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February 2, 2009

Dear

You may be aware that a startling 84% of respondents to a recent Texas Lyceum poll said something needs to be done about traffic congestion, and 70% called for committing more resources to repair and improve roads. Over the last eighteen months, many of us here at the Capitol have worked to identify the most optimal transportation funding sources for this legislative session. After much thought and deliberation, it is my belief that the following actions, ranked from the most desirable approach to the least, show the most promise in meeting our urgent transportation needs:

1. By constitutional amendment, end or begin systematic reduction of diversions of transportation revenue to non-transportation uses.
2. Scrub TxDOT operations, scale back FTE's, and enable the agency to function at maximum efficiency and accuracy.
3. Modestly index the motor fuels tax to nullify the effects of future inflation.
4. Issue all debt already authorized, further leveraging a portion of the resulting funds through a revolving credit facility.

Through these above actions, we can reduce reliance on the less efficient methods below, which the public has asked us to avoid or minimize:

5. Traditional toll roads.
6. Private equity/public-private partnerships.
7. Comprehensive development agreements, and the like.

Given our enormous funding needs, I do not believe we should eliminate this last set of mechanisms unless we are prepared to replace their revenue streams by materially increasing the gas tax. Even though my committee received frequent testimony in support of that option, along with newspaper editorials in favor from across the state, seeking a significant gas tax increase this session (beyond indexing) is a bridge too far.

The obvious solution, therefore, is to fix the glaring transportation problems we face with those most workable approaches so that the benefits they provide can be realized and not lost. Further, we need any

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breathing room we can make available to prevent acting in haste (or at all) on other proposals that deserve very careful, deliberate, thorough dissection before proceeding -- such as the controversial use of congestion pricing techniques, backstopping toll debt with Fund 6, or the unwise use of state employee/teacher pension funds for roadbuilding.

The first four options I've mentioned have widespread support -- including the modest move toward indexing. On my desk right now is a letter from the Texas Metro Chambers, representing thousands of businesses in the eight largest cities in Texas, calling for stopping diversion, indexing the motor fuels tax, appropriating money to the Rail Relocation and Improvement Fund, and other efforts. In truth, none of these options is easy, but failure to act demonstrates mismanagement. Traffic congestion and the attendant air quality problems, traffic safety issues, lack of connectivity between cities, aging bridges, and a continuing need for maintenance cry for a sense of urgency. We are many legislative sessions and several technological advances away from pay-per-mile and similar proposals.

Of course, a balanced transportation system depends on much more than highways. Mass transit and passenger and freight rail have definite roles to play, and again proved their utility during the recent periods of \$4-per-gallon gasoline and disaster-spawned highway disruptions. Texas must further take advantage of the next generation technologies and applications already proven elsewhere, including bus rapid transit, high speed (200 mph) passenger trains, and the potential embodied in alternative fuels and cleaner energy sources.

I have been a believer for some time that local governments need additional resources to cope with regional transportation needs, and I am encouraged by the tone of the discussion on initiatives such as the Rail North Texas concept, which may be expanded statewide before the session ends. Agreement on additional local revenue sources will infuse the networks of our urban regions and flow the benefits of indexing throughout our rural areas.

What is the potential for passage of all of these? Better than any session before, but still mixed. We cannot have that debate in a vacuum, where each option stands or falls on its own as if one has no implications for others. I suggest we consider transportation funding in the context of passing interrelated legislation into law that makes the best options possible. It would be foolhardy to eliminate any alternatives for providing mobility -- the result of which could be finding ourselves in June with existing revenues maxed out and no other finance options.

To address our current transportation crisis will require courageous votes and true Texas leadership. Thank you for your consideration, and I hope that you will join myself and others in this effort.

Sincerely,



John Carona

Chairman

Senate Committee on Transportation and Homeland Security