Texas Department of Transportation

TRANSPORTATION FUNDING IN TEXAS

2019 EDITION

INTRODUCTION

The development and delivery of a transportation project takes many years from conception to completion. Most projects go through many phases from design, engineering, public involvement, right-of-way acquisition, environmental analysis to the oversight of highway construction projects. Funding for a transportation project may include multiple revenue sources with different permissible uses of those sources over a period of years.

For years, traditional funding from state and federal gas tax revenues was sufficient to meet the needs of the state highway system. Over time these revenues failed to meet the transportation needs of the state's growing population. To address the population boom and the diminishing purchasing power of gas tax revenues in a timely manner, the Texas Legislature provided Texas Department of Transportation (TxDOT) with several debt financing tools to advance large projects more quickly, as opposed to paying for projects on a cash basis as the money became available. This approach helped avoid the substantial effects of highway construction inflation. The proceeds from these bonding tools (Proposition 14 State Highway Fund Bonds, Proposition 12 Highway Improvement General Obligation Bonds and Texas Mobility Fund Bonds) are fully allocated to existing projects and will be spent by the end of Fiscal Year (FY) 2019. All formerly permissible bond opportunities have been exhausted or suspended. Following these bond programs, the Texas Legislature, with voter approval, provided two new, non-traditional sources of funding known as Proposition 1 and Proposition 7.

Under Proposition 1, TxDOT receives a certain amount of the state's oil and gas production tax revenue. TxDOT received the first Proposition 1 deposit in FY 2015. Proposition 7 funds are derived from state sales and use taxes that exceed $28 billion, providing the State Highway Fund up to $2.5 billion per year. The first deposit for Proposition 7 occurred at the end of FY 2018. Beginning in FY 2020, a percentage of motor vehicle sales and rental taxes will also be deposited in the State Highway Fund. This brochure explores some of the history and uses of these funds and financing tools as well as a summary of TxDOT's FY 2020-2021 budget request.

TRADITIONAL FUNDING

The State Highway Fund

The State Highway Fund, also referred to as Fund 6, is TxDOT's primary funding source. This fund receives state revenues in the form of taxes and fees. Some of these taxes and fees are dedicated by the state constitution to fund the acquisition of right of way, construction and maintenance of public roadways and are indicated below. In other words, constitutionally dedicated funds for the purpose of supporting public roadways may not be spent on other modes of transportation.

The State Highway Fund also contains subaccounts for Proposition 1 and 7 funding, the State Infrastructure Bank (SIB) funds, and regional subaccounts with toll revenue and revenues from Comprehensive Development Agreements (CDAs) that can only be used on projects within the region of the project generating the funds.

The State Highway Fund main account receives the following revenues:

- State Motor Vehicle Fuels Tax*
- Vehicle Registration Fees*
- Other, smaller revenues such as lubricant sales taxes*, permit fees for special vehicles, fees and interest* on certain funds
- Local project participation funds
- Federal highway* and other agency reimbursements

State Highway Fund subaccounts hold the following:

- Proposition 1 funds*
- Proposition 7 funds*
- SIB loan repayments and interest
- Regional toll revenue and revenue from CDAs

* Indicates revenues that are dedicated by the Texas Constitution to fund public roadway projects.

Federal Funds

Over one-third of TxDOT's budget is comprised of federal funds, which are deposited in the State Highway Fund. The state General Appropriations Act (GAA) includes federal funds in TxDOT's bill pattern as estimated reimbursements for payments on projects that meet certain federal requirements.

At the federal level, revenue collected from the federal tax on gasoline and diesel is deposited in the Highway Trust Fund. Highway Trust Fund dollars are distributed to states primarily through highway and transit formulas, in addition to discretionary allocations. For decades, federal aid for highways was supported solely by tax and fee revenue deposited in the Highway Trust Fund. Since 1993, the federal motor fuels tax rate has remained at 18.4 cents per gallon of gasoline and 24.4 cents per gallon of diesel fuel. These collections have not kept up with the rising demands on the nation's transportation system. Since 2008, the Highway Trust Fund has been supplemented with federal general revenue to compensate for the diminishing value of the federal gas tax.

In FY 2019, Texas will be the largest donor state receiving a smaller percentage from the federal Highway Trust Fund than the percentage contributed to the fund. Eleven percent of Highway Trust Fund revenues are generated in Texas, yet the state will only receive 8.95 percent of funds apportioned to states from the fund this fiscal year. This disproportion equals approximately $939 million in highway funding attributed to fuel taxes paid in Texas but will be directed to other states' transportation programs in federal FY 2019.

