



Raising the Stakes

- **Proposals to Raise More Transportation Money:**
 - Increase Statewide Gas Tax by 10 cents a gallon
 - Index the Gas Tax to Inflation
 - Texas Local Option Transportation Act (TLOTA)

Some leading lawmakers, on both sides of the aisle, have voiced their concerns that the state's transportation funding is inadequate and that without adding more money to the system, the state will face a major transportation crisis in the coming years. To avert disaster, according to these lawmakers, the state's lawmakers should consider a number of revenue-enhancing policies, including: 1) Raising the gas tax statewide by 10 cents per gallon 2) Indexing the gas tax to producer price inflation 3) Allow local governments to call elections to raise a wide variety of transportation taxes and fees.

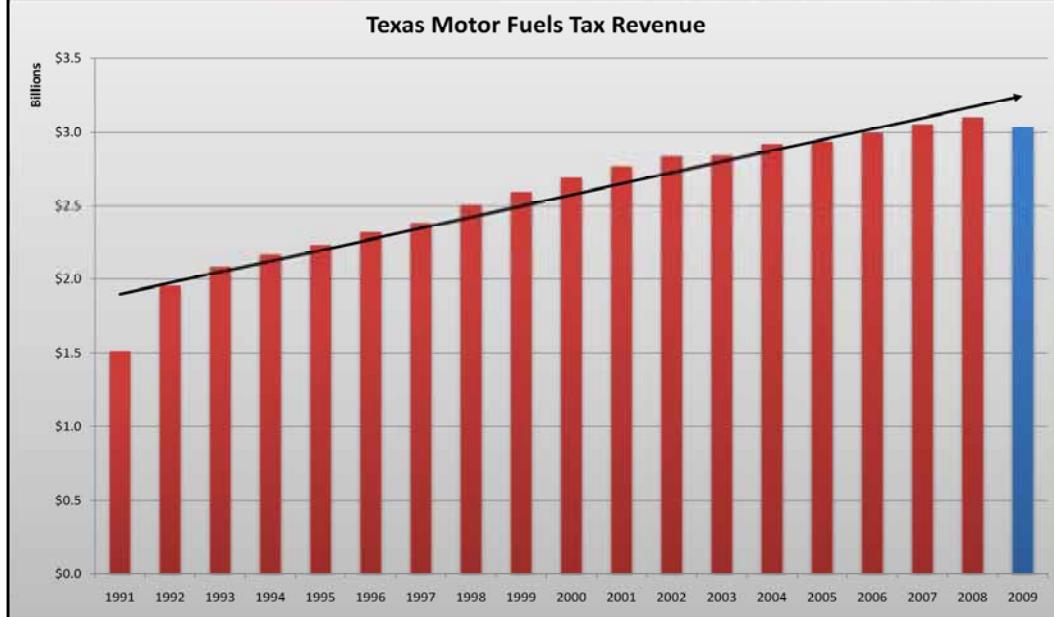
While it is certainly true that Texas is growing quickly—about 1,000 people per day—and this is adding stress to the state's transportation infrastructure system, the picture that higher gas tax proponents are painting is entirely accurate. Let me explain...

More Taxes?

- **Higher Gas Tax Proponents Say:**
GAS PRICES High Higher
— Gas Taxes haven't been raised since 1991...

Proponents of higher gas taxes will often argue that motor fuels taxes haven't been raised from their current 20 cent per gallon rate today since 1991—and they are technically correct. What these advocates fail to mention, however, is that...

Revenue on the Rise



Motor fuels tax revenues continues to grow annually, with the exception of FY 2009, for every year since 1991. Revenue is expected to grow further in FY 2010 and FY 2011, according to the latest estimates from the Legislative Budget Board's Fiscal Size-up.

Chart Source: Texas Comptroller

More Spending?

GAS PRICES

High

Higher

- **Advocates of More Spending Say:**
 - If no more money is found soon, a “crisis” will erupt...

