



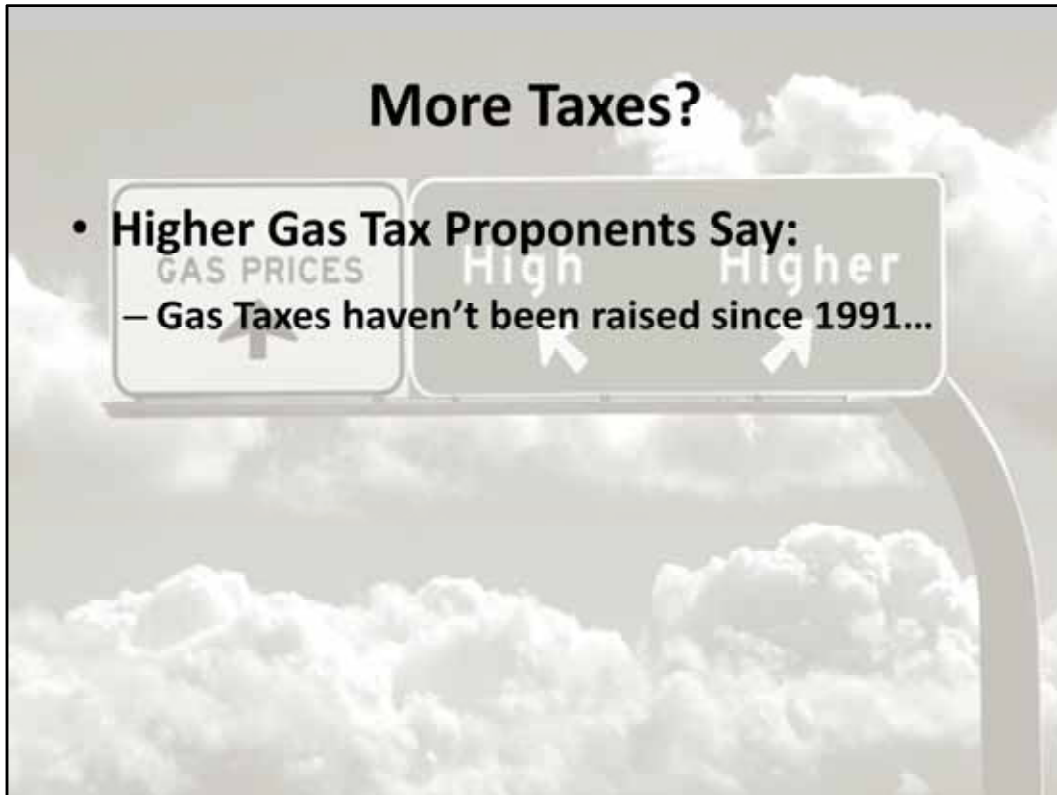
Raising the Stakes

- **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)

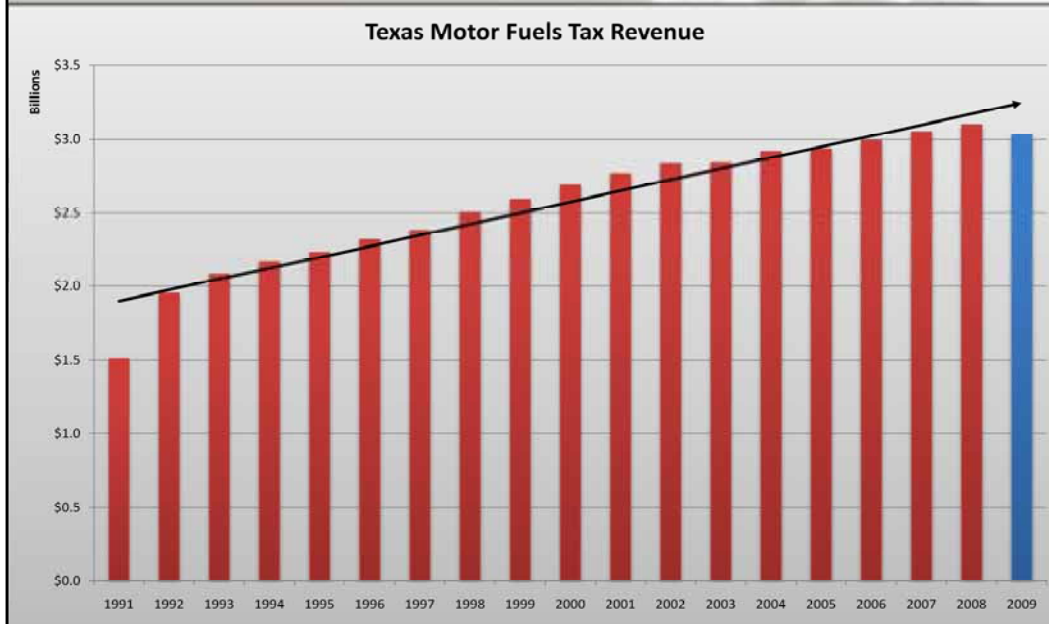
Some leading lawmakers, on both sides of the aisle, have voiced their concerns that the state's transportation funding is inadequate and that without adding more money to the system, the state will face a major transportation crisis in the coming years. To avert disaster, according to these lawmakers, 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...