Proposition 1

Texas Oil & Gas Production Taxes Above Threshold

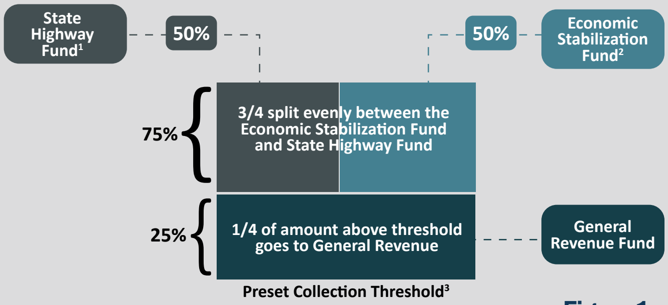


Figure 1

In November 2014, 80 percent of Texas voters approved the ballot measure known as Proposition 1, which authorized a constitutional amendment for transportation funding. Under the amendment, a portion of existing oil and natural gas production taxes (also known as severance taxes) is divided evenly between the Economic Stabilization Fund and the State Highway Fund. Under Section 49-g(c), Article III, Texas Constitution, the funds may only be used for "constructing, maintaining, and acquiring rights-of-way for public roadways other than toll roads."

As of December 2018, a total of $5.4 billion of Proposition 1 funds has been deposited into a subaccount within the State Highway Fund, since the first deposit in FY 2015. As of January 2019, the Texas Comptroller of Public Accounts (comptroller) estimates Proposition 1 transfers of $1.399 billion in FY 2020 and $1.456 billion in FY 2021.

Figure 1 explains the method of calculating severance tax transfers to the State Highway Fund. It begins with a preset collection threshold consisting of FY 1987 oil and natural gas production tax levels. Oil production tax revenues in FY 1987 were $531.9 million and natural gas production tax revenues in the same year were $599.8 million. One quarter of total severance tax collections above the threshold are deposited in the state's general revenue fund. Any additional severance taxes are divided evenly between the Economic Stabilization Fund and State Highway Fund.

However, before transfers to the State Highway Fund may occur, the balance of the Economic Stabilization Fund must meet the minimum amount as determined by legislative committee or the legislature as a whole. In the month preceding each regular legislative session, the Joint Select Committee to Study the Balance of the Economic Stabilization Fund determines and adopts a sufficient balance of the Economic Stabilization Fund, which is also known as the "Rainy Day Fund." On November 30, 2018, the committee adopted a sufficient balance of $7.5 billion. This means that the State Highway Fund will not receive a transfer of severance taxes if the balance of the Economic Stabilization Fund decreases to an amount below $7.5 billion.

Beyond FY 2021, TxDOT estimates deposits of $875 million per fiscal year, which is the 10-year historical average of surplus oil and gas taxes that would have been deposited to the State Highway Fund if Proposition 1 had been in effect over the last 10 years.

The statute enabling the transfer of Proposition 1 to the State Highway Fund expires after the last transfer in FY 2025 unless a future legislature votes to extend the provision.

1. Actual amounts deposited in the State Highway Fund may vary based on the minimum balance of the Economic Stabilization Fund set by the Legislature.
2. Economic Stabilization Fund is also known as the Rainy Day Fund.
3. Preset collections threshold is set at 1987 oil and natural gas production tax levels: $531.9 million in oil production tax revenues and $599.8 million in natural gas production tax revenues.

Proposition 7

Sales & Use Tax; Motor Vehicle Sales & Rental Tax

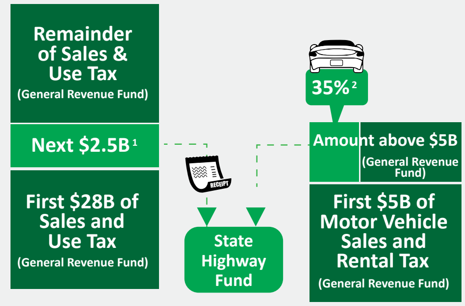


Figure 2

Proposition 7, a constitutional amendment passed by 83 percent of voters in FY 2015, increased funding for the state's highway system. As illustrated in Figure 2, Proposition 7 requires the comptroller to deposit into the State Highway Fund $2.5 billion of the net revenue from state sales and use tax that exceeds the first $28 billion of revenue coming into the state treasury every fiscal year. **This provision is set to expire August 31, 2032 unless a future legislature votes to extend it.**

The first transfer of $939 million in Proposition 7 funding occurred in August 2018. The second transfer of $1.56 billion was deposited September 2018. Another transfer of approximately $2.25 billion is estimated to be deposited near the end of fiscal year 2019.

