
Overview of State Highway Fund 0006
Revenues and Allocations, the Texas Mobility Fund,
and the Texas Rail Relocation and Improvement Fund

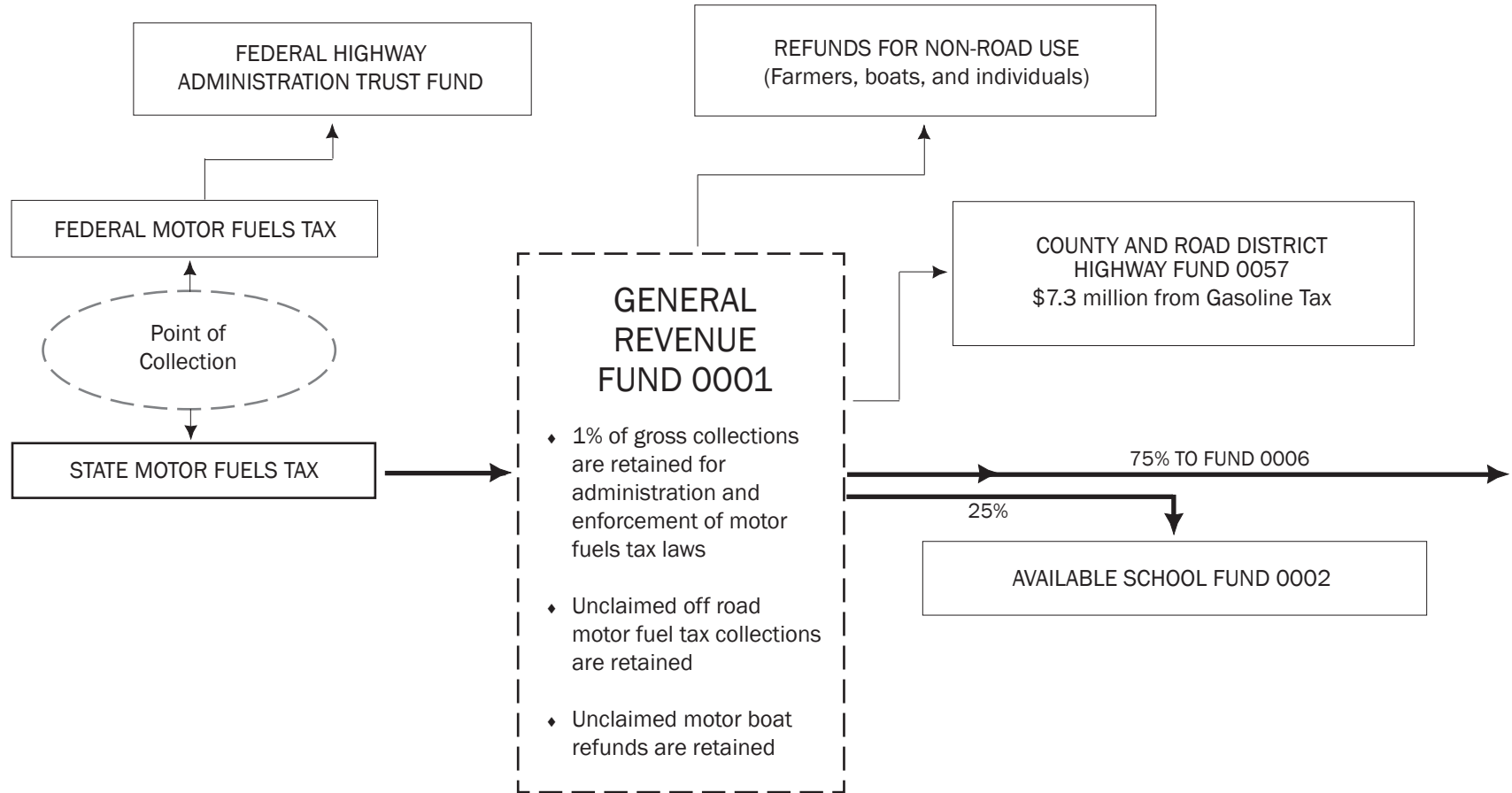
APRIL 2008

LEGISLATIVE BUDGET BOARD

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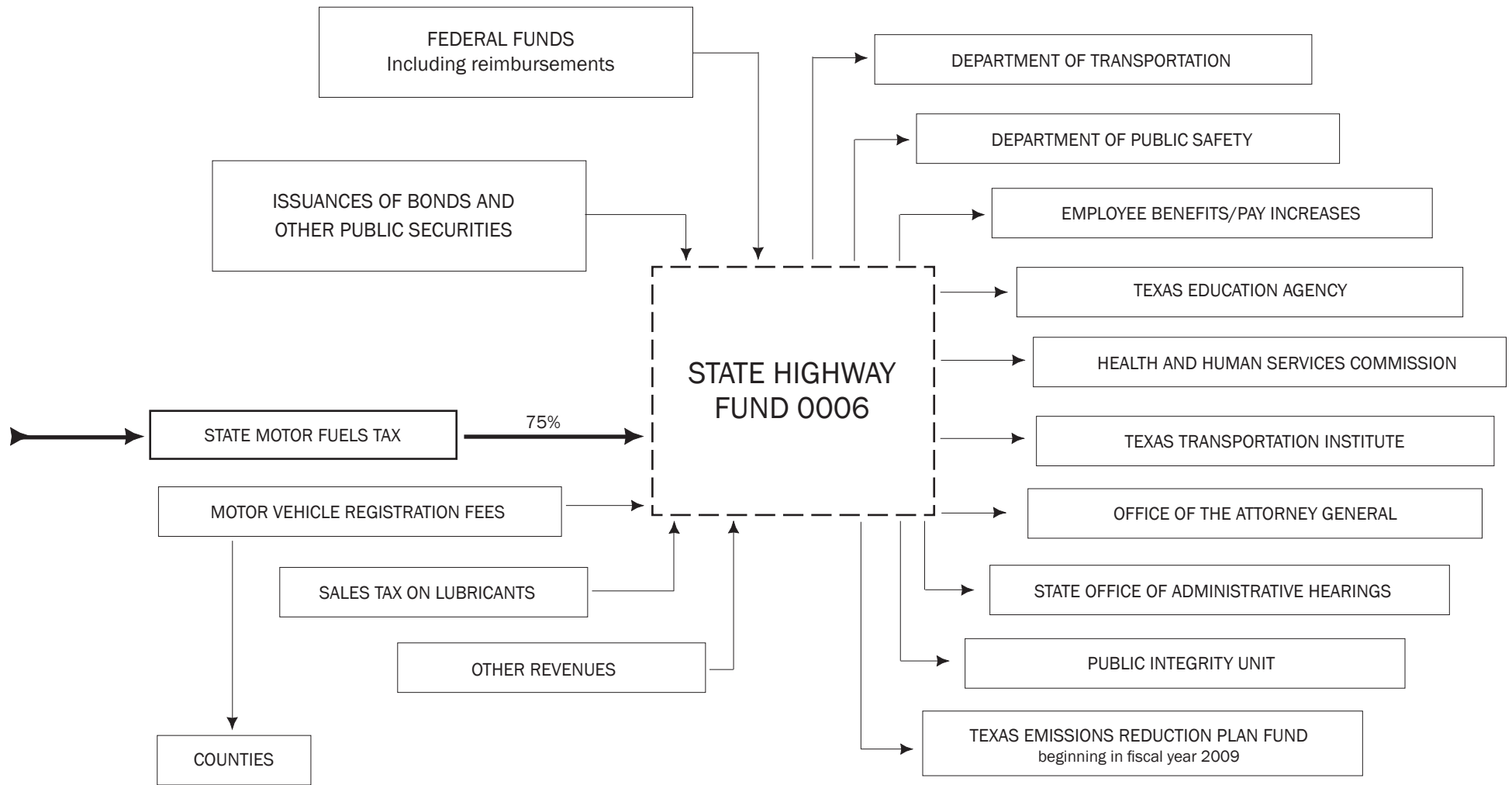
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General Overview of State Highway Fund 0006