Finally, legislators and interest groups wanting to raise gas taxes will argue that if new taxes and sources of revenue are not found soon, a “crisis” situation will erupt.

However, if a “crisis” situation is looming, a number of burgeoning cities and counties didn't seem to get the memo...

North Central Texas Transit Authority Member/Non-Member Cities							
Member Cities				Non-Member Cities			
Addison	Carrollton	Cookrell Hill	Dallas	Farmers Branch	Garland	University Park	Glen Dallas
Highland Park	Irving	Plano	Richardson	Rowlett	Highland Village		Fort Worth
Blue Mound	Grapevine	Richardson Hills	Denton	Lewisville			
Aledo	Cedar Hill	Euless	Italy	Maypearl	Pilot Point	Sunnyvale	
Allen	Cleburne	Everman	Josephine	McLendon-Cleburne	Ponder	Tally	
Alma	Colley	Fairview	Joshua	McKinney	Post Oak Bend	Terrill	
Alvarado	Clute	Farmersville	Justin	Malissa	Princeton	The Colony	
Alvord	Cleburne	Fate	Kaufman	Mesquite	Prosper	Tolar	
Anna	Colleyville	Ferris	Kerrville	Muldurian	Quinton	Trophy Club	
Annetta	Commerce	Flower Mound	Keller	Mildred	Red Oak		Vernie
Annetta North	Coppell	Forrest Hill	Kemp	Millsap	Rheem	Watauga	Watson
Annetta South	Cot	Forney	Kennedale	Mobilia City	Rio Vista	Waxahachie	
Angle	Coppell	Frisco	Kingsville	Murphy	River Oaks	Weatherford	
Arlington	Copper Canyon	Garrison	Krum	Nevada	Romona	West Tawakoni	
Audrey	Corinth	Godley	Lake Bridgeport	New Fairview	Rockwall	Westlake	
Aurora	Cottonwood	Groves	Lake Dallas	New Hope	Rosen	Weston	
Azle	Crandall	Grand Prairie	Lake Worth	Newark	Royse City	Westover Hills	
Balch Springs	Cresson	Grandview	Lakewood	Naylandville	Rimaway Bay	Waxworth Village	
Bedford	Cross Roads	Grays Prairie	Lakewood Village	North Richland Hills	Sachse	Whit Settlement	
Bartonsville	Cross Timber	Greenville	Lancaster	Northlake	Saginaw	Willow Park	
Bedford	Cresson	Hackberry	Lavon	Oak Leaf	Saint Paul	Winton	
Benbrook	Dalworthington	Faltom City	Lincoln Park	Oak Point	Sanctuary	Wolfe City	
Blue Ridge	Gardens	Hawthorne	Lipan	Ovilla	Sanger	Wylie	
Floyd	DeSoto	Health	Little Elm	Palmer	Sansom Park		
Briarwood	Dish	Hibton	Lone Oak	Pantego	Scurry		
Bridgport	Double Oak	Hickory Creek	Lowry Crossing	Paradise	Seagoville		
Buderson	Duncansville	Hudson Oaks	Lucas	Parker	Shady Shores		
Caddo Mills	Edgewood Village	Hurst	Mabank	Pecan Hill	Southlake		
Campbell	Ennis	Hutchins	Manfield	Pelican Bay	Springtown		