Beginning in FY 2020, if state motor vehicle sales and rental tax revenue exceeds $5 billion in a fiscal year, 35 percent of the amount above the $5 billion will be directed to the State Highway Fund. **This provision takes effect on September 1, 2019 (FY 2020) and is set to expire August 31, 2029, unless a future legislature votes to extend it.**

As of January 2019, the comptroller estimates that $5 billion of Proposition 7 funding from state sales and use tax will be available for new transportation projects in the FY 2020-2021 biennium and that no transfers of motor vehicle sales and rental tax to the State Highway Fund will occur during the FY 2020-2021 biennium. TxDOT's Legislative Appropriations Request for FY 2020-2021 includes new deposits and carry-over funds from the prior biennium.

- The state constitution allows the legislature, by a record vote of a majority of the members of each chamber, to extend either of the expiration dates of these two provisions for 10-year increments.
- Additionally, the constitution allows the legislature, by a record vote of two-thirds of the members of each chamber, to reduce the revenue deposited to the State Highway Fund under either provision (with the reduction made in the state fiscal year in which the legislature's resolution is adopted or in either of the following two state fiscal years) provided the reduction is not more than 50 percent of the amount that would otherwise be deposited to the State Highway Fund in the affected state fiscal year.

While Proposition 1 and 7 funds are present in TxDOT's Cash Forecast and are anticipated in the planning of projects, near-term construction contract letting will require close attention to ensure the appropriate funds are available for progress payments on projects.

1. This transfer of funds to the State Highway Fund took effect September 1, 2017 (FY 2018).
2. This transfer of funds to the State Highway Fund does not take effect until September 1, 2019 (FY 2020).

FINANCING AND PROCUREMENT TOOLS

Borrowing Programs

Low interest rates and federal subsidies over the last two decades provided the legislature and TxDOT with the opportunity to make use of debt financing tools, which allowed TxDOT to accelerate projects to address the state's population boom and outpace the rising costs of highway construction inflation.

As the state's financial resources for transportation declined in proportion to its needs, the Texas Legislature provided authority to TxDOT to finance projects through bond programs. Texas Mobility Fund, Proposition 14 State Highway Fund Revenue bonds and Proposition 12 Highway Improvement General Obligation bonds have accelerated the construction of billions of dollars of highway improvements.

As directed by the Texas Legislature and in compliance with federal rules associated with tax-exempt debt, the projects funded with bond proceeds are long-term capital improvements. The economic consequences and improved safety and mobility resulting from these projects will be enjoyed by taxpayers for generations to come.

Design-Build Agreements

Design-Build Agreements are entered into using a procurement process that allows TxDOT to select the proposal that provides the best value to the state.

The State Infrastructure Bank

The State Infrastructure Bank is a revolving fund which allows local government entities to borrow money for the costs of transportation projects at favorable terms.

STATUTORILY AUTHORIZED USES OF FUNDING STREAMS

TxDOT created Figure 3 as a guide to clarify the funding restrictions associated with each of its state funding sources and financing tools. This chart is useful in discussions related to non-highway state transportation needs such as aviation projects, capital funding for ports, rail and public transportation. It also clarifies TxDOT's exceptional item requests for general revenue in the 2020-2021 biennium, as most of TxDOT's funding is dedicated to improvement of the state highway system. Exceptional item requests are summarized on the final pages of this funding brochure.

Project Type

Funding Source	Non-Tolled Highways	Tolled Highways	Rail – Passenger	Rail – Freight	Transit	Aviation	Ports
Proposition 1 Funds	✔						
Proposition 7 Funds	✔						
State Highway Fund – Dedicated [1]	✔	✔					
Proposition 14 Bonds	✔	✔					
Proposition 12 Bonds [2]	✔	✔					
Texas Mobility Fund – Revenue [3]	✔		✔		✔		
Texas Mobility Fund (TMF) – Bond Proceeds [4]	✔	✔	✔		✔		
State Highway Fund – Non-Dedicated [5]	✔	✔	✔	✔	✔	✔	✔
Regional Subaccounts [6]	✔	✔	✔	✔	✔	✔	✔