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




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						
Addicks	Carrollton	Cockrell Hill	Dallas	Farmers Branch	Garland	Glenn Heights
Highland Park	Irving	Ft. Worth	Richardson	Rowlett	University Park	Fort Worth
Blue Mound	Grapevine	Richland Hills	Denton	Lewisville	Highland Village	
Non-Member Cities						
Aliso	Cedar Hill	Euless	Italy	Maypearl	Pilot Point	Sunnyvale
Allen	Celina	Everman	Josephine	McLendon-Chisholm	Ponder	Talty
Alma	Colina	Fairview	Joshua	McKinney	Post Oak Bend	Terrell
Alvarado	Chico	Farmersville	Justin	Malissa	Princeton	The Colony
Alvord	Clubsome	Fate	Kentman	Mesquite	Prosper	Tolar
Anna	Cotleyville	Ferns	Keene	Mulberry	Quindan	Trophy Club
Annetta	Combs	Flower Mound	Keller	Milford	Red Oak	Vernon
Anneta North	Commanche	Ft. Worth Hill	Kemp	Millspg	Rheims	Watauga
Anneta South	Coit	Ft. Worth	Kennedale	Mobile City	Rio Vista	Washburn
Angelo	Coppell	Frisco	Krugerville	Murphy	River Oaks	Weatherford
Arlington	Copper Canyon	Gaertner	Krum	Nevada	Romoke	West Tawakoni
Aubrey	Corinth	Godfrey	Lake Bridgeport	New Palestine	Rockwall	Westlake
Aurora	Cottonwood	Granbury	Lake Dallas	New Hope	Rosser	Weslco
Azle	Chandler	Grand Prairie	Lake Worth	Newark	Roysa City	Winstover Hills
Balch Springs	Crosson	Granbury	Lakeside	Neylandville	Runaway Bay	Wortham Village
Bardwell	Cross Roads	Grays Prairie	Lakewood Village	North Richland Hills	Bachle	White Settlement
Bartlett	Cross Timber	Granville	Lancaster	Northlake	Saginaw	Willow Park
Bassford	Crosby	Hackberry	Lavon	Oak Leaf	Saint Paul	Winters
Berbrook	Dalworthington	Halton City	Lincoln Park	Oak Point	Sanctuary	Wolfie City
Bliss Ridge	Duncan	Haskell	Lipan	Ovilla	Sanger	Wythe
Boyd	DeSoto	Hearth	Little Elm	Palmer	Sansom Park	
Briarwoods	Dish	Hebron	Louis Oak	Pariego	Scurry	
Bridgeport	Double Oak	Hickory Creek	Lowry Crossing	Parishes	Southernville	
Burleson	Duncanville	Hudson Oaks	Lucas	Packer	Shady Shores	
Caddo Mills	Edgemoor Village	Hurst	Mabank	Focan Hill	Southlake	
Campbell	Emis	Hutchins	Mansfield	Pelican Bay	Springtown	