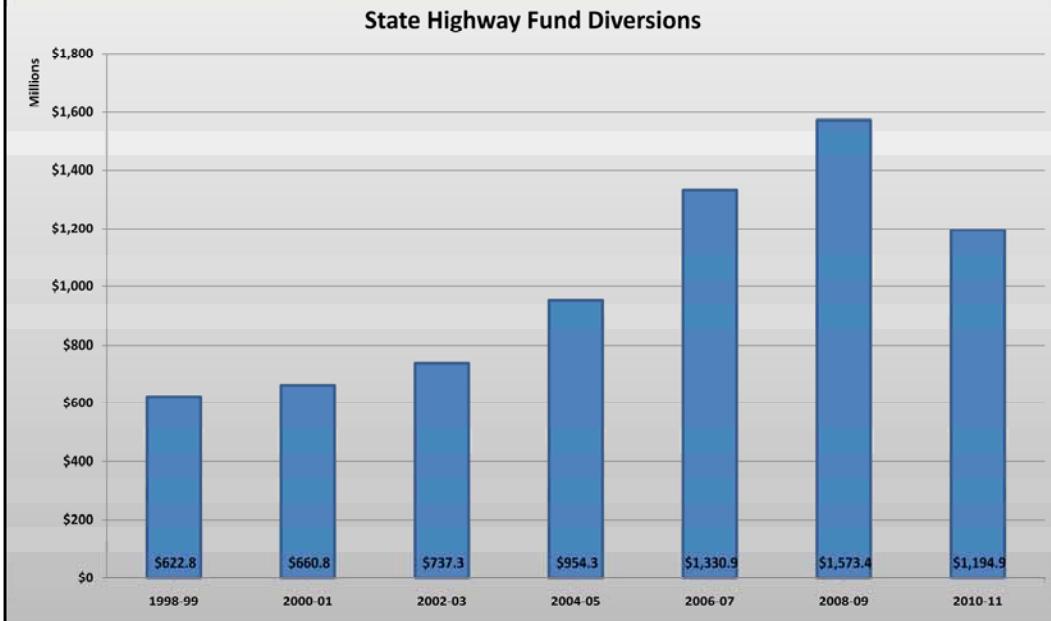
In the North Central Texas region, only 20 cities are members of metropolitan transit authorities, while the vast majority are using their sales tax revenue for purposes other than transportation funding. If a transportation “crisis” existed, wouldn’t it be fair to assume that all these cities would be directing all available resources to address the transportation problem?

IF More \$\$\$ is Needed...

- **3 Solutions:**
GAS PRICES
- **High Higher**
- **–End Diversions**
- **–Re-prioritize State and Local Govt. Spending**
- **–Re-direct the “2nd Penny”**

Before the Legislature raises additional taxes and fees on taxpayers to pay for more roads and rail, it should first do 3 things 1) End Diversions 2) Re-prioritize state and local government spending 3) Re-direct local government use of the 2nd sales tax penny.

SOLUTION #1: End Diversions



If more transportation funding is needed, the most obvious solution is to end the practice of diversions.

Though some progress was made during the last legislative session—two to three hundred million dollars less—there is still \$1.2 billion going to pay for non-transportation related programs and services in the 2010-11 budget. And as you can see in the chart, these have been growing over the last several biennia.