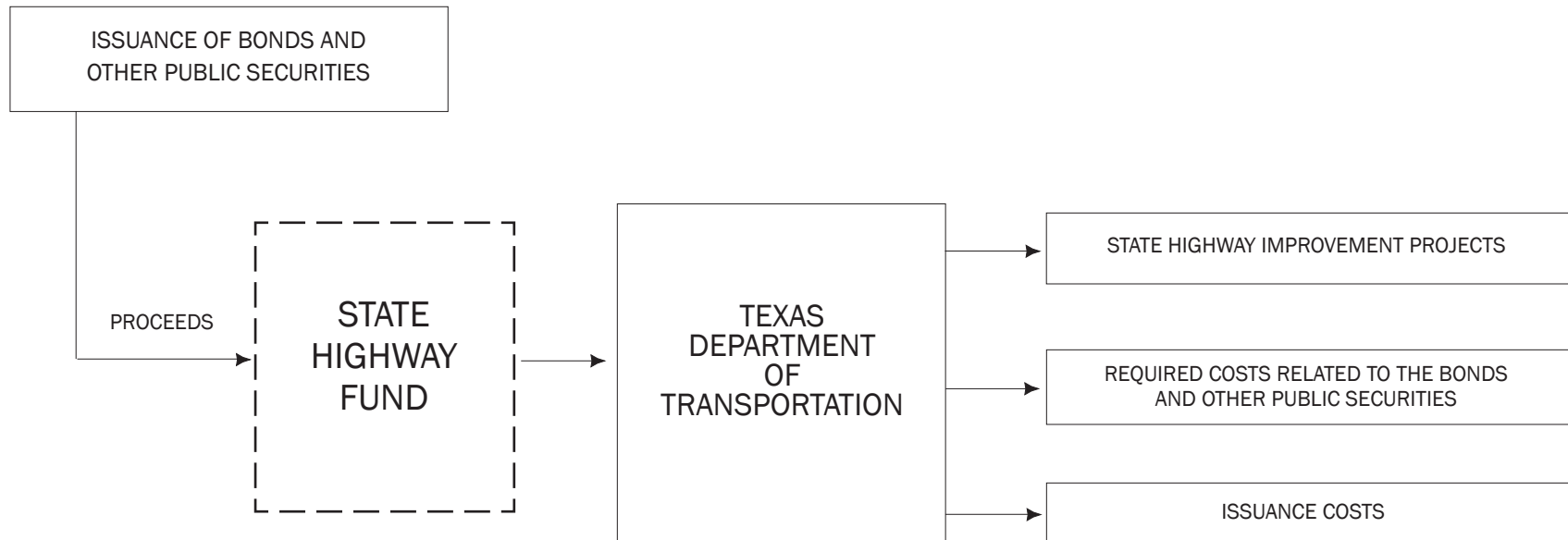


NOTE: Motor fuel taxes include taxes on gasoline, diesel fuel, and liquid gas.

General Overview of State Highway Fund 0006 *(continued)*

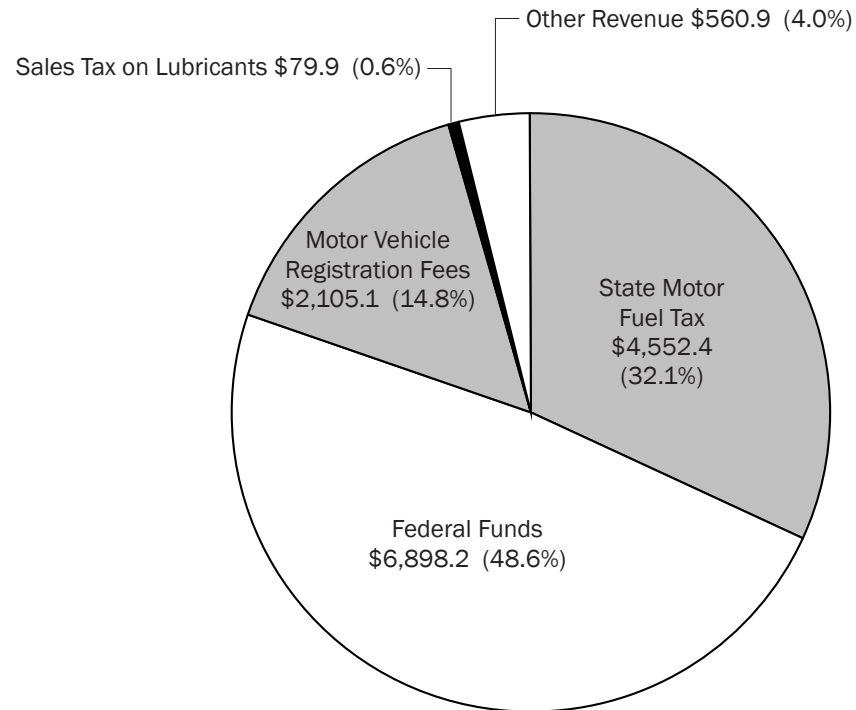


General Overview of Issuances Secured by Revenue in the State Highway Fund



IN MILLIONS

TOTAL \$14,196.5 MILLION



NOTE: Amounts do not include balances remaining from prior fiscal years.
SOURCE: Comptroller of Public Accounts.

