

**SUBJECT:** Authorizing the issuance of Texas Mobility Fund obligations

**COMMITTEE:** Transportation — committee substitute recommended

**VOTE:** 11 ayes — E. Thompson, Ashby, Bucy, Harris, Landgraf, Lozano, Martinez, Ortega, Perez, Rogers, Smithee

0 nays

2 absent — Canales, Davis

**WITNESSES:** For — Steven Albright, Associated General Contractors of Texas-Highway Heavy Utility and Industrial Branch; (*Registered, but did not testify*: Anne O’Ryan, AAA Texas; Brian O’Reilly, Alamo RMA, Cameron County RMA, Camino Real RMA, Central Texas RMA, Grayson County RMA, North East Texas RMA, and Webb County-City of Laredo RMA; Scott Stewart, American Council of Engineering Companies of Texas; Dana Harris, Austin Chamber of Commerce; Eric Bustos, Capitol Metro; Kathy Sokolic, Central Texas Families for Safe Streets; Tammy Embrey, City of Corpus Christi; Jon Weist, City of Irving; Kyle Mauro, City of Nacogdoches; Jay Crossley, Farm&City; Ray Sullivan, HNTB; Patrick Brophay, North Texas Commission; Hugo Berlanga, Nueces County; Alina Carnahan, Real Estate Council of Austin; Geoffrey Tahuahua, Real Estate Councils of Texas; Martin Gutierrez, San Antonio Hispanic Chamber of Commerce; Colin Parrish, Statehouse Consultants; Mackenna Wehmeyer, TAG Houston and Texas Rail Advocates; John Esparza, Texas Trucking Association; Drew Campbell, Transportation Advocates of Texas; Marc Rodriguez, VIA Metropolitan Transit Authority; Dale Laine, VIA Transit; Tara Snowden, Zachry Corporation)

Against — Terri Hall, Texas TURF, Texans for Toll-free Highways; Don Dixon

On — James Bass, Texas Department of Transportation

**BACKGROUND:** Transportation Code sec. 201.943 authorizes the Texas Transportation Commission to issue obligations secured by and payable from a pledge of and lien on all or part of the money in the Texas Mobility Fund, for a maturity up to 30 years. Obligations may be issued to pay the costs of constructing, acquiring, and expanding state highways, to provide state payments for the costs of constructing and providing publicly owned toll roads and other public transportation projects, and on debt service or other costs.

Sec. 201.943(1) prohibits obligations from being issued after January 1, 2015, except to refund outstanding obligations.

**DIGEST:** CSHB 2219 would authorize the Texas Transportation Commission to issue Texas Mobility Fund obligations.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2021.

**SUPPORTERS SAY:** CSHB 2219 would reauthorize the issuance of Texas Mobility Fund (TMF) obligations, allowing the fund to operate as intended by Texas voters. In 2001, a constitutional amendment to issue debt was approved by voters, and the Legislature dedicated certain revenues including vehicle title, inspection, and driver's license fees to the TMF, which secured the debt. As Texas grows, so does the gap in funding for vital transportation projects, which amounts to several billion dollars each year. The bill would allow the Texas Transportation Commission to use the \$3 billion in borrowing capacity in the TMF to help close that gap and finance vital infrastructure.

The traditional pay-as-you-go funding for transportation has not been enough to cover the costs of transportation projects as the state's population and the number of vehicles grow. Texas will not catch up if it does not innovate its transportation financing methods. The bill would reauthorize a financing tool at a time of historically low interest rates that would come at no cost to general revenue since the obligations are backed

by dedicated funds. This would provide immediate benefits and the debt service would be paid down over time by the dedicated funds.

**CRITICS  
SAY:**

The Legislature should not issue new state debt to finance transportation projects through CSHB 2219. Such projects should be funded using existing resources, on a pay-as-you-go basis, rather than tying up future funds to pay increasing debt service costs.

**NOTES:**

According to the Legislative Budget Board, the bill would have no impact to general revenue through fiscal 2023. If the Texas Transportation Commission issued \$1.5 billion in obligations in fiscal 2022, this amount would be credited to the Texas Mobility Fund (TMF). Debt service payments on the obligations would begin in fiscal year 2023 at an estimated cost of \$40 million to the TMF.