

BILL ANALYSIS

Senate Research Center
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S.B. 385
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Transportation
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Political subdivisions, such as transit districts, typically finance the construction of new passenger rail projects through a combination of bond debt, local revenue, and federal funds. The Federal Transit Administration (FTA) awards grants to local transit authorities that apply on behalf of specific projects. Federal funds can be awarded to a project at any point in its planning, design, or construction, including after the project's completion.

Under the federal grant method of finance, local governments are incentivized to spend a greater share of local money than if a project was financed with local and state monies alone. Furthermore, passenger rail projects incur ongoing operating costs that do not qualify for federal funds—and are borne by local taxpayers.

A recent major project awarded nearly \$500 million from the FTA's Capital Investment Grant Program (Section 5309 Grant Program) is the TexRail Commuter Rail line in Tarrant County. In 2006, during the preliminary stages of the project, a \$200 million bond authorized by Tarrant County voters for "purchasing, constructing, reconstructing, renovating, rehabilitating, improving, and maintaining streets, roads, highways, and bridges within Tarrant County "general transportation purposes" included \$20 million for the TexRail project without explicitly stating to voters that rail was a part of this bond's purpose.

Given the incentive local governments have to spend taxpayer dollars and authorize debt in pursuit of federal funds, the state has a compelling interest to ensure citizens weigh-in on these important matters through an authorization election.

S.B. 385 mandates that all political subdivisions must hold a public vote to approve acceptance of federal funds designated for rail projects. This authorization is in effect for five years from the date of authorization, after which time a new election is required.

S.B. 385 requires a public vote for the approval of the acceptance of federal funds for passenger rail projects. This process mirrors existing provisions in state law relating to debt authorization elections held by political subdivisions. Given that federally funded transit projects entail greater local spending outlays and ongoing operating costs, voters deserve to be consulted on these major infrastructure enhancements.

Supporters of this legislation contend that empowering citizens with a greater voice in major transportation infrastructure investment decisions is vital to secure accountability for local governments.

Opponents of the bill contend local entities seeking to implement major rail projects already have a great deal of voter oversight and accountability relating to infrastructure decisions. Opponents further contend that holding elections for the purpose of compliance with this act are a major cost to local governments.

As proposed, S.B. 385 amends current law relating to voter approval of local acceptance and use of federal funds for passenger rail 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 the heading to Subtitle B, Title 5, Transportation Code, to read as follows:

SUBTITLE B. STATE AND LOCAL RAIL FACILITIES

SECTION 2. Amends Subtitle B, Title 5, Transportation Code, by adding Chapter 92, as follows:

CHAPTER 92. LOCAL RAIL FACILITIES

Sec. 92.001. VOTER APPROVAL FOR ACCEPTANCE AND USE OF FEDERAL FUNDS FOR PASSENGER RAIL PROJECTS. (a) Prohibits a political subdivision from accepting, including through the Texas Department of Transportation (TxDOT), or using federal funds for the construction, maintenance, or operation of a commuter rail or other passenger rail project, including for the repayment of debt issued for a project unless:

(1) the governing body of each municipality in which a station or track segment of the project is located or proposed to be located holds an election called for the purpose of authorizing the acceptance or use of the funds; and

(2) a majority of the votes cast at each election favor the adoption of the proposition.

(b) Prohibits a political subdivision authorized to use federal funds for a project that has not begun to construct the project before the fifth anniversary of the date of the election from using the funds unless:

(1) the governing body of each municipality in which a station or track segment of the project is located or proposed to be located holds an election called for the purpose of authorizing use of the funds; and

(2) a majority of the votes cast at each election favor the adoption of the proposition.

(c) Prohibits a political subdivision, a metropolitan planning organization, or TxDOT to include in a transportation plan adopted by the entity a commuter rail or other passenger rail project that may be financed wholly or partly with federal funds unless acceptance or use of federal funds has been approved as required.

SECTION 3. Effective date: upon passage or September 1, 2017.