

Legislature Should End Transportation Funding Diversions

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Key Points

- Nearly \$1.6 billion in State Highway Fund proceeds were diverted to non-transportation related purposes in 2008-09.
- The Legislature should not expect taxpayers to pay higher gas and diesel taxes while the state diverts money away from the State Highway Fund to pay for non-transportation related projects.

There has been a long-running debate in the Legislature on the issue of funding diversions.

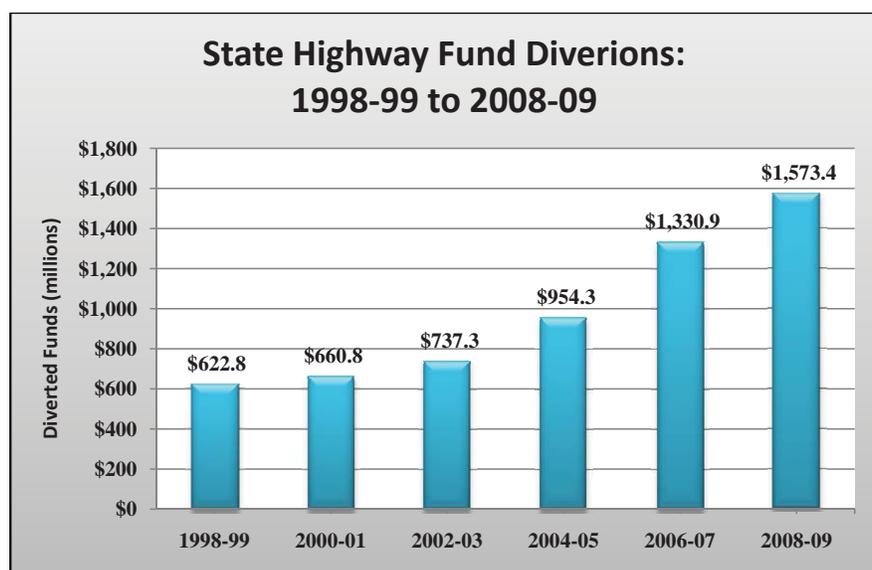
Some lawmakers hold to the belief that revenue collected from the tax on gasoline and diesel fuel should be spent only on transportation-related infrastructure. Other lawmakers, by their actions, have shown that money in State Highway Fund 006 can be appropriated for virtually anything.

Although the issue has always been a point of contention, diversions have recently come to the forefront of Austin politics as lawmakers prepare to make their decision on a proposal to allow increases in state and local motor fuels taxes.

The responsible course of action would dictate that the Legislature end the practice of diversions before any consideration is given to raising taxes. However, if the growth in diversions from previous biennia is any indication, the Legislature is not averse to continuing business as usual.

During the last several biennia, appropriations diverted out of the State Highway Fund have been growing significantly, as illustrated below.

Since appropriation year (AY) 1998-99, funds redirected away from the Texas Department of Transportation (TxDOT) have increased from \$622.8 million to nearly \$1.6 billion in AY 2008-09—a growth of more than 150 percent.



Source: General Appropriations Act from specified biennium

State Highway Fund Diversions*

Purpose/Agency	1998-99	2008-09
Attorney General - Mineral Rights Litigation		\$ 1,700,000
Health and Human Services Commission		\$ 20,000,000
Texas Education Agency		\$ 100,000,000
Texas Transportation Institute		\$ 14,317,605
Department of Public Safety	\$ 620,449,119	\$ 1,245,108,574
Texas Workforce Commission - Client Transportation		\$ 13,658,704
Gross Weight Axle Fees		\$ 10,800,000
Commission on the Arts	\$ 1,340,000	\$ 1,340,000
Historical Commission	\$ 1,000,000	\$ 1,000,000
State Office of Administrative Hearings		\$ 6,736,396
Lufkin Tourist Information Center		\$ 150,000
Salary Increase for Schedule C		\$ 22,291,710
Regulation of Controlled Substances		\$ 804,972
Silver Alert for Missing Children		\$ 224,990
Client Transportation Services		\$ 22,363,606
Medical Trans - Medicaid Match		\$ 85,381,725
Auto Theft Prevention		\$ 27,558,755
TOTAL	\$ 622,789,119	\$ 1,573,437,037

Source: General Appropriations Act from specified biennium

* Excludes appropriations funded by Federal Funds, the Texas Mobility Fund, Bond Proceeds, Interagency Contracts, other state funds or appropriated receipts.

These are funds that could have been used to pave new roads, ease traffic congestion, improve transportation infrastructure, etc. Instead, these tax dollars are going to supplement the budgets of the Historical Commission, the Commission on the Arts, and the Texas Department of Public Safety.

In AY 1998-99, only three entities other than TxDOT received funding out of Fund 006. In the current biennium, there are 17.

With so much transportation revenue being redirected to pay for other purposes, it's no wonder that transportation is facing funding problems.

At the end of the day, the Legislature cannot reasonably expect taxpayers to pay higher transportation taxes while the state diverts an ever-escalating amount away from TxDOT, nor should they consider proposals that wean funds away from non-transportation related projects.

If the state truly is facing a transportation "crisis" then immediately ending the practice of diversions should be on the top of the Legislature's "to-do" list. ★