State Highway Fund 0006 Revenues

State Motor Fuels Tax

- ◆ Revenues are generated through taxes assessed on the sale of motor fuels including gasoline, diesel fuel, and liquefied gas.
 - ◆ Diesel fuel and gasoline tax rate is \$0.20 per gallon.
 - ◆ Liquefied gas tax rate is \$0.15 per gallon.

- ◆ One percent of the gross amount collected is allocated to the Comptroller of Public Accounts for the administration and enforcement of state motor fuel tax laws.

- ◆ After deductions, 25 percent of the collected state motor fuel tax balance is allocated to the Available School Fund (Fund 0002). The remaining 75 percent of collections is allocated to the State Highway Fund.

- ◆ \$7.3 million collected from the gasoline tax is allocated to the County and Road District Highway Fund (Fund 0057).

- ◆ The Comptroller estimates \$4.5 billion will be available for the 2008–09 biennium.

- ◆ Since the effective date of the last motor fuel tax increase in fiscal year 1992, annual revenues increased by 75.1 percent, from \$1.3 billion to \$2.2 billion in fiscal year 2009.

State Highway Fund 0006 Revenues *(continued)*

Federal Funds

- ◆ The majority (over 95 percent) of the federal funds received in the State Highway Fund are reimbursements for state highway planning and construction expenditures.
- ◆ The remaining funds are grants received through other transportation programs, like airport improvements and safety regulations.
- ◆ Federal program appropriations are made each fiscal year from revenues collected two years prior.
- ◆ Total reimbursements for specific federal programs are limited during the annual federal appropriations process.
- ◆ Highway funding reimbursement rates average 80 percent, but range from 50 percent to 100 percent depending on the program.
- ◆ Reimbursements are subject to penalties for failure to comply with certain provisions, such as clean air compliance and safety regulations.
- ◆ The Comptroller estimates \$6.9 billion in federal reimbursements will be available for the 2008–09 biennium.

State Highway Fund 0006 Revenues *(continued)*

Motor Vehicle Registration Fees

- ◆ Fees are collected annually for the registration of motor vehicles, trailers, or semitrailers.
- ◆ Counties retain the first \$60,000 collected and \$350 for each mile of county road maintained by the county up to 500 miles.
- ◆ In fiscal year 2008, counties began receiving less revenue from motor vehicle registration fees and retaining more revenue from motor vehicle sales tax collections proportionally. This will continue each year through fiscal year 2015 to meet the equivalency amount of 5 percent of the motor vehicle sales tax collected during the previous year. No motor vehicle registration fees will be allocated for the 5 percent equivalency amount in 2015 and following years, as motor vehicle sales tax revenue will cover the full amount.
- ◆ The Comptroller estimates \$2.1 billion will be available for the 2008–09 biennium.

Sales Tax on Lubricants

- ◆ Revenues are collected from taxes assessed on the sale, storage, or use of lubricating and motor oils for motor vehicles.
- ◆ The Comptroller estimates \$79.9 million will be available for the 2008–09 biennium.

Other Revenues

- ◆ Revenues are generated from many other sources including vehicle certificates, special vehicle registrations, commercial transportation fees, and the sale of publications.
- ◆ The Comptroller estimates \$560.9 million will be available for the 2008–09 biennium.

State Highway Fund 0006 Constitutional Guidelines and Provisions

Section 7-a, Art. VIII, Texas Constitution

- ◆ Dedicates net revenues from motor vehicle registration fees and taxes on motor fuels and lubricants used to propel motor vehicles over public roadways to be used only for “acquiring rights-of-way, constructing, maintaining, and policing such public roadways, and for the administration of such laws as may be prescribed by the Legislature pertaining to the supervision of traffic and safety on such roads.”
- ◆ Requires one-fourth of the revenue collected from the motor fuel tax to be allocated to the Available School Fund. (This was established in accordance with the 1883 Constitutional Amendment of Article VII, Section 3 [a]).
- ◆ Establishes a floor for net revenues derived by counties from motor vehicle registration fees.

Section 7-b, Art. VIII, Texas Constitution

- ◆ Dedicates revenues received from the federal government as reimbursement for state expenditures from funds “dedicated for acquiring rights-of-way and constructing, maintaining, and policing public roadways” for the same purposes.

Section 49-m, Art. III, Texas Constitution

- ◆ Allows the Legislature to authorize the Texas Transportation Commission to authorize the Texas Department of Transportation to issue short-term notes or borrow money from any source to carry out the functions of the department.

State Highway Fund 0006 Constitutional Guidelines and Provisions (*continued*)

Section 49-m, Art. III, Texas Constitution (*continued*)

- ◆ Limits any loans obtained or notes issued to a term of no more than two years.
- ◆ Authorizes the Legislature to appropriate money dedicated by Sections 7-a and 7-b, Article VIII, of the Constitution for the purpose of paying a debt created by the notes or loan.

Section 49-n, Art. III, Texas Constitution

- ◆ Allows the Legislature to authorize the Texas Transportation Commission to issue bonds and other public securities and enter into bond enhancement agreements that are payable from revenue deposited to the credit of the State Highway Fund to fund highway improvement projects.
- ◆ Appropriates amounts from the State Highway Fund in each fiscal year sufficient to pay the principal of and interest on the bonds or other public securities that mature or become due during the fiscal year and any cost related to the bonds and other public securities, including payments under bond enhancement agreements, that become due during that fiscal year.
- ◆ Prohibits modifying any dedication or appropriation of revenue to the credit of the State Highway Fund that would impair any outstanding bonds or other public securities secured by a pledge of that revenue unless provisions are made for a full discharge of those securities.

State Highway Fund 0006 Statutory Guidelines and Provisions

Section 222.001, Transportation Code

- ◆ Requires that revenue deposited in the State Highway Fund that is required to be used for public roadways by the Texas Constitution or federal law, “be used only:
 - (1) to improve the state highway system;
 - (2) to mitigate adverse environmental effects that result directly from construction or maintenance of a state highway by the department; or
 - (3) by the Department of Public Safety to police the state highway system and to administer state laws relating to traffic and safety on public roads.”