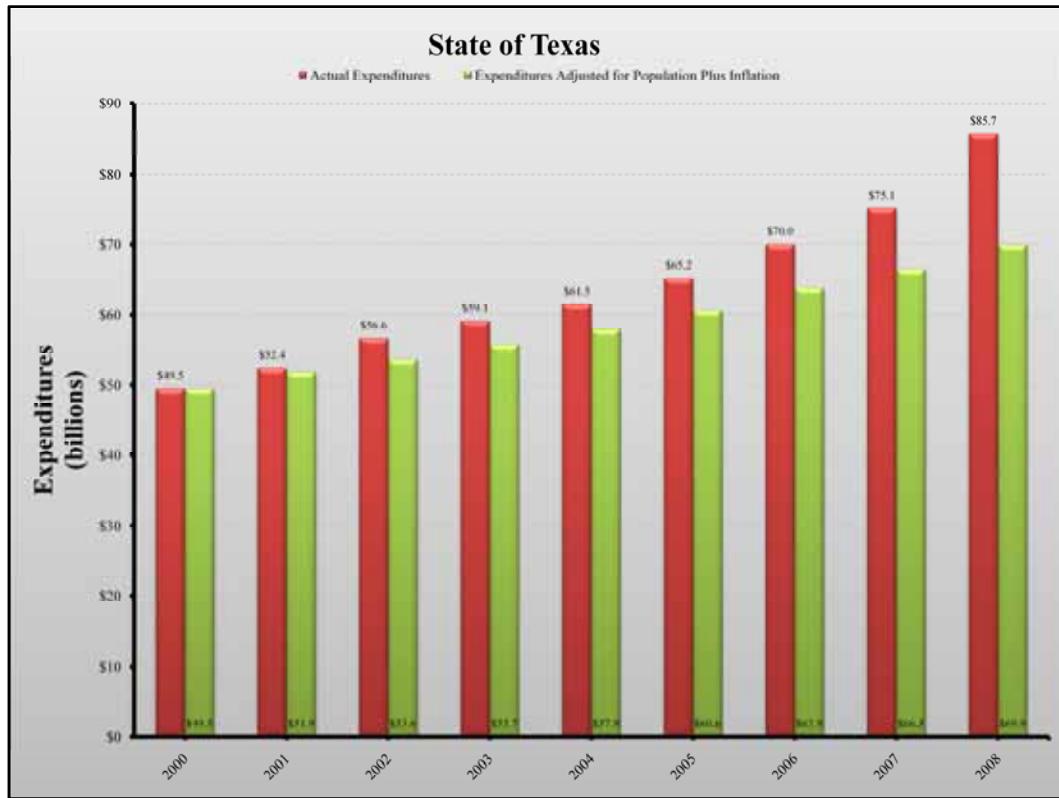
SOLUTION #2: Re-prioritize State and Local Govt. Spending

