



## FAQ: Proposition 7 – Constitutional Amendment for Transportation Funding

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### 1. What is Proposition 7?

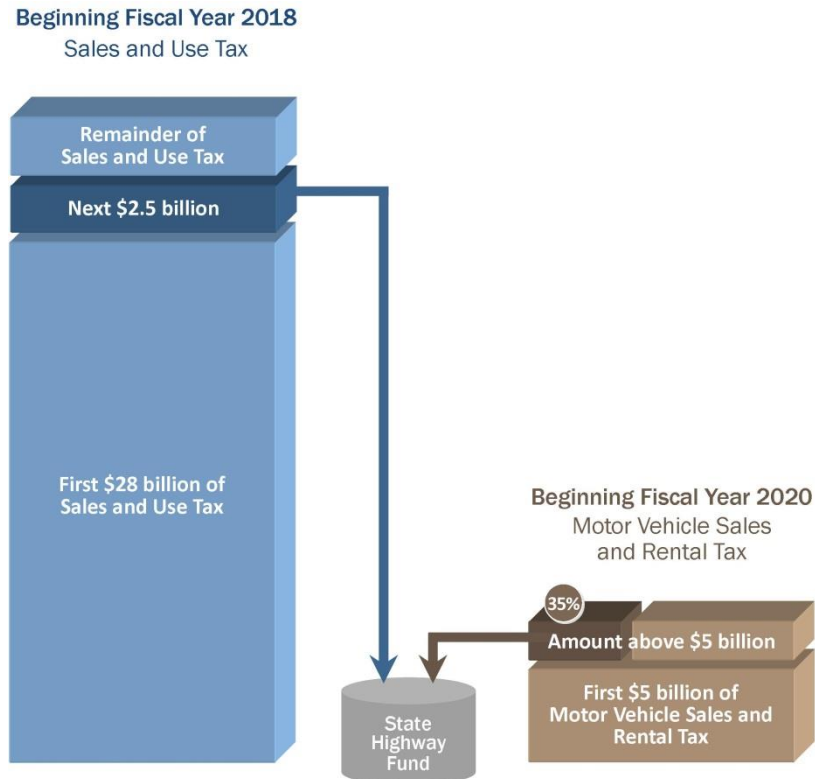
On November 3, 2015, voters approved the ballot measure known as Proposition 7, authorizing a constitutional amendment for transportation funding. The amendment dedicates a portion of the state's general sales and use taxes and motor vehicle sales and rental taxes to the State Highway Fund for use on non-tolled projects. Beginning in September 2017 (fiscal year 2018), if general state sales and use tax revenue exceeds \$28 billion in a fiscal year, the next \$2.5 billion will be directed to the State Highway Fund. Additionally, beginning in September 2019 (fiscal year 2020), if state motor vehicle sales and rental tax revenue exceeds \$5 billion in a fiscal year, 35% of the amount above \$5 billion will be directed to the State Highway Fund (see graphic on following page). Proposition 7 passed with the approval of more than 83% of Texas voters.

### 2. Is this a new tax?

No, this is not a new tax. The funds come from dedicating certain future revenue growth from the state's existing general sales and use tax and motor vehicle sales and rental taxes.

### 3. Why was Proposition 7 needed?

While Texas' population continues to grow rapidly, traditional transportation funding sources have not kept pace with mounting demands on roads and bridges. Prior to the state legislative session in 2015, the Texas Department of Transportation had identified a widening gap between available and needed funding for state transportation projects. In early 2015, Governor Greg Abbott named transportation funding one of five emergency items for the 84<sup>th</sup> Texas Legislature to address. In response, the legislature passed a joint resolution during its regular session that authorized Proposition 7 to be placed on the ballot in November 2015.



**4. How will the funds be used?**

By law, Proposition 7 funds can only be used for the construction, maintenance, rehabilitation, and purchase of right of way for non-tolled public roads, as well as to pay down certain transportation-related debt. The funds will be allocated throughout the state in accordance with formulas adopted by the Texas Transportation Commission.

**5. Can the legislature redirect the funds to other uses if the state's needs change?**

Proposition 7 authorizes the legislature, by a two-thirds vote in each chamber, to reduce the amount deposited to the State Highway Fund under this amendment by up to 50% in a given fiscal year. This flexibility allows the legislature to respond to economic downturns or other changes in the state's future funding needs.

**6. When do the provisions of Proposition 7 take effect?**

The first part of the new provisions, affecting the state's general sales and use tax, take effect on September 1, 2017 (the beginning of fiscal Year 2018). The second part, relating to the state's motor vehicle sales and rental taxes, take effect on September 1, 2019 (the beginning of fiscal Year 2020).

**7. Are the provisions in effect indefinitely?**

No. The general sales and use tax provision expires at the end of fiscal year 2032, and the motor vehicle sales and rental tax provision expires at the end of fiscal year 2029. By a majority vote in each chamber, the legislature may extend these provisions in 10-year increments.

**8. How is Proposition 7 different from the previous constitutional amendment for transportation funding known as Proposition 1?**

In November 2014, Texas voters approved a ballot measure known as Proposition 1, which authorized a portion of the severance taxes on oil and natural gas to be redirected to the State Highway Fund each year. Proposition 7, which voters passed one year later in November 2015, complements Proposition 1 by tapping additional revenue sources to further bolster transportation funding.

**9. Who do I contact for more information?**

For media inquiries, contact TxDOT Media Relations at [MediaRelations@txdot.gov](mailto:MediaRelations@txdot.gov) or (512) 463-8700. For inquiries from the public, legislative offices, or other government offices, contact [TxDOT State Legislative Affairs](#).

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