



LEGISLATIVE AGENDA FOR THE 84th SESSION

EXECUTIVE SUMMARY The Houston region is a rapidly expanding internationally competitive market of 6.3 million, projected to reach over 8 million by 2035. We are already experiencing the impact of a region taking on more than its current transportation system can handle. Dramatic increases in daily commute times affect businesses and quality of life. Solutions are needed now.

LEGISLATIVE GOAL While we advocate full funding of all Texas' transportation needs, we understand there are many political and fiscal constraints. Therefore, TAG's goal is to offer our leaders a menu of funding options to provide a foundation for sustainable and long-term solutions to our state and region's transportation crisis. We must provide additional annual funding of \$5 billion to maintain current conditions, and Prop 1 is a meaningful beginning. Now, we need to do more.



84TH TEXAS LEGISLATIVE SESSION OUR TOP PRIORITIES

1. END DIVERSIONS - The State Highway Trust Fund (Fund 6) is the state's primary highway funding mechanism, collecting the vast majority of highway-related revenue from federal reimbursements, state motor fuels taxes, motor vehicle registrations and various fees.

TAG'S TAKE: TAG supports the elimination of Fund 6 diversions for all non-transportation programs that are not directly associated with the maintenance and expansion of the state highway system. TAG also supports an exception for the 25% diversion to education required by the Texas Constitution. It should be continued.
Estimated Revenue: \$600M

2. VEHICLE SALES TAX ALLOCATION - The current sales tax levied on the purchase of new and used vehicles in Texas is 6.25%. The revenue collected from these sales is currently allocated to the state's General Fund and is therefore not dedicated solely for transportation-related needs.

TAG'S TAKE: TAG supports allocating a portion of the motor vehicle sales tax revenue to the State Highway Trust Fund (Fund 6). This funding solution is predictable and automatically adjusted with inflation and can raise up to \$4 billion a year — to pay off debt payments, boost TxDOT's maintenance budget and build roads, bridges, and other needed infrastructure projects. Estimated Revenue: Up to \$3B

3. LOCAL OPTION VEHICLE REGISTRATION FEE INCREASE - The state of Texas requires all vehicles registered in the state to pay a state vehicle registration fee. Local regions could require an additional vehicle registration fee that would be collected and spent locally on transportation programs.

TAG'S TAKE: TAG supports state enabling legislation that permits counties the option to raise their vehicle registration fee by up to \$30. If passed, 100% percent of a local option fee would be dedicated to local transportation funding. This will provide additional funds for local projects, increase the number of projects completed and establish a fee that affects all drivers equally regardless of fuel consumption. Revenue is dependent on the number of registered vehicles in the county, for example \$96M/yr for Harris County.

ADDITIONAL FUNDING RECOMMENDATIONS

4. FUEL TAX INDEX/INCREASE - For years, Texas has funded transportation projects with revenue from gasoline taxes. But the gasoline tax has lost its value over the past decades with fuel-saving technology and altered driving habits. This has resulted in less revenue for infrastructure repairs and upgrades.

TAG'S TAKE: The public generally does not realize that, as the price of fuel goes up, the amount of the tax does not. TAG believes that the fuel tax should be indexed to inflation and increased (10¢/gal) so the value of the tax no longer diminishes with time. Estimated Revenue: \$1.2B/yr

5. STATEWIDE VEHICLE REGISTRATION FEE INCREASE - The vehicle registration fee in Texas was last increased in 1985 and has not been modified to reflect the funding demands Texas now faces. The average fee is \$50 — a fee less than what residents in more than 40 other states are paying.

TAG'S TAKE: Vehicle registrations fees directly connect users of the state's transportation system with funding road improvements. TAG recommends the Legislature raising the vehicle registration fee by at least \$50. This increase more accurately reflects Texas's current transportation needs throughout the state. Estimated Revenue: \$1.5B/yr

6. ELECTRIC & ALTERNATIVE FUEL VEHICLE REGISTRATION FEE - Electric and other Alternative Fuel Vehicles (AFVs) — that are not otherwise taxed under the state motor fuel tax laws — that utilize our road system should be required to pay an additional annual registration fee.

TAG'S TAKE: Electric and AFVs do not pay their fair share to maintain our roads. As the number of electric and AFVs increases, we need a way to recover road maintenance costs from these vehicles. Tag recommends an additional annual registration fee of \$100 for electric and AFVs.

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