Section 222.002, Transportation Code

- ◆ Allows money in the fund that is not required to be used on public roadways by the Texas Constitution or federal law to be used for any function performed by the department.

Section 222.003, Transportation Code

- ◆ Authorizes the Texas Transportation Commission to issue bonds and other public securities secured by a pledge of and payable from revenue deposited to the credit of the State Highway Fund in accordance with all laws affecting the issuance of bonds and other public securities by governmental entities, including Chapters 1201, 1202, 1204, 1209, 1231, and 1371, Government Code.

- ◆ Limits the aggregate principal amount of bonds and other public securities issuances to \$6 billion overall and limits the aggregate principal amount to be issued each fiscal year to \$1.5 billion.

State Highway Fund 0006 Statutory Guidelines and Provisions (*continued*)

Section 222.003, Transportation Code (*continued*)

- ◆ Requires the Texas Transportation Commission to issue bonds or other public securities in an aggregate principal amount of \$1.2 billion to fund projects that reduce accidents or correct or improve hazardous locations on the state highway system.
- ◆ Prohibits proceeds of bond and other public security issuances under this section from being used for the construction of a state highway or other facility on the “Trans-Texas Corridor”.
- ◆ Prohibits the use of the bond and public security proceeds for any purpose other than costs related to the bonds and other public securities and purposes for which revenues are dedicated under Section 7-a, Article VIII, Texas Constitution.
- ◆ Requires the annual expenditures for related obligations, principal amounts, and terms, to be 10 percent or less of the amount deposited to the credit of the State Highway Fund in the immediately preceding year.
- ◆ Specifies that bonds and other public securities must mature no later than 20 years after their dates of issuance, subject to any refunds or renewals.
- ◆ Requires the Comptroller to make all necessary payments from the State Highway Fund under the direction of the Texas Transportation Commission for the principal, interest, and other costs related to the bonds and other public securities that become due.

State Highway Fund 0006 Statutory Guidelines and Provisions (*continued*)

Section 201.115, Transportation Code

- ◆ Authorizes the Texas Transportation Commission to borrow money from any source to carry out the functions of the department and allows money in the State Highway Fund to be used to repay such a loan, if appropriated by the legislature for that purpose.
- ◆ Specifies that any loans made under this section may not be a general obligation of the state and are payable only as authorized by legislative appropriation.

Section 201.962, Transportation Code

- ◆ Authorizes the Texas Transportation Commission to issue, sell, and deliver tax and revenue anticipation notes on behalf of the state in anticipation of a temporary cash flow shortfall in the State Highway Fund during any fiscal year, with the approval of the cash management committee.

Section 201.963, Transportation Code

- ◆ Authorizes the Texas Transportation Commission to act as an issuer and to exercise the powers granted to the governing body of an issuer in connection with the issuance of obligations under Chapter 1371, Government Code.
- ◆ Exempts the notes from review by the Bond Review Board, but requires the review and approval by the Attorney General.

State Highway Fund 0006 Statutory Guidelines and Provisions (*continued*)

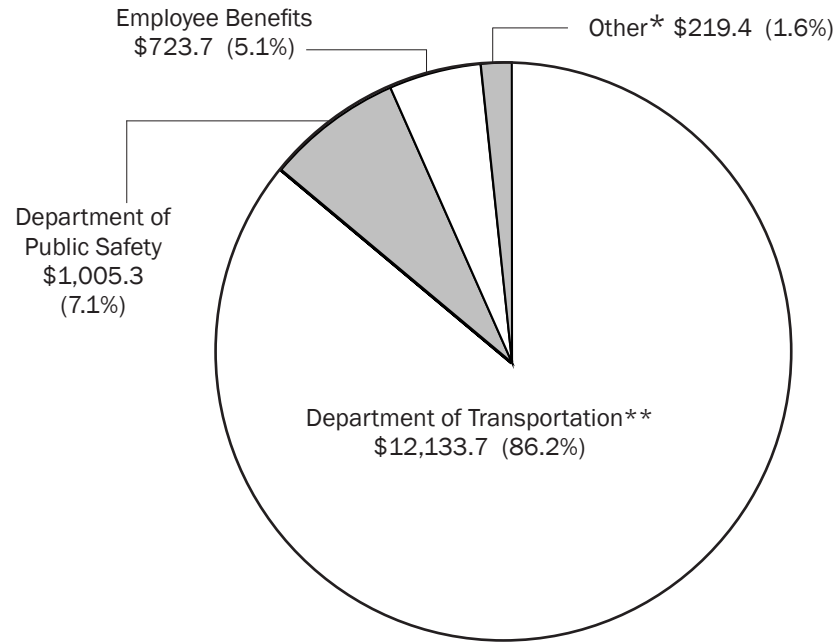
Section 201.963, Transportation Code (*continued*)

- ◆ Authorizes the Comptroller to assist the Texas Transportation Commission with the issuance of notes.
- ◆ Requires that issued tax and revenue anticipation notes may not be counted as debts of the state, that they must mature and be paid in full during the fiscal biennium in which they were issued, and that they may be used only to make up a temporary shortfall in the State Highway Fund's cash flow.
- ◆ Requires that tax and revenue anticipation note proceeds be deposited in a special fund in the state treasury, that depository interest be credited to the fund, and that the department must transfer the net proceeds from the fund to the State Highway Fund as necessary to pay authorized expenditures.
- ◆ Allows amounts in the highway tax and revenue anticipation note fund to be pledged to secure the payment of the notes and performance of obligations under credit agreements relating to the notes and be used to pay issuance costs and required rebates to the federal government.

Section 201.964, Transportation Code

- ◆ Requires the Texas Department of Transportation to periodically transfer cash received in the State Highway Fund to the highway tax and revenue anticipation note fund to ensure the timely payment of the notes.

TOTAL \$14,082.1 MILLION



*Other = Salary Increase/Schedule C Pay Raise (\$66.9, 0.5%); Texas Education Agency (\$100.0, 0.7%); Health and Human Services Commission (\$20.0, 0.1%); Texas Transportation Institute (\$12.8, 0.1%); Office of the Attorney General (\$11.5, 0.1%); State Office of Administrative Hearings (\$6.3, 0.04%); and the Public Integrity Unit (\$1.9, 0.01%).

**Department of Transportation appropriation amounts are estimated and include prior fiscal year remaining balances and Federal Funds.

SOURCE: Legislative Budget Board.