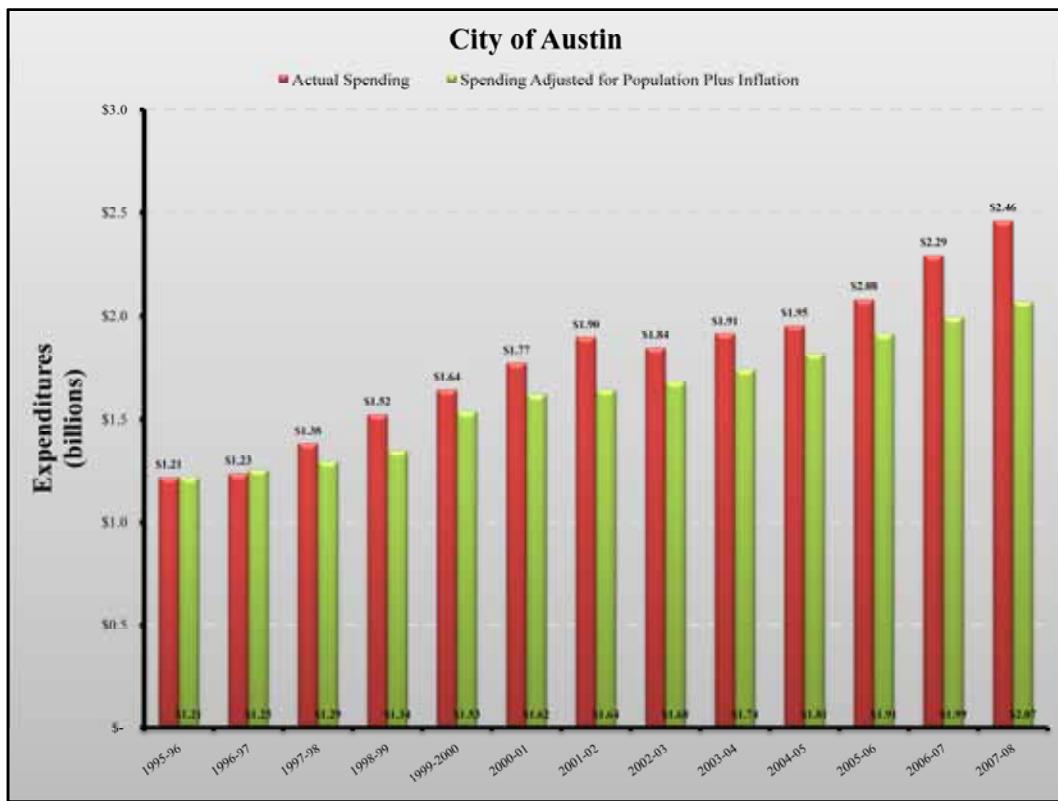
GAS PRICES

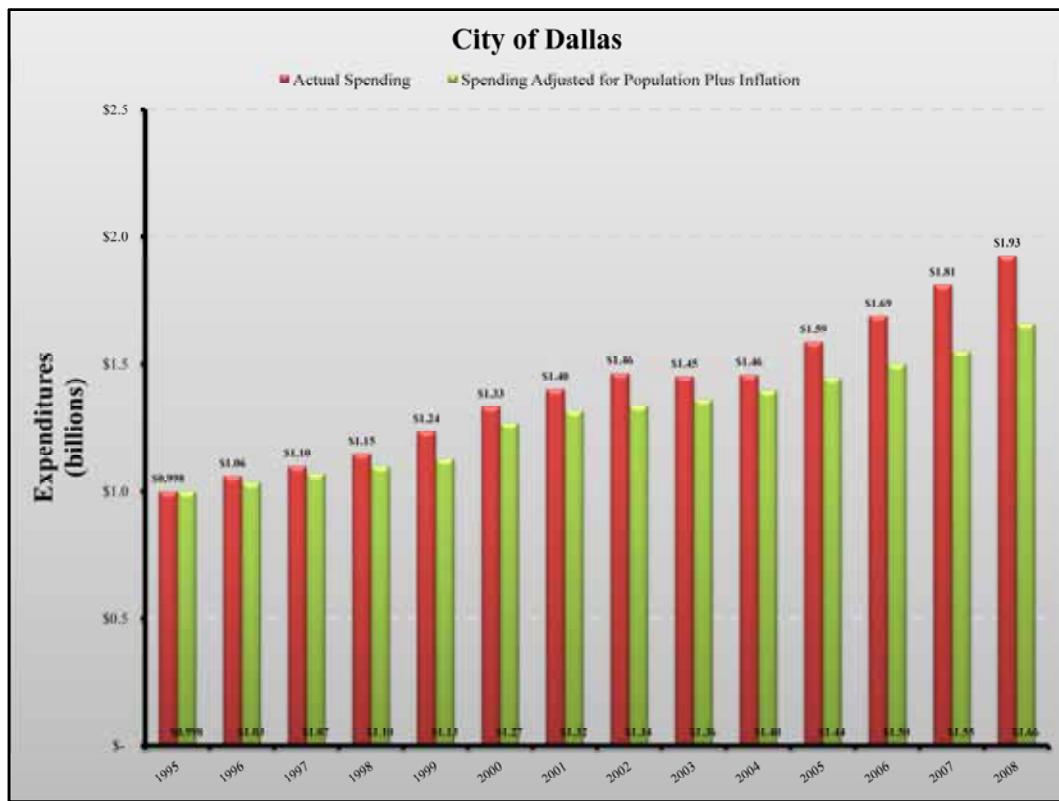
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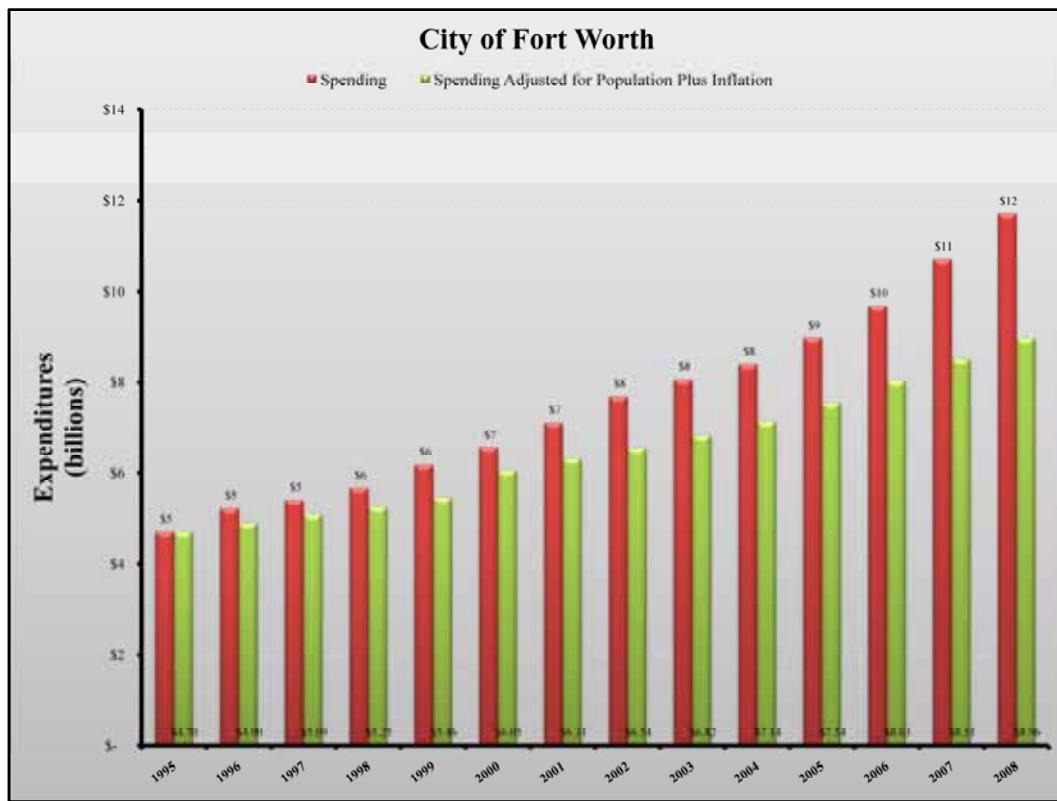
