

SUBJECT: Conducting a study on delivery methods for certain infrastructure projects

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 11 ayes — Paddie, Deshotel, Harless, Howard, Hunter, K. King, Lucio, Metcalf, Raymond, Shaheen, Slawson

0 nays

2 absent — Hernandez, Smithee

WITNESSES: For — Michael Bowman, ALEC Action; Ron Simmons, Invest Texas Council; Chris Wallace, North Texas Commission; (*Registered, but did not testify*: Taylor Landin, Greater Houston Partnership; Carlos Rubinstein, Invest Texas Council; Fred Bosse, Webber, LLC)

Against — (*Registered, but did not testify*: Steven Albright, Associated General Contractors of Texas-Highway Heavy Utility and Industrial Branch; Nansii Downer, Shelia Franklin, Auburne Gallagher, Charles Lewis, Fran Rhodes, and Sheena Rodriguez, True Texas Project; Deborah Avellano; Aldo D'Aversa)

On — Christopher Hansford, The Cato Institute; (*Registered, but did not testify*: Perry Fowler, Texas Water Infrastructure Network; Temple Mckinnon, Texas Water Development Board)

BACKGROUND: Interested parties have noted that public-private partnerships could offer the state a cost-effective way to finance certain large-scale projects. Some have called for the state to conduct a study on the feasibility of using public-private partnerships as an alternative delivery method for projects proposed by the Texas Department of Transportation and Texas Water Development Board.

DIGEST: HB 4420 would require the comptroller of public accounts, in conjunction with the Texas Department of Transportation (TxDOT) and the Texas Water Development Board (TWDB), to conduct a study to evaluate the

economic impact and feasibility of public-private partnerships as an alternative delivery method for certain projects. No later than December 31, 2021:

- TxDOT would have to conduct a comprehensive review of all proposed road projects valued over \$1 billion and submit a report of those projects to the comptroller for analysis; and
- TWDB would have to conduct a comprehensive review of all projects in the state water plan valued over \$1 billion and submit a report of those projects to the comptroller for analysis.

In conducting the study, the comptroller would have to analyze the projects submitted and determine:

- the feasibility of using an alternative project delivery method, including the use of private financing;
- the estimated savings to the state if the project used an alternative delivery method;
- a comparison between the estimated amount of local money necessary to construct or complete the project using traditional delivery methods and using an alternative delivery method; and
- the amount of additional money available to other regions of the state if the project used an alternative delivery method.

The comptroller would report the results of the study and recommendations to the governor, the lieutenant governor, the House speaker, and members of the Legislature by September 1, 2022. The bill's provisions would expire September 1, 2023.

The bill would take effect September 1, 2021.