State Highway Fund 0006 Appropriated Amounts, 2008–09 Biennium (*continued*)

Comptroller of Public Accounts

- ◆ Prior to required allocations being deposited to the Available School Fund and the State Highway Fund, one percent of the gross amount of motor fuel taxes collected is retained and allocated for the administration and enforcement of the motor fuel tax laws.

Department of Transportation

- ◆ Funding is provided for planning, designing, researching, building, maintaining, and preserving the state transportation system, as well as maximizing the effectiveness and efficiency of transportation services, systems, programs, and resources.
- ◆ The department is appropriated funds to provide required health and human services client transportation services. Pursuant to the enactment of Senate Bill 10, Eightieth Legislature, 2007, client transportation program responsibilities and the associated appropriations will transfer to the Health and Human Services Commission in fiscal year 2009.

Department of Public Safety

- ◆ Funding is provided to police the state highway system and administer state traffic and safety laws on public roads.

State Highway Fund 0006 Appropriated Amounts, 2008–09 Biennium (*continued*)

Employee Benefits

- ◆ Funding is provided for insurance, retirement, Social Security, and benefit replacement pay costs for employees and retirees from the Department of Transportation, the Department of Public Safety, the Office of the Attorney General, the State Office of Administrative Hearings, and the Texas Transportation Institute.

Texas Education Agency

- ◆ Funding is provided to support public school transportation.

Health and Human Services Commission

- ◆ Funding is provided to match federal Medicaid funds for eligible ambulance services contracted by the Health and Human Services Commission.

General State Employee Salary Increase and Schedule C Pay Raise

- ◆ Funding is provided for Schedule C pay raises and general state employee salary increases authorized by Article IX, Sections 19.61 and 19.62 of the 2008–2009 General Appropriations Act.

Texas Transportation Institute

- ◆ Funding is provided for transportation safety research.

State Highway Fund 0006 Appropriated Amounts, 2008–09 Biennium (*continued*)

Office of the Attorney General

- ◆ Funding provides legal services on behalf of the Department of Transportation and the Department of Public Safety (includes right-of-way acquisition proceedings and representation in lawsuits).
- ◆ In fiscal year 2007, the Office of the Attorney General performed 97,305 hours of legal work for the Department of Transportation and the Department of Public Safety.

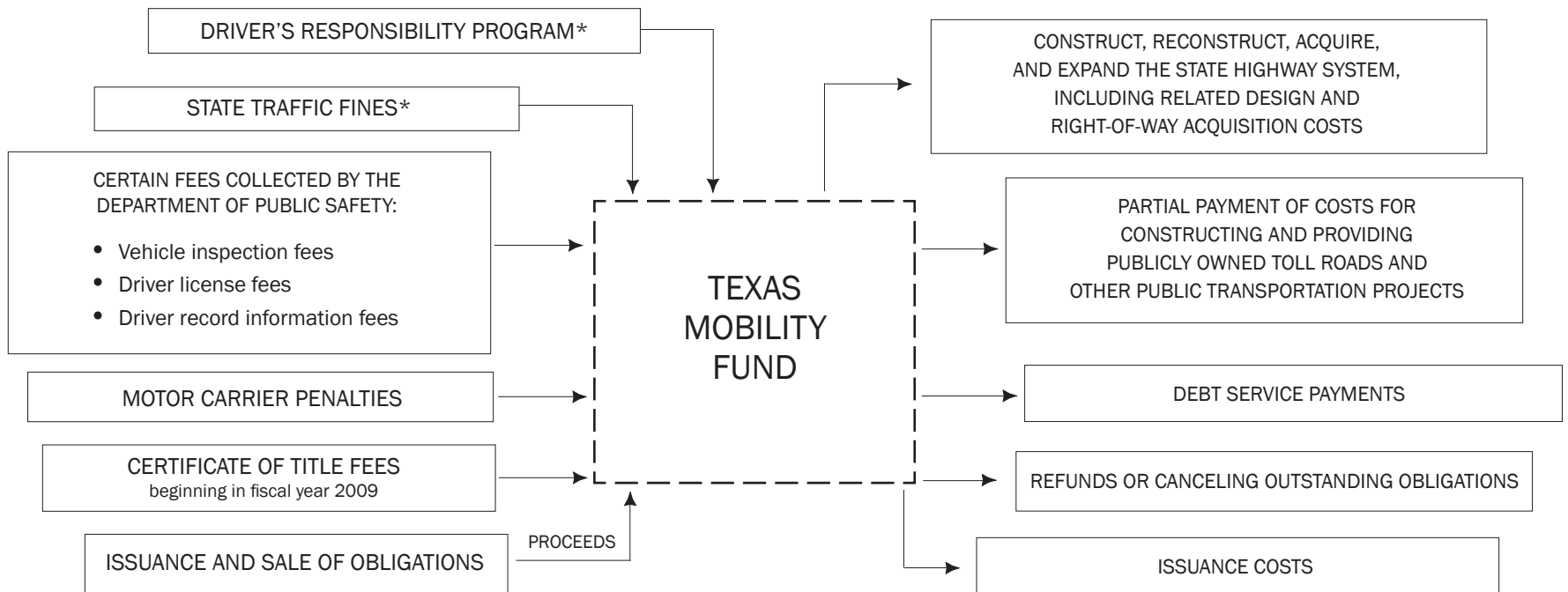
State Office of Administrative Hearings

- ◆ Funding is provided for hearings for the Department of Public Safety's Administrative License Revocation Program.

Public Integrity Unit

- ◆ Funding is provided to the Travis County District Attorney's Office to investigate and prosecute motor fuel tax fraud cases.

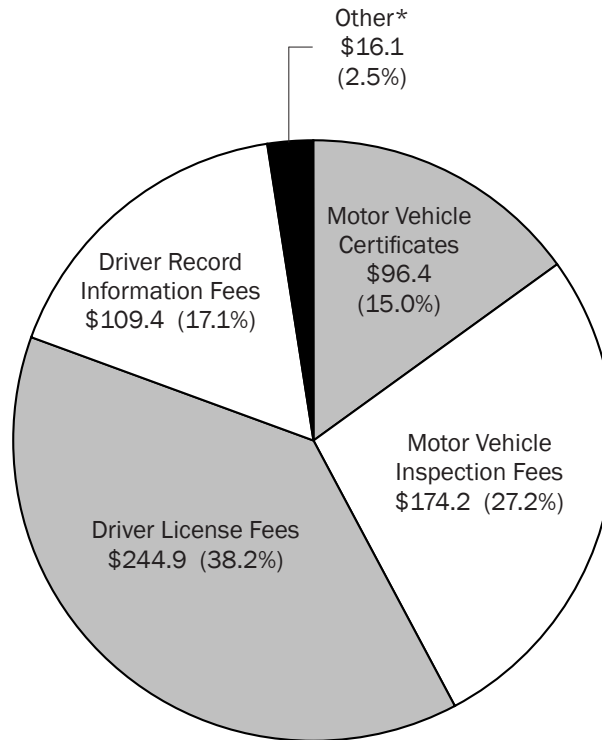
General Overview of the Texas Mobility Fund



* After combined deposits to the General Revenue Fund exceed \$250 million in a fiscal year.