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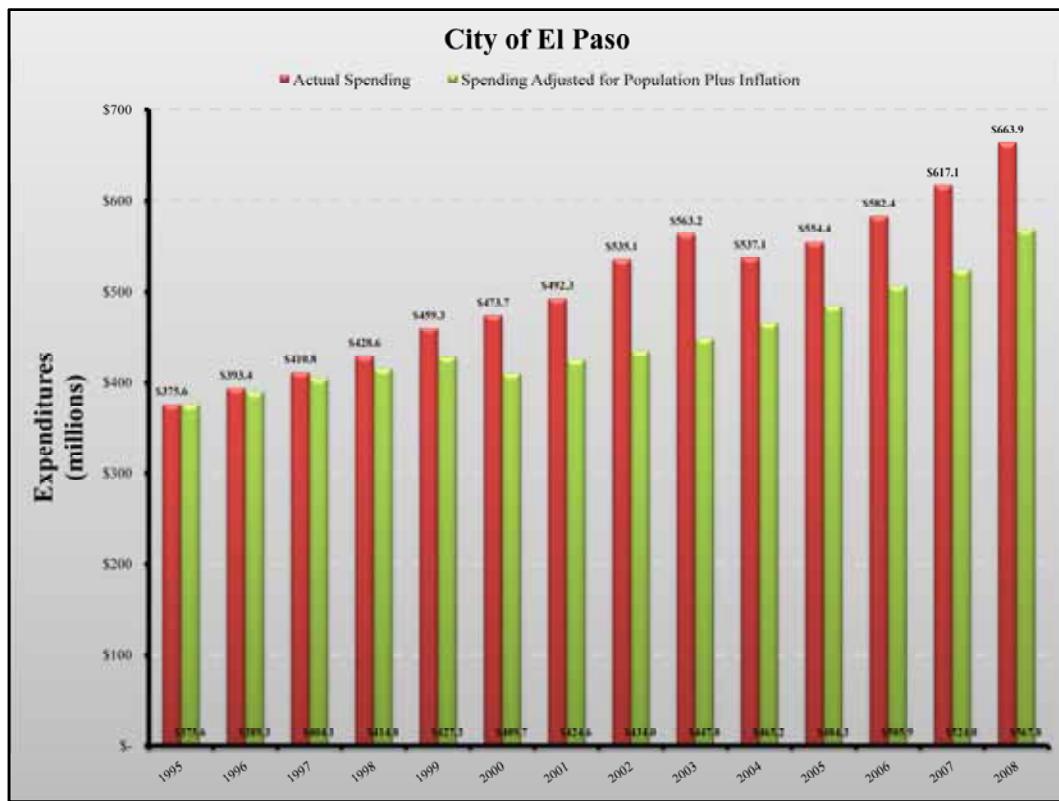
- State and local government spending should better reflect perceived needs.

