructure plan," and "transportation infrastructure project" in this chapter.

Sec. 473.002. TRANSPORTATION INFRASTRUCTURE FUND. (a) Provides that the transportation infrastructure fund (fund) is a dedicated account in the general revenue fund. Provides that the fund consists of money transferred to the credit of the fund under Subsections (b) and (c) and any interest or other return from investment of money in the fund.

(b) Requires the comptroller of public accounts of the State of Texas (comptroller), if, in the preceding fiscal year the state received from oil production taxes a net amount greater than the net amount of oil production taxes

received by the state in the fiscal year ending August 31, 1987, to transfer to the fund an amount equal to 25 percent of the difference between those amounts.

(c) Requires the comptroller, if, in the preceding fiscal year the state received from gas production taxes a net amount greater than the net amount of gas production taxes received by the state in the fiscal year ending August 31, 1987, to transfer to the fund an amount equal to 25 percent of the difference between those amounts.

(d) Requires the comptroller to transfer the amounts described by Subsections (b) and (c) not later than the 90th day after the date of the end of a fiscal year for which a transfer is required under those subsections.

(e) Authorizes money in the fund to only be appropriated to the comptroller for the purposes of this chapter.

(f) Provides that Sections 403.095 (Use of Dedicated Revenue) and 404.071 (Disposition of Interest on Investments), Government Code, do not apply to the fund.

Sec. 473.003. GRANT PROGRAM. (a) Requires the comptroller to establish and administer a program to make grants from the fund to counties for transportation infrastructure projects. Requires a county to deposit proceeds from a grant received under the program in the county's road and bridge fund.

(b) Requires the amount of a grant provided to a county under the program in a given fiscal year to be in proportion to the number of oil and gas well completions in the county during the preceding three calendar years compared to the total number of oil and gas well completions in the state during the preceding three calendar years as certified by the Railroad Commission of Texas.

(c) Requires a county, in applying for a grant under this section, to:

(1) submit a transportation infrastructure plan, including a budget for the plan;

(2) obtain approval of the transportation infrastructure plan by the Texas Transportation Commission (TTC);

(3) describe the scope of the transportation infrastructure projects to be funded by grants under this chapter, including projects involving state highways maintained by the Texas Department of Transportation (TxDOT) and roads maintained by the county; and

(4) state the amount of funding that the county will provide for the transportation infrastructure projects.

(d) Provides that a transportation infrastructure plan submitted under this section is required to demonstrate that existing TxDOT and county resources will be used to the extent possible, and is authorized to be amended, including by adding or removing transportation infrastructure projects from the plan, with the approval of TTC.

(e) Requires a county that makes a second or subsequent application for a grant under this chapter provide a copy of its annual audit, and certify that all previous grants are being spent in accordance with the approved transportation infrastructure plan.

SECTION 2. Effective date: September 1, 2013.