IN MILLIONS

TOTAL \$641.0 MILLION



*Other = Special License Plate Fees (<\$0.1, <0.1%), Motor Carrier Act Fines and Penalties (\$2.1, 0.3%), and Interest on State Deposits (\$14.0, 2.2%).

NOTE: Amounts do not include proceeds from the sale of bonds or other public securities deposited to the Fund.

SOURCE: Comptroller of Public Accounts.

Texas Mobility Fund Constitutional Guidelines

Section 49-k, Article III, Texas Constitution

- ◆ Created the Texas Mobility Fund in the state treasury as a revolving fund to finance the acquisition of right-of-way and the design, construction, reconstruction, acquisition, and expansion of state highways.
- ◆ Authorizes the use money in the fund for state participation in paying part of the costs for constructing and providing publicly owned toll roads and other public transportation projects.
- ◆ Requires the Texas Transportation Commission to administer the fund and authorizes it to issue and sell obligations of the state and enter into related credit agreements payable from and secured by money in the fund in an aggregate principal amount that can be repaid when due from the fund.
- ◆ Requires obligation proceeds to be deposited in the fund and used for making authorized refunds; creating payment reserves; paying issuance costs; and paying interest on obligations and related credit agreements.
- ◆ Authorizes the Legislature to dedicate revenues from specific sources, portions, or amounts to the fund, including taxes and other state monies that are not constitutionally dedicated, and revenues from other sources that are allocated to the same costs as revenues dedicated by Section 7-a, Article VIII, of the Texas Constitution.
- ◆ Appropriates revenues dedicated to the fund for the purposes established in statute upon being received and deposited into the fund without further appropriation.

Texas Mobility Fund Constitutional Guidelines (*continued*)

Section 49-k, Article III, Texas Constitution (*continued*)

- ◆ Allows the Legislature by law to authorize the Texas Transportation Commission to guarantee the payment of any obligation and credit agreement issued and executed under this section by pledging the full faith and credit of the state to that payment if dedicated revenues, taxes, and monies are insufficient to make all payments when due.
- ◆ Requires that the first money received in the state treasury that is not otherwise appropriated by the constitution must be deposited in the fund during each fiscal year in an amount sufficient to pay the principal and interest of any obligations and agreements due during that fiscal year less any amount available in the fund for that payment if dedicated revenues, taxes, and monies are insufficient to make all payments when due and appropriates those funds.
- ◆ Prohibits reducing, rescinding, or repealing the dedication of a specific source or portion of revenue, taxes, or other money made to the fund while money in the fund is pledged to pay outstanding obligations or related credit agreements unless the Legislature by law dedicates a substitute or different source projected by the Comptroller to be of greater or equal value than the source or amount being reduced, rescinded, or repealed; and the Texas Transportation Commission guarantees the payment of any obligations and credit agreements issued and executed by pledging the full faith and credit of the state to that payment if dedicated revenue is insufficient for that purpose.
- ◆ Requires the Comptroller to project aggregate principal amounts of state obligations and credit agreements that are payable from the fund.

Texas Mobility Fund Constitutional Guidelines (*continued*)

Section 49-k, Article III, Texas Constitution (*continued*)

- ◆ Requires the Attorney General to review proceedings authorizing obligations and related credit agreements for the purposes of approving their legality and establishes that such obligations and related credit agreements are incontestable for any cause after receiving an Attorney General approval, after obligation purchasers make a payment, and after the agreements are executed and delivered.
- ◆ Prohibits any obligations and credit agreements issued or executed under this section from being included in the computation required by Section 49-j, Article III, of the Constitution, unless money is dedicated to the fund without specification of its source or the Texas Transportation Commission guarantees the payment of obligations and credit agreements by pledging the full faith and credit of the state.
- ◆ Requires that obligations and credit agreements must be included in the computation required by Section 49-j, Article III, of the Constitution, to the extent the Comptroller projects that general funds of the state will be required to pay amounts due on or on account of the obligations and credit agreements.
- ◆ Authorizes the collection and deposit of amounts required by this section of the constitution, applicable law, and contract to be applied to the payment of obligations and credit agreements issued, executed, and secured to be enforced by mandamus against the Commission, the Texas Department of Transportation, and the Comptroller in a district court of Travis County, and waves the sovereign immunity of the state for that purpose.

Texas Mobility Fund Statutory Guidelines

Section 201.942, Transportation Code

- ◆ Requires the Comptroller to hold the fund.
- ◆ Requires the Texas Transportation Commission to manage, invest, use, and administer the fund through the Texas Department of Transportation.

Section 201.943, Transportation Code

- ◆ Authorizes the Texas Transportation Commission to issue obligations and enter into credit agreements in the name and on behalf of the state for financing the construction, reconstruction, acquisition, and expansion of state highways and other mobility projects through the Texas Department of Transportation and the Texas Mobility Fund.
- ◆ Provides the Texas Transportation Commission with the powers granted to other bond-issuing governmental agencies and units and to nonprofit corporations by Chapters 1201, 1209, and 1371, Government Code.
- ◆ Requires obligations to be secured by and payable from a pledge of and lien on all or part of the money in the fund.
- ◆ Allows obligations to be additionally secured by and payable from credit agreements and allows amounts due on the obligations to be paid from discretionary money available to the Texas Transportation Commission that is not dedicated to or appropriated for other specific purposes.