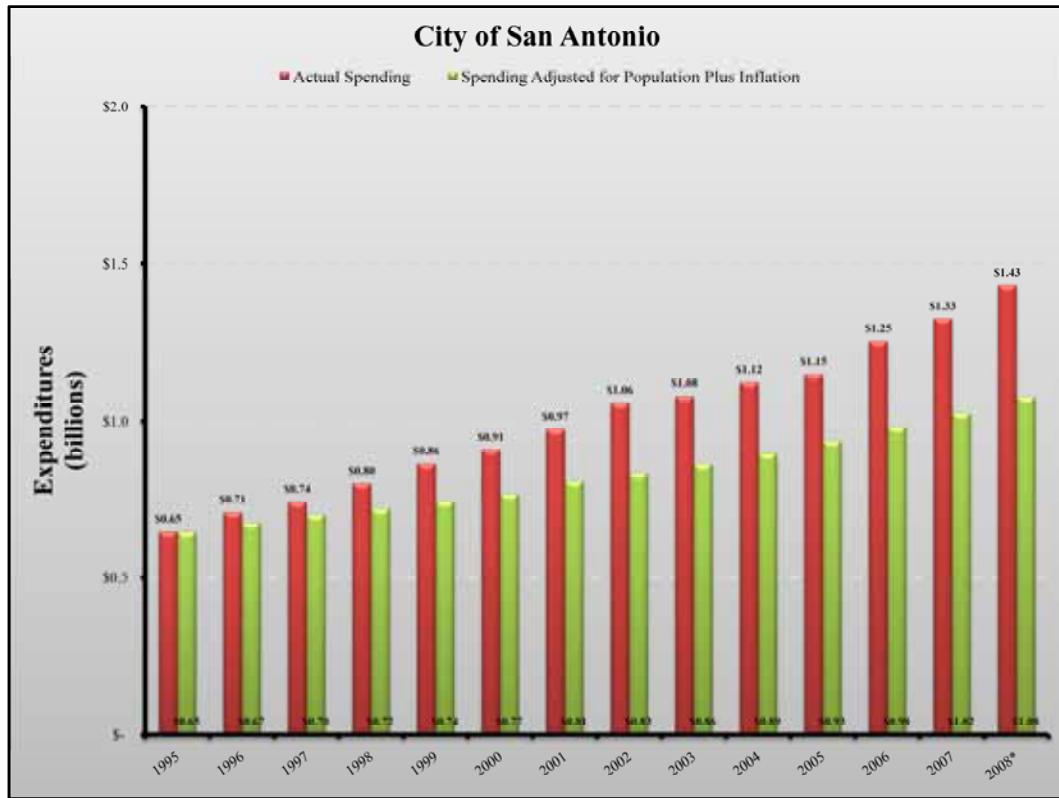












SOLUTION #3: Re-Direct the 2nd Penny

- Local Governments Have the Resources to Boost Transportation Funding—Dedicate 2nd Penny of Sales Tax to MTAs