Figure 3

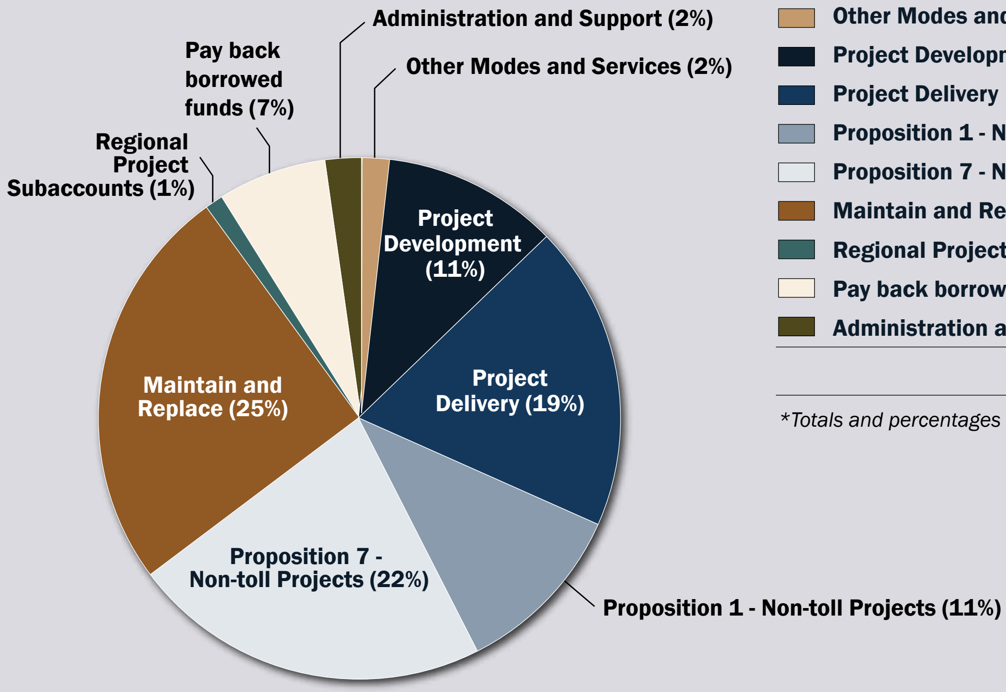
Texas Mobility Fund, Proposition 14 and Proposition 12 bond programs are unavailable or suspended.

1. State Highway Fund-Dedicated includes state motor fuel and lubricant taxes and motor vehicle registration fees. It also includes federal reimbursements that are not reflected in the above grid as a small amount of them may at times be used for other modes of transportation.
2. Proposition 12 bond proceeds may be used to provide funding for highway improvement projects with no distinction between tolled and non-tolled highways.
3. Texas Mobility Fund revenues in excess of funds required to pay Texas Mobility Fund debt service are prohibited to pay for toll expenditures as part of 2015 legislation.
4. The Texas Constitution allows Texas Mobility Fund bonds to be used to develop and construct state highways, "to provide participation by the state in the payment of a portion of the costs of constructing and providing publicly owned toll roads and other public transportation projects." "Other public transportation projects" is undefined and therefore may be available for more types of transportation projects than what is listed here.
5. "State Highway Fund—Non-Dedicated" includes limited revenue sources. An annual transfer of approximately $150 million goes to the Texas Emissions Reduction Program (TERP) Fund.
6. Regional Subaccount funds may only be used for transportation, highway and air quality projects as defined by Section 228.001 of the Transportation Code in the region where the project from which those funds were derived is located. The revenues are deposited to the State Highway Fund but are not dedicated by the Texas Constitution.

TXDOT'S 2020-2021 LEGISLATIVE APPROPRIATIONS REQUEST

TxDOT's Legislative Appropriations Request for the FY 2020-2021 biennium includes the estimated amount of funding TxDOT expects to receive and spend over the next two fiscal years. State agencies in Texas are appropriated funds by the Texas Legislature on a biennial basis. TxDOT's FY 2020-2021 Legislative Appropriations Request dedicates approximately 88 percent of its funding to the development, delivery and maintenance of state highway projects (see Figure 4 for a high-level summary).