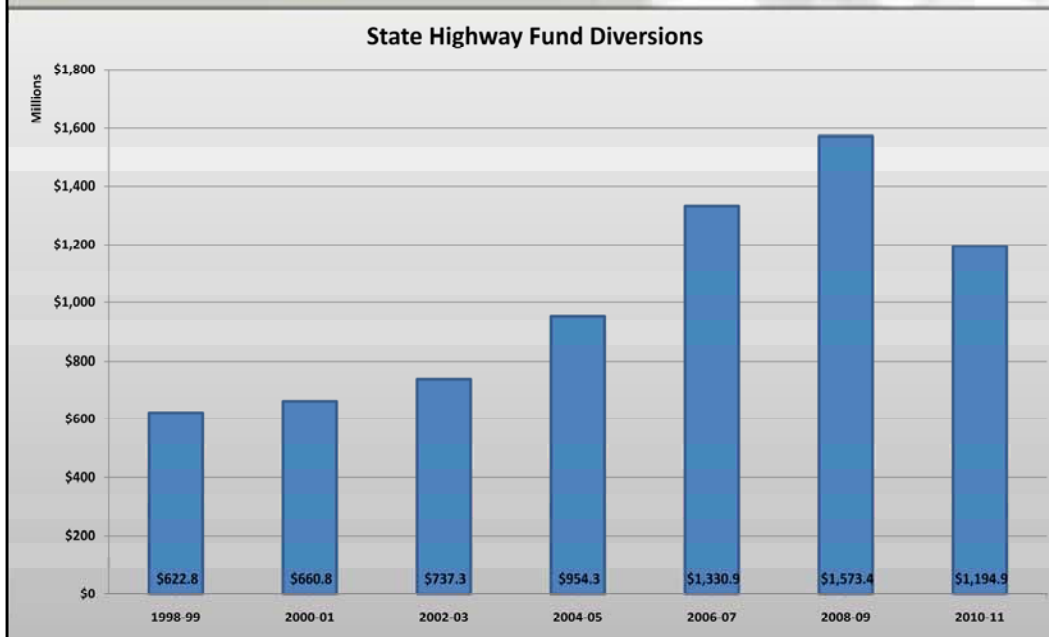
In the North Central Texas region, only 20 cities are members of metropolitan transit authorities, while the vast majority are using their sales tax revenue for purposes other than transportation funding. If a transportation “crisis” existed, wouldn’t it be fair to assume that all these cities would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

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

- **3 Solutions:**
GAS PRICES
 - 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