Texas Mobility Fund Statutory Guidelines (*continued*)

Section 201.943, Transportation Code (*continued*)

- ◆ Allows obligations to be issued for one or more of the following purposes:
 - ◆ to pay all or part of the costs for the acquisition of right-of-way and the design, construction, reconstruction, acquisition, and expansion of state highways with an expected useful life, without material repair, of not less than 10 years;
 - ◆ to allow the state to participate in paying part of the costs for constructing and providing publicly owned toll roads and other public transportation projects that are determined by the Texas Transportation Commission to be in the best interests of the state;
 - ◆ to create debt service reserve accounts;
 - ◆ to pay interest on obligations for a period of not longer than two years;
 - ◆ to refund or cancel outstanding obligations; and
 - ◆ to pay the commission's costs of issuance.

- ◆ Prohibits obligations from being issued unless the Comptroller projects in a certification that the amount of money dedicated to the fund and required to be on deposit in the fund and the investment earnings on that money, during each year of the period during which the proposed obligations are scheduled to be outstanding, will be equal to at least 110 percent of the requirements to pay the principal of and interest on the proposed obligations during that year.

- ◆ Requires that the Attorney General review proceedings authorizing obligations and related credit agreements for the purposes of approving their legality and establishes that such obligations and related credit agreements are incontestable for any cause after receiving an Attorney General approval, after obligation purchasers make a payment, and after the agreements are executed and delivered.

Texas Mobility Fund Statutory Guidelines (*continued*)

Section 201.944, Transportation Code

- ◆ Authorizes the Texas Transportation Commission to pledge the full faith and credit of the state to the payment of obligations and credit agreements in the event that revenue and money for and on deposit in the fund would be insufficient to cover debt obligations.
- ◆ Requires that the first money received in the state treasury that is not otherwise appropriated by the constitution must be deposited in the fund during each fiscal year in an amount sufficient to pay the principal and interest of any obligations and agreements due during that fiscal year less any amount available in the fund for that payment if dedicated revenues, taxes, and monies are insufficient to make all payments when due and appropriates those funds.

Section 201.945, Transportation Code

- ◆ Requires revenue dedicated or appropriated pursuant to the requirements of the Texas Constitution to be deposited in the fund.

Section 201.946, Transportation Code

- ◆ Allows money in the fund to be invested in the investments permitted by law for the investment of money on deposit in the state highway fund.
- ◆ Requires that income received from the investment of money in the fund be deposited in the fund subject to any requirements imposed by proceedings authorizing obligations to protect the tax-exempt status of interest payable on the obligations under the Internal Revenue Code of 1986.

Texas Mobility Fund Statutory Guidelines (*continued*)

Section 201.947, Transportation Code

- ◆ Prohibits the Texas Transportation Commission from issuing obligations prior to the Texas Department of Transportation developing a strategic plan outlining how funds would be used and would benefit the state.

Section 542.4031, Transportation Code

- ◆ Requires 67 percent of 95 percent of state traffic fines collected in any state fiscal year to be deposited to the credit of the Texas Mobility Fund after the combined revenue deposited to the General Revenue Fund from state traffic fines and surcharges from the Driver's Responsibility Program equals \$250 million for that fiscal year.

Section 780.002, Health and Safety Code

- ◆ Requires 49.5 percent of the surcharges from the Driver's Responsibility Program collected in any state fiscal year to be deposited to the credit of the Texas Mobility Fund after the combined revenue deposited to the General Revenue Fund from state traffic fines and surcharges from the Driver's Responsibility Program equals \$250 million for that fiscal year.

Sections 521.058, 521.313, 521.3466, 521.427, 522.029, 524.051, 548.508, 644.153, and 724.046, Transportation Code

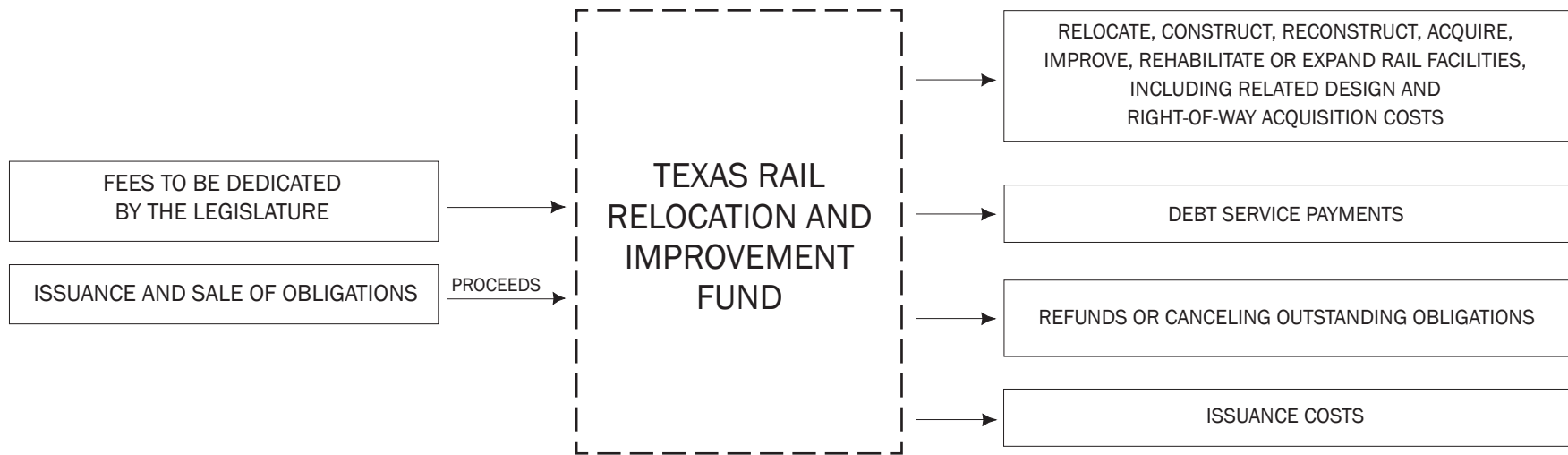
- ◆ Requires certain fees and penalties collected by the Department of Public Safety to be deposited to the credit of the Texas Mobility Fund.

Texas Mobility Fund Statutory Guidelines (*continued*)

Section 501.138, Transportation Code

- ◆ Beginning in fiscal year 2009, requires a portion of certificate of title fees to be deposited to the fund.
- ◆ Requires the Comptroller to establish a record of the amount of certificate of title fees deposited to the fund and requires the Texas Department of Transportation to remit to the Comptroller an equal amount of State Highway Funds for deposit to the Texas Emissions Reduction Plan Fund (through fiscal year 2015).