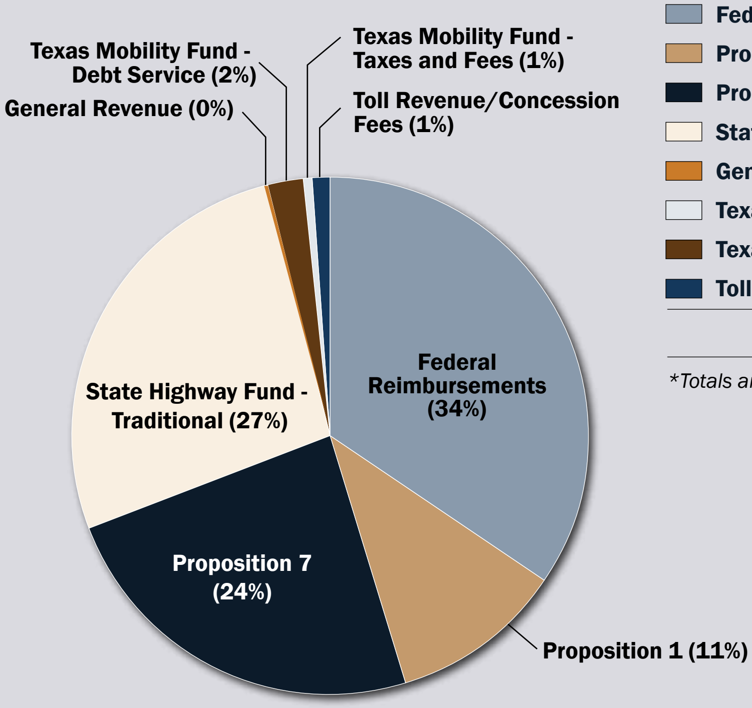
BUDGET USES



Other Modes and Services	$0.56B
Project Development	$3.68B
Project Delivery	$6.16B
Proposition 1 - Non-toll Projects	$3.52B
Proposition 7 - Non-toll Projects	$7.25B
Maintain and Replace	$8.31B
Regional Project Subaccounts	$0.31B
Pay back borrowed funds	$2.24B
Administration and Support	$0.64B
*Total	$32.68B

Totals and percentages may not sum due to rounding.

BUDGET SOURCES



Federal Reimbursements	$11.31B
Proposition 1	$3.52B
Proposition 7	$7.85B
State Highway Fund - Traditional	$8.73B
General Revenue	$0.004B
Texas Mobility Fund - Taxes and Fees	$0.23B
Texas Mobility Fund - Debt Service	$0.73B
Toll Revenue/Concession Fees	$0.31B
*Total	$32.68B

Totals and percentages may not sum due to rounding.

Figure 4

EXCEPTIONAL ITEM REQUESTS

Figure 5 summarizes TxDOT's budget request for exceptional items in FY 2020-2021 to be funded with state general revenue. As described earlier, most of TxDOT's funding is restricted to pay for the design, right-of-way, construction and maintenance of non-tolled projects on the state highway system. The following requests cannot all be fully supported by the limited State Highway Fund revenues that are not dedicated by the constitution. For this reason, TxDOT requests the following exceptional items for the legislature to assist in providing additional funding to projects with the highest priority. These requests are in line with TxDOT's mission of providing a safe and reliable transportation system.

PRIORITY	EXCEPTIONAL ITEM	FISCAL YEAR 2020	FISCAL YEAR 2021
1	General Obligation Bond Debt Service Payments	$311,852,000	$307,378,000
2	Veteran Toll Discount Program	$9,285,000	$11,140,000
3	Rail - SORR Rehab Fort Stockton/Sulfur	$ 12,800,000	UB*
4	Rail - SORR Rehab Fort Stockton/Belding	$ 8,000,000	UB*
5	Rail - SORR Rehab - Paisano	$3,000,000	UB*
6	Rail - SORR Inspection Facilities	$500,000	UB*
7	Aviation - Aviation Facilities Development Program	$4,000,000	$4,000,000
8	Public Transportation - Rural Public Transit Program	$41,000,000	$41,000,000
9	Maritime - Ports Capital Program	$125,000,000	UB*
10	Maritime - Ship Channel Improvement Fund	$450,000,000	UB*
11	Rail - North East Texas Rural Rail Transportation (NETEX) District Rehab	$6,000,000	$4,000,000
12	Rail - Heartland Flyer	$2,500,000	$2,500,000
	TOTAL:	$973,937,000	$370,018,000

* UB refers to unexpended balance authority. UB authority allows a state agency to spend funds appropriated in the first year of the biennium in the second year of the biennium.