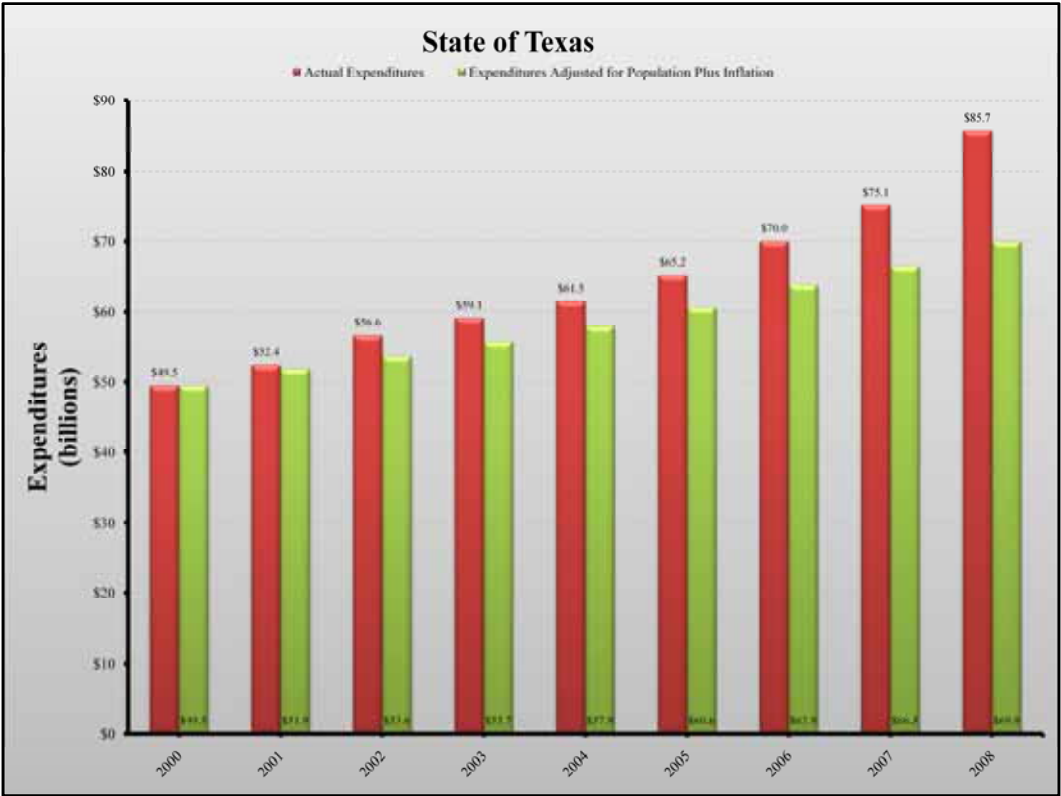
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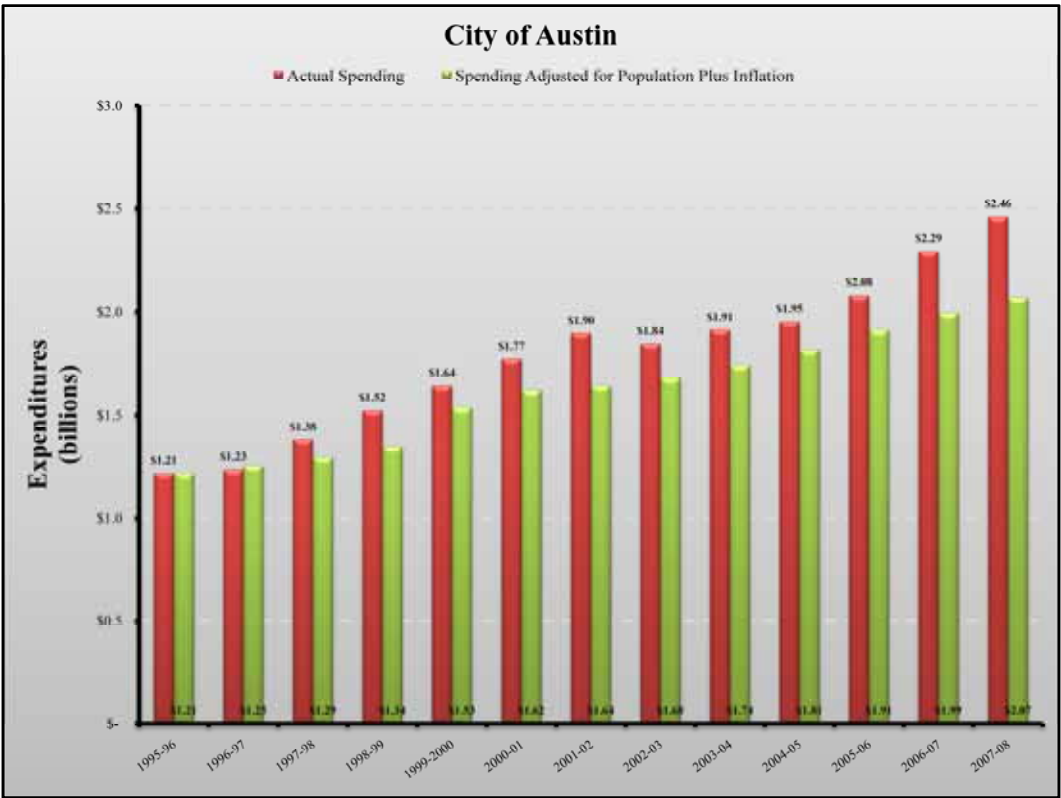