General Overview of the Texas Rail Relocation and Improvement Fund



Texas Rail Relocation and Improvement Fund Constitutional Guidelines

Section 49-o, Article III, Texas Constitution

- ◆ Created the Texas Rail Relocation and Improvement Fund in the state treasury to finance the costs of relocating and improving privately and publicly owned passenger and freight rail facilities for the purposes of relieving congestion on public highways, enhancing public safety, improving air quality, and expanding economic opportunity.
- ◆ Requires the Texas Transportation Commission to administer the fund and authorizes it to issue and sell obligations of the state and enter into related credit agreements that are payable from and secured by money in the fund in an aggregate principal amount that can be repaid when due from the fund.
- ◆ Requires obligation proceeds to be deposited in the fund and used for making authorized refunds; creating payment reserves; paying issuance costs; and paying interest on obligations and related credit agreements.
- ◆ Authorizes the Legislature to dedicate revenues from specific sources, portions, or amounts to the fund including taxes and other state monies that are not otherwise constitutionally dedicated.
- ◆ Appropriates revenues dedicated to the fund for the purposes established in statute upon being received and deposited to the fund without further appropriation.

Texas Rail Relocation and Improvement Fund Constitutional Guidelines (*continued*)

Section 49-o, Article III, Texas Constitution (*continued*)

- ◆ Allows the Legislature by law to authorize the Texas Transportation Commission to guarantee the payment of any obligation and credit agreement issued and executed under this section by pledging the full faith and credit of the state to that payment if dedicated revenues, taxes, and monies are insufficient to make all payments when due.
- ◆ Requires that the first money received in the state treasury that is not otherwise appropriated by the constitution must be deposited in the fund during each fiscal year in an amount sufficient to pay the principal and interest of any obligations and agreements due during that fiscal year less any amount available in the fund for that payment if dedicated revenues, taxes, and monies are insufficient to make all payments when due and appropriates those funds.
- ◆ Prohibits reducing, rescinding, or repealing the dedication of a specific source or portion of revenue, taxes, or other money made to the fund while money in the fund is pledged to pay outstanding obligations or related credit agreements unless the Legislature by law dedicates a substitute or different source projected by the Comptroller to be of greater or equal value than the source or amount being reduced, rescinded, or repealed; and the Texas Transportation Commission guarantees the payment of any obligations and credit agreements issued and executed by pledging the full faith and credit of the state to that payment if dedicated revenue is insufficient for that purpose.
- ◆ Requires the Comptroller to project aggregate principal amounts of state obligations and credit agreements that are payable from the fund.

Texas Rail Relocation and Improvement Fund Constitutional Guidelines (*continued*)

Section 49-o, Article III, Texas Constitution (*continued*)

- ◆ Requires the Attorney General to review proceedings authorizing obligations and related credit agreements for the purposes of approving their legality and establishes that such obligations and related credit agreements are incontestable for any cause after receiving an Attorney General approval, after obligation purchasers make a payment, and after the agreements are executed and delivered.

- ◆ Prohibits any obligations and credit agreements issued or executed under this section from being included in the computation required by Section 49-j, Article III, of the Constitution, unless money is dedicated to the fund without specification of its source or the Texas Transportation Commission guarantees the payment of obligations and credit agreements by pledging the full faith and credit of the state.

- ◆ Requires that obligations and credit agreements must be included in the computation required by Section 49-j, Article III, of the Constitution, to the extent the Comptroller projects that general funds of the state will be required to pay amounts due on or on account of the obligations and credit agreements.

- ◆ Authorizes the collection and deposit of amounts required by this section of the constitution, applicable law, and contract to be applied to the payment of obligations and credit agreements issued, executed, and secured to be enforced by mandamus against the Commission, the Texas Department of Transportation, and Comptroller in a district court of Travis County, and waves the sovereign immunity of the state for that purpose.

Texas Rail Relocation and Improvement Fund Statutory Guidelines

Section 201.972, Transportation Code

- ◆ Requires the Comptroller to hold the fund.
- ◆ Requires the Texas Transportation Commission to manage, invest, use, and administer the fund through the Texas Department of Transportation.

Section 201.973, Transportation Code

- ◆ Authorizes the Texas Transportation Commission to issue obligations and enter into credit agreements in the name and on behalf of the state for financing the relocation, construction, reconstruction, acquisition, improvement, rehabilitation, or expansion of rail facilities and the construction of railroad overpasses and underpasses associated with the relocation of a rail facility.
- ◆ Specifies that obligation proceeds may not be used to relocate an existing rail line without the approval of the governing bodies of a majority of the counties and municipalities in which the relocated rail line will be located.
- ◆ Provides the Texas Transportation Commission with the powers granted to other bond-issuing governmental agencies and units and to nonprofit corporations by Chapters 1201, 1209, and 1371, Government Code.

Texas Rail Relocation and Improvement Fund Statutory Guidelines (*continued*)

Section 201.973, Transportation Code (*continued*)

- ◆ Requires obligations to be secured by and payable from a pledge of and lien on all or part of the money in the fund.
- ◆ Allows obligations to be additionally secured by and payable from credit agreements and allows amounts due on the obligations to be paid from discretionary money available to the Texas Transportation Commission that is not dedicated to or appropriated for other specific purposes.

Section 201.974, Transportation Code

- ◆ Authorizes the Texas Transportation Commission to pledge the full faith and credit of the state to the payment of obligations and credit agreements in the event that revenue and money for and on deposit in the fund would be insufficient to cover debt obligations.
- ◆ Requires that the first money received in the state treasury that is not otherwise appropriated by the constitution must be deposited in the fund during each fiscal year in an amount sufficient to pay the principal and interest of any obligations and agreements due during that fiscal year less any amount available in the fund for that payment if dedicated revenues, taxes, and monies are insufficient to make all payments when due and appropriates those funds.

Texas Rail Relocation and Improvement Fund Statutory Guidelines (*continued*)

Section 201.975, Transportation Code

- ◆ Requires revenue dedicated or appropriated pursuant to the requirement of the Texas Constitution to be deposited in the fund.

Section 201.976, Transportation Code

- ◆ Allows money in the fund to be invested in the investments permitted by law for the investment of money on deposit in the state highway fund.
- ◆ Requires that income received from the investment of money in the fund be deposited in the fund subject to any requirements imposed by proceedings authorizing obligations to protect tax-exempt status of interest payable on the obligations under the Internal Revenue Code of 1986.

Section 201.977, Transportation Code

- ◆ Prohibits the Texas Transportation Commission from issuing obligations prior to the Texas Department of Transportation developing a strategic plan to outline how funds would be used and would benefit the state.