

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 23, 2011

TO: Honorable Larry Phillips, Chair, House Committee on Transportation

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB2675 by Harper-Brown (Relating to the continuation and functions of the Texas Department of Transportation; providing penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2675, As Introduced: an impact of \$0 through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|--------------------|---|
| 2012 | \$0 |
| 2013 | \$0 |
| 2014 | \$0 |
| 2015 | \$0 |
| 2016 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue Gain/(Loss) from <i>Hwy Beautification Acct</i> 71 | Probable Revenue Gain/(Loss) from <i>State Highway Fund</i> 6 |
|--------------------|--|--|
| 2012 | (\$619,000) | \$619,000 |
| 2013 | (\$628,000) | \$628,000 |
| 2014 | (\$637,000) | \$637,000 |
| 2015 | (\$647,000) | \$647,000 |
| 2016 | (\$657,000) | \$657,000 |

Fiscal Analysis

The bill would amend provisions in the Transportation Code regarding the continuation and functions of the Texas Department of Transportation (TxDOT). The bill would extend the sunset abolition date for TxDOT to September 1, 2015.

The bill would establish a single Commissioner of Transportation, to replace the current 5-member Texas Transportation Commission, who would be appointed by the governor and designate the commissioner as the director of the TxDOT.

The bill would amend requirements regarding the Statewide Transportation Plan (plan) to specify that the plan would cover a period of 24 years, be updated every four years, and be developed using funding assumptions for long-range planning developed in coordination with metropolitan planning organizations.

The bill would require TxDOT to establish a project information reporting system, that makes all of TxDOT's transportation plans accessible and searchable on the TxDOT website. This system would be required to include information about each department project, each construction work zone for certain projects, road maintenance projects, and TxDOT's funds. TxDOT would be required to conduct an annual review of the benchmarks and timelines of each project included in transportation plans to determine the completion rates of these projects

The bill would require TxDOT to create a transportation expenditure reporting system and a policy for public involvement and report on comments received regarding environmental impact statements through this process. The information from these systems and reports would be required to be made available on TxDOT's website. The bill would require TxDOT to report annually on the attainment status of state transportation goals and a list of projects designated as major transportation projects. The bill would require the commission to specify formulas for allocating funds by rule and update these formulas at least every four years. TxDOT would be required to allocate funds to department districts based on these formulas and would be prohibited from exceeding the cash flow forecast when distributing these funds.

Under the provisions of the bill, each department district would be required to develop a formatted work program that covers a period of four years and contains all projects proposed for implementation during that period. The bill would require the work program to be published on the department's website and in appropriate media.

The bill would remove the requirement for TxDOT to publish notifications for bids on TxDOT contracts in newspapers, and authorizes the agency to determine an effective method for providing notification of bids.

The bill would authorize TxDOT to enter into a design-build contract that uses a competitive procurement process that considers best value for a nontolled highway project.

The bill would require money received from Highway Beautification Fees to State Highway Fund 0006 rather than the General Revenue-Dedicated Texas Highway Beautification Fund Account. The commission would be required to use this money to administer the regulation of outdoor advertising in addition to the Highway Beautification program.

The bill would authorize the commission to impose an administrative penalty against a person who violates Transportation Code, Chapter 391 (Highway Beautification on Interstate and Primary Systems and Certain Roads) in lieu of a suit to collect a penalty. The bill sets forth certain requirements that must be met before an administrative penalty is imposed, restricts the amount of the administrative penalty that may be imposed, and directs revenue from these penalties to the credit of the State Highway Fund No. 0006.

The commission would be required to establish, by rule, procedures for accepting and resolving written complaints related to outdoor advertising and outdoor signs on rural roads. TxDOT would be required to keep an information file about complaints that the department has the authority to resolve.

The bill would add sections to the Transportation Code to require the commission to issue a license to certain persons to erect or maintain an off-premise sign on a rural road and to erect or maintain outdoor advertising under Texas Transportation Code, Chapter 391 (Highway Beautification on Interstate and Primary Systems and Certain Roads). The bill authorizes the commission to set the amount of a license fee based on the number of off-premise signs owned by a license applicant and creates a misdemeanor offense punishable by a fine within limits specified by the bill for erecting or maintaining an off-premise sign on a rural road without a license.

The bill would require TxDOT to conduct a study to determine improvements to the regulation of oversize and overweight vehicles. The bill sets forth certain criteria that should be considered while conducting this study and requires the results of this study to be reported not later than December 31, 2011.

The bill would take effect on September 1, 2011, except as otherwise provided by the bill.

Methodology

The provisions of the bill would require fees currently deposited to the General Revenue-Dedicated Highway Beautification Account No. 71 to be deposited to State Highway Fund 6. Based on the analysis of the Comptroller's office, it is assumed the provisions of the bill would result in a revenue loss of \$619,000 to the Account No. 71 and an equal revenue gain to the State Highway Fund (Fund 6); and similar revenue losses to Account No. 71 and gains and gains to Fund 6 would continue each year thereafter as indicated in the tables above.

Based on the information provided by TxDOT and Sunset Advisory Commission Staff, it is assumed elimination of the 5-member commission would result in cost savings out of Fund 6 to TxDOT due to the reduction of staff support costs, travel, and other operating expenses in support of the current commission members; and removal of requirements for TxDOT to post contract bid announcements in local newspapers would result in additional savings to the State Highway Fund. For the purposes of this analysis, it is assumed any savings realized from these provisions of the bill would be reallocated by TxDOT for other transportation planning purposes and to implement the provisions of the bill; and, therefore, any potential costs savings are not reflected in the tables above.

Based on the analysis of TxDOT, it is assumed any other costs or duties associated with implementing the provisions of the bill could be absorbed within the agency's existing resources.

Note: This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.094, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 304 Comptroller of Public Accounts, 601 Department of Transportation

LBB Staff: JOB, KJG, MW, TG, MM