

Addressing Infrastructure Funding Needs with Existing Resources

Testimony to the House Committee on Economic & Small Business Development

by *The Honorable Talmadge Heflin*

Chairman Davis and Members of the Committee:

My name is Talmadge Heflin, and I am the Director of the Center for Fiscal Policy at the Texas Public Policy Foundation, a nonprofit, non-partisan free market think tank based here in Austin. Thank you for taking this opportunity to discuss House Bill 1935, a bill to expand the scope of infrastructure-related projects eligible for economic development corporation funding.

To be clear, the Foundation supports HB 1935, believing it to be prudent policy to use existing local sales and tax revenues to address the state's growing water and transportation funding needs, especially in light of the fact that there are more than \$800 million dollars in unencumbered funds sitting idle.

Challenges under Current Law

Under current law, economic development corporation funding can be used for a variety of purposes, such as tourism and economic incentives, but not for basic infrastructure needs, such as transportation and water. Municipalities should be able to have the flexibility to direct this funding at high-priority areas.

Further, permitting municipalities this authority will allow several hundred million dollars to be directed at various local infrastructure projects. It is estimated that as of 2011, the state's economic development corporations had a combined total of \$806.5 million in unencumbered funds. Some of these include the following:

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City, Type A Corporation	Fund Balances, FY 2011	City, Type B Corporation	Fund Balances, FY 2011
Amarillo	\$63,164,229	McAllen	\$28,334,216
Midland	\$23,182,485	Sugar Land	\$24,946,901
Frisco	\$18,861,941	Georgetown	\$15,010,099
Harlingen	\$14,574,166	New Braunfels	\$12,212,256
Odessa	\$12,113,222	Grapevine	\$10,687,723
Abilene	\$10,936,289	Cedar Park	\$9,723,833
Mansfield	\$9,612,377	Ennis	\$9,245,514
Longview	\$8,682,179	Frisco	\$9,208,215
Cedar Hill	\$7,821,410	Haltom City	\$8,933,898
McKinney	\$7,299,830	Texas City	\$8,804,399
Sugar Land	\$5,728,598	Pearland	\$8,489,476
Levelland	\$5,663,296	McKinney	\$7,884,863
Rockwall	\$5,557,081	Victoria	\$7,136,305
Big Spring	\$5,391,811	Mansfield	\$6,837,749
Cedar Park	\$5,385,110	League City	\$6,537,188
Port Arthur	\$5,287,452	Southlake	\$6,269,061
La Marque	\$5,060,514	Pasadena	\$6,240,391
Belton	\$5,019,850	Coppell	\$6,200,700
Perryton	\$4,842,038	Tomball	\$5,915,041
Midlothian	\$4,841,342	Tyler	\$5,649,323

The state has some obvious infrastructure needs; local governments should be given the latitude to address these issues with available revenues.

Addressing the Issue with HB 1935

House Bill 1935 seeks to address the issue at hand by:

- Expanding the scope of allowable projects under the Development Corporation Act to include transportation- and water-related projects and by removing the restriction that these projects be directly related to the “promotion and development of new or expanded business enterprises.”

Recommendation

Recognizing the opportunity to begin addressing the state’s infrastructure funding challenges with existing revenues, the Foundation urges the committee to pass HB 1935.

Thank you for your time, and I look forward to answering any questions. ★