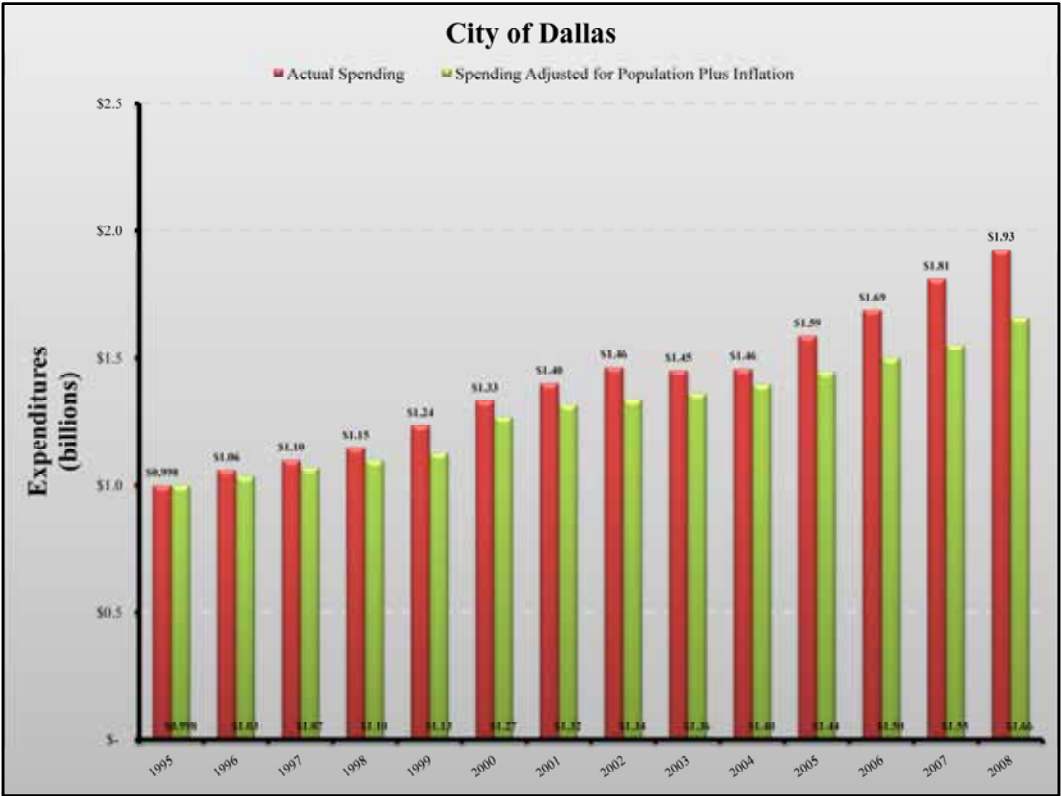
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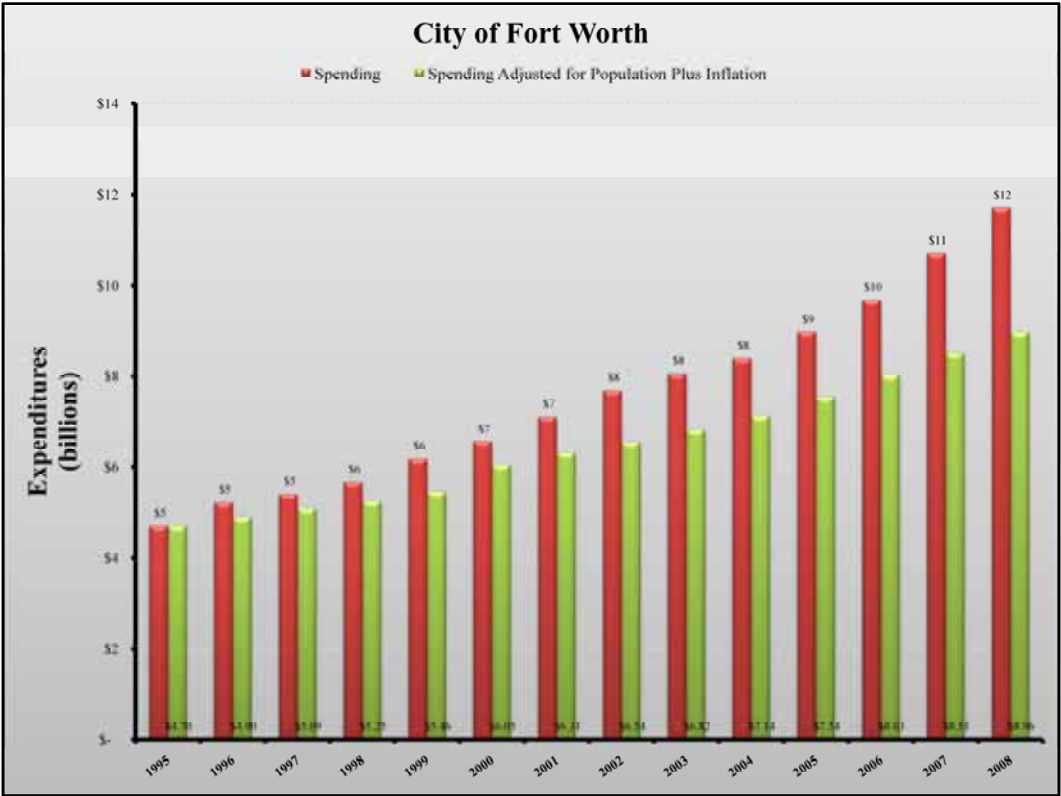


