

**More than a year after Texas voters approved routing billions in state sales taxes to roads and bridges,** some lawmakers are questioning whether the first payment of \$5 billion should move forward as planned.

**Texans voted in 2015 to boost funding** for state's public roadways and bridges, which have strained under the state's growing population. **Proposition 7** — loudly cheered by top Texas leaders and supported **by 83 percent of voters** (87.5% in Collin County) — changed the state constitution to route some taxes collected on car sales to the State Highway Fund.

But in an unusually tightfisted legislative session, some Texas lawmakers are **raising the prospect of reducing that initial cash infusion to free up money for other state programs.**

No one has publicly backed such a move, but key budget writers have privately discussed the option. And at a Senate Finance Committee hearing Monday, Sens. Kirk Watson of Austin and Charles Schwertner of Georgetown asked Legislative Budget Board staffers about how it might work.

**Lawmakers could reduce the \$5 billion transfer by up to 50 percent** through a two-thirds vote in both the House and Senate. That's through a provision of Senate Joint Resolution 5, the legislation that sent the issue to voters in 2015.

"As we're thinking through all these budget items, we have a number in our head," Watson, a Democrat, said when he learned such a maneuver could ultimately free up \$2.3 billion in revenue for other purposes. "We purposely put in a fail-safe."

**Schwertner, a Republican, questioned whether the Texas Department of Transportation has already allocated money expected from Proposition 7.**

The Texas Transportation Commission, which oversees TxDOT, last year approved a long-range planning document that assumed it would receive Proposition 7 funds through 2026, according to its Unified Transportation Program.

And at the Texas Transportation Forum, an event hosted by TxDOT in Austin this month, **Transportation Commission Chairman Tryon Lewis said the agency is already counting on the money in long-range plans.** "We'll be getting the projects out," he said.

On Monday, Lewis told the Senate Finance Committee that parts of the agency have been reorganized "to make sure money is used immediately."

**On November 3, 2015,** Texas voters **overwhelmingly approved** Proposition 7, a constitutional amendment to dedicate portions of revenue from the state's general sales and use tax, as well as from the motor vehicle sales and rental tax to the State Highway Fund for non-tolled projects. The amendment allocates the funds in the following way:

**Beginning in September 2017** (fiscal year 2018), if state sales tax revenue exceeds \$28 billion in a fiscal year, the next \$2.5 billion of revenue will be directed to the State Highway Fund.

**Beginning in September 2019** (fiscal year 2020), if state motor vehicle sales and rental tax revenue exceeds \$5 billion in a fiscal year, 35% of the amount in excess of \$5 billion will be directed to the State Highway Fund (see graphic below).

#### Background

Prior to the state legislative session in 2015, the Texas Department of Transportation had identified a widening gap between available and needed funding for state transportation projects. In early 2015, Gov. Greg Abbott named transportation funding one of **five emergency items for the 84th Texas Legislature to address**. In response, the legislature passed a joint resolution during its regular session that authorized Proposition 7 to be placed on the ballot in November 2015.

#### Proposition 7 wording:

“The constitutional amendment dedicating certain sales and use tax revenue and motor vehicle sales, use, and rental tax revenue to the state highway fund to provide funding for nontolled roads and the reduction of certain transportation-related debt.”

For the second time in two years, Texans will decide whether to send money from existing revenue streams to the Texas Department of Transportation. **Beginning in 2018, the department would get an additional \$2.5 billion a year in general sales tax revenue once that statewide pot reaches \$28 billion. Starting in 2020, the state’s highway fund would also get 35 percent of motor vehicle sales tax revenues that exceed \$5 billion a year.** There are expiration dates for both components, but the Legislature can vote to extend each.

#### Supporters say:

**Together, the two components of the amendment are expected to provide an additional \$3 billion a year to the state highway fund. Together with a 2014 amendment, the ballot measure would send a total of about \$5 billion a year to the state transportation agency.** TxDOT is expressly forbidden from using any of the new revenues on tolled projects. Officials and experts say the funds will help the state stave off congestion expected from projected population growth.

#### Opponents say:

The new funds also cannot be spent on pedestrian, bicycling or transit projects. Several urban planning and transportation experts say giving people, especially in large metro areas, more choices to move around is a better way to stem congestion than building more highway capacity. Experts frequently say that adding highway lanes simply encourages an equal amount of additional driving and perpetuates a cycle of highway funding shortfalls.