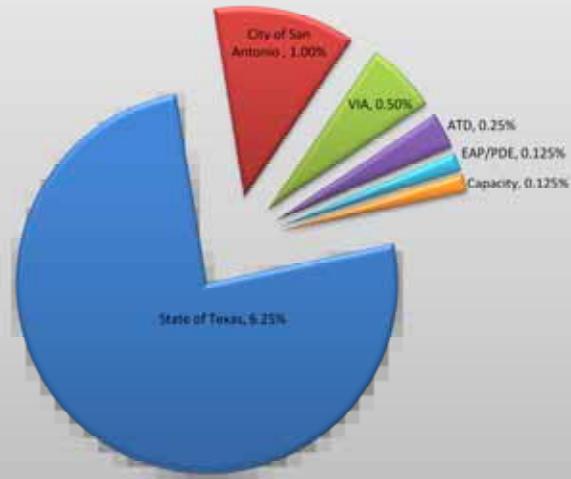
GAS PRICES

High

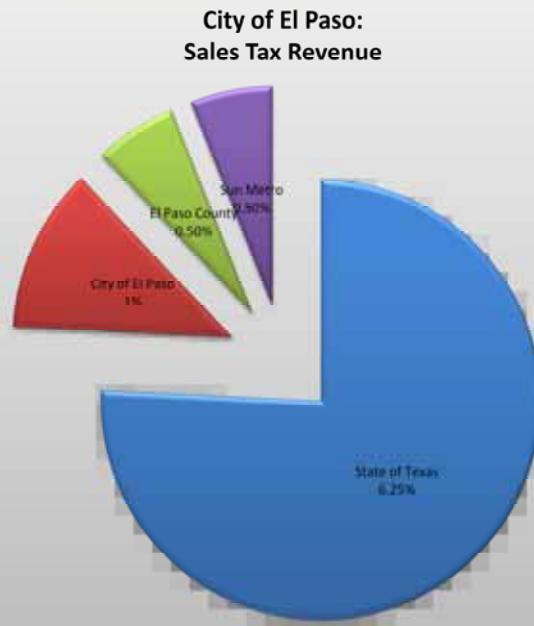
Higher

SOLUTION #3: Re-Direct the 2nd Penny

City of San Antonio:
Sales Tax Revenue

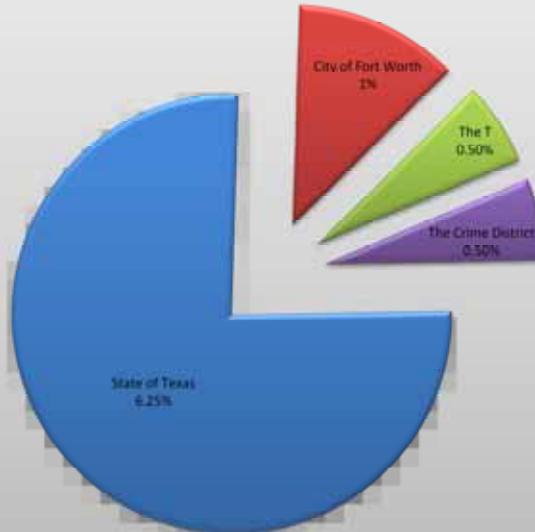


SOLUTION #3: Re-Direct the 2nd Penny



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City of Fort Worth:
Sales tax Revenue



Average Gasoline Prices

GAS PRICES

High Higher

- **U.S. National Average: \$2.76**
- **Texas Average: \$2.62**

— Source: AAA's Daily Fuel Gauge Report

In Conclusion...

- Local government spending in many areas of Texas has increased more than the increase in population plus inflation.
- Spending patterns in most cities and counties do not indicate that mobility is a high priority.
- Using state motor fuels tax and local sales tax (2nd penny) revenue for purposes other than mobility, should be redirected to solving congestion.