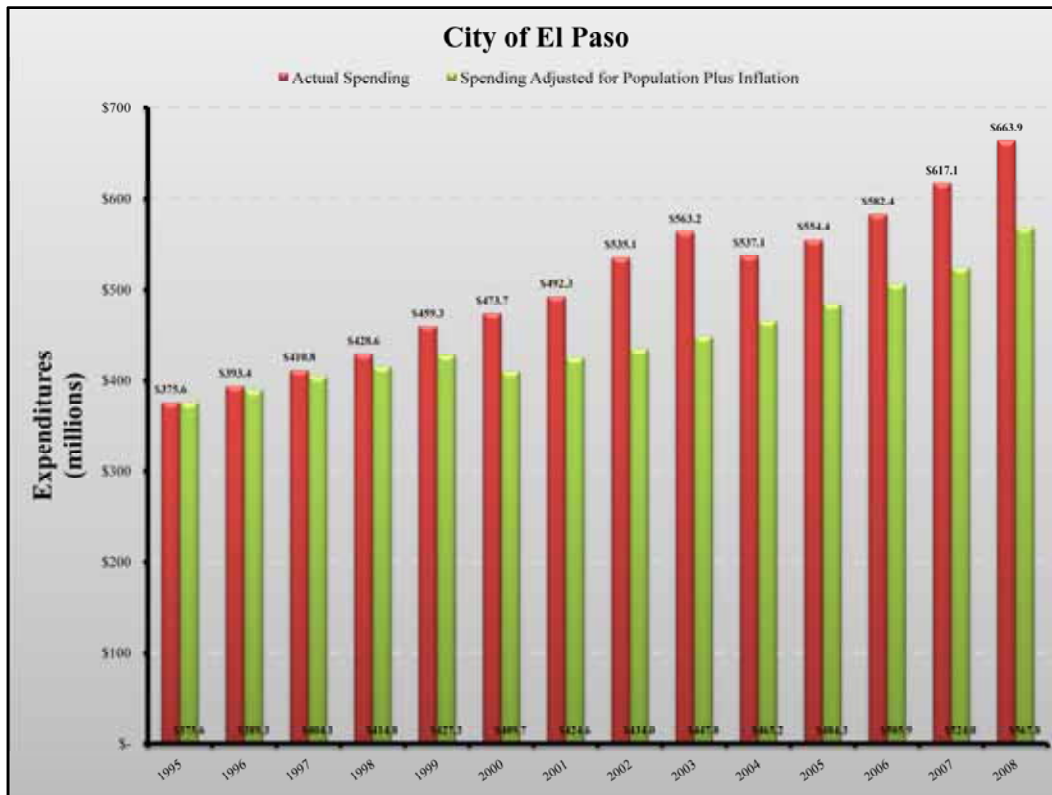
- State and local government spending should better reflect perceived needs.

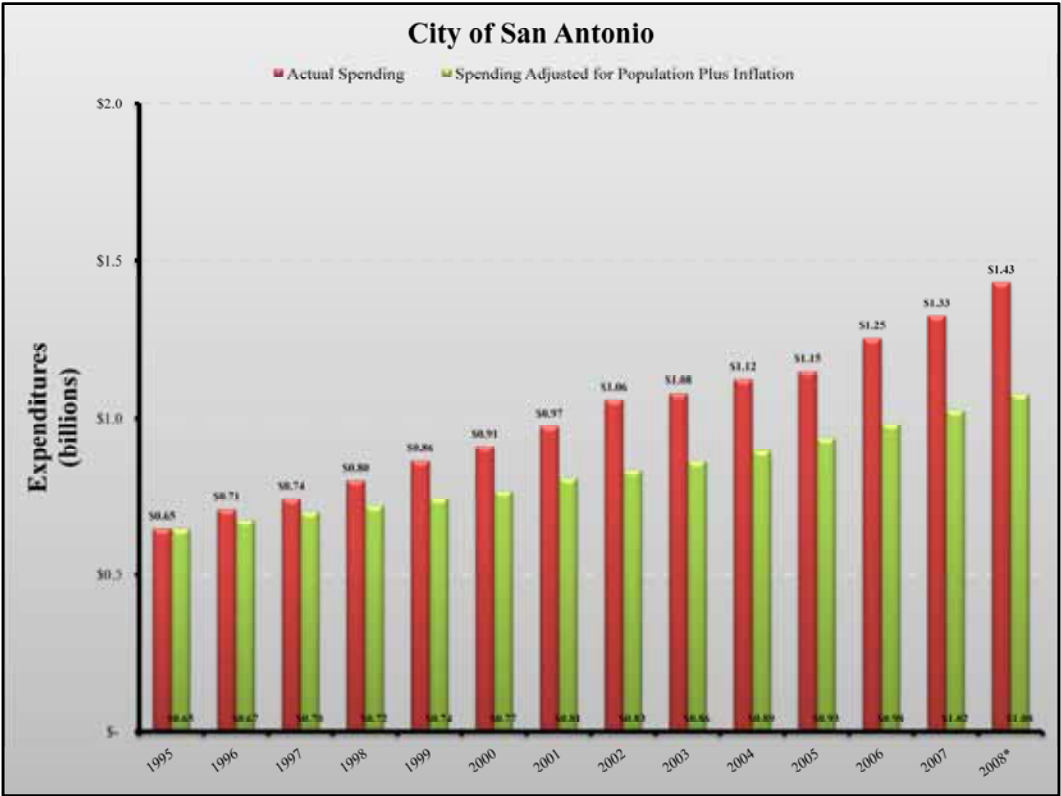










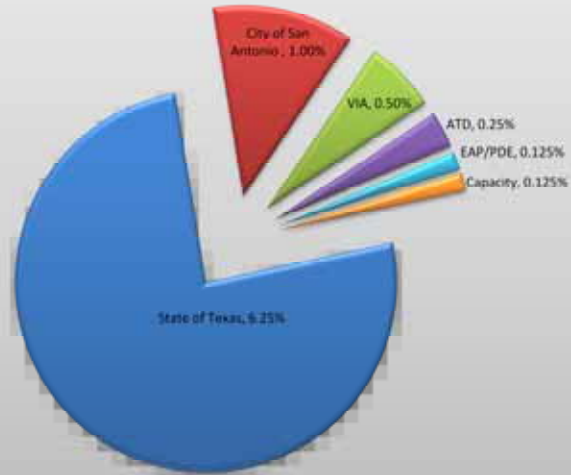


SOLUTION #3: Re-Direct the 2nd Penny

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

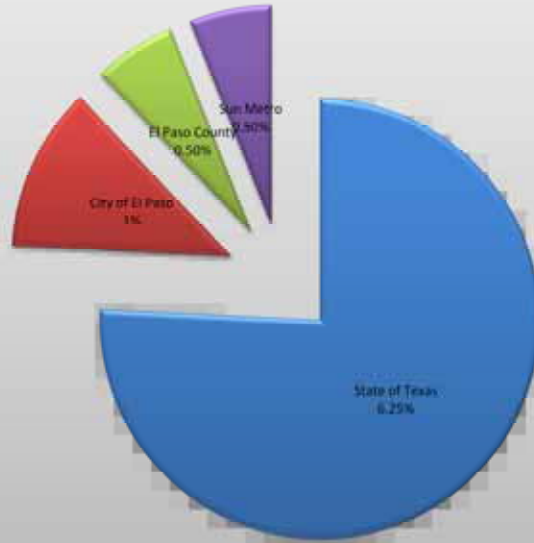
SOLUTION #3: Re-Direct the 2nd Penny

City of San Antonio:
Sales Tax Revenue



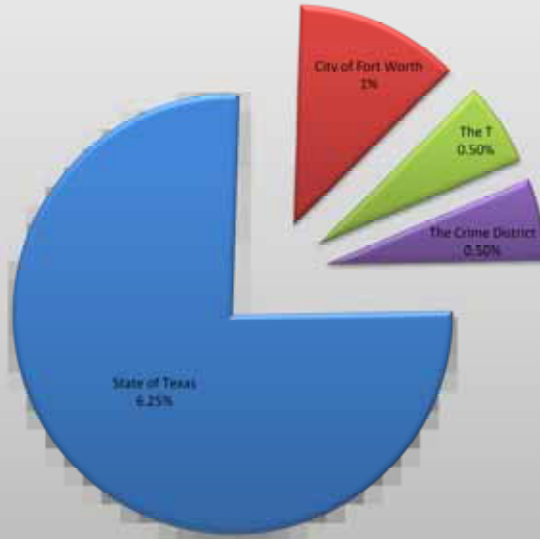
SOLUTION #3: Re-Direct the 2nd Penny

City of El Paso:
Sales Tax Revenue



SOLUTION #3: Re-Direct the 2nd Penny

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.