Figure 5

Debt Service for Highway Improvement General Obligation Bonds (Proposition 12)

The 85th Legislature appropriated Proposition 7 funds to pay for the debt service on Proposition 12 bonds, pursuant to Rider 42 of the FY 2018-2019 GAA. Reinstating general revenue funding to pay for Proposition 12 bond debt service would free approximately $619 million in additional funding for roads. Approximately $312 million in FY 2020 and $307 million in FY 2021 is estimated to pay debt service on Proposition 12 bond debt service.

Veteran Toll Discount Program

TxDOT currently waives charges on certain Texas toll roads for individuals whose specialty license plates display the words "Disabled Veteran," "Purple Heart" or "Legion of Valor." TxDOT began waiving tolls for qualified veterans on all of its state-operated roads beginning in late December 2012. TxDOT requests $9.285 million in FY 2020 and $11.14 million in FY 2021 of general revenue to pay for exemptions to qualified veterans who use TxDOT-operated toll roads. In Central Texas, qualified veterans are able to drive free of charge on Loop 1, SH 45 North, SH 45 Southeast and SH 130 (Segments 1-4) in the Austin area. TxDOT must reimburse the Central Texas Turnpike System (CTTS) to comply with bond agreements. TxDOT has been using funding from toll concessions to pay for reimbursements in recent years, but the funding will not be sufficient in future years; therefore, TxDOT is requesting $20.4 million of general revenue for the FY 2020-2021 biennium to support legislative requests to exempt certain qualified veterans from toll charges.

Rail - South Orient Railroad (SORR)

The South Orient Railroad, from Sulfur Junction to Belding is constructed of rail manufactured in 1912 that is substandard for today's loadings and has a significant number of defective crossties, bridge defects and obstructed drainage ditches. Such conditions limit train speeds to 10 mph. This section of the rail line must be rehabilitated in order to continue to provide safe and efficient service to the seven customer facilities that are served within the project limits. Rehabilitation of this section will also increase efficiency and capacity, allowing increased freight rail movements in an energy resource area of Texas that is experiencing significant truck traffic volumes. Texas Pacifico (the private operator) will be required to maintain the line in the rehabilitated condition once TxDOT's project is complete, making this a one-time investment. The improvements will be maintained in the same condition at no additional cost to the state.

(a) SORR - Sulfur Junction and Fort Stockton

TxDOT requests $12.8 million in general revenue for FY 2020 and UB authority in FY 2021 for the rehabilitation of the SORR from Sulfur Junction to Fort Stockton (16 miles).

(b) SORR - Fort Stockton and Belding

TxDOT requests $8 million in general revenue for FY 2020 and UB authority in FY 2021 for the rehabilitation of the SORR between Fort Stockton and Belding (10 miles). Rehabilitation of this section will increase freight rail movements in an energy resource area of Texas currently experiencing significant truck traffic volumes.

(c) SORR - Paisano and Presidio International Rail Bridge

TxDOT requests $3 million in general revenue for FY 2020 and UB authority in FY 2021 for SORR rehabilitation from Paisano Junction to Presidio International Rail Bridge (72 miles). TxDOT was awarded $7 million in federal grant funding (FASTLANE) for the rehabilitation of this segment in 2017. Texas Pacifico will reconstruct the international rail bridge at Presidio in FY 2019 to enable the reopening of this rail gateway on the South Orient line. A total of $10 million is needed to fund this rehabilitation, $7 million of which will be provided by the FASTLANE grant. The section of the rail line from the international rail bridge to the interchange with Union Pacific outside Alpine is limited to 10 mph speeds.

(d) SORR - Presidio Rail Gateway Inspection Facilities

TxDOT requests $500,000 in general revenue for FY 2020 and UB authority in FY 2021 for the development of border inspection and security facilities for the SORR at Presidio. Texas Pacifico will reconstruct the international rail bridge in 2019 to enable international traffic through the Presidio rail gateway. No freight will be permitted to cross the border by U.S. Customs and Border Patrol until adequate facilities are provided for the inspection of trains and their contents. Funding must be secured for the border inspection facilities in order to begin international freight rail service on the SORR.

Aviation

TxDOT requests $4 million in general revenue for each year of the upcoming biennium to increase the Aviation Facilities Development Program (AFDP) and Routine Airport Maintenance Program (RAMP), which support 278 Texas general aviation airports. Airport development needs at these airports exceed annual budget allocations by 68 percent. Funding for both programs has been level for the past seventeen years, resulting in a 51 percent decrease in purchasing power due to increases in construction costs. The proposed funding would be allocated annually as follows: $3,200,000 to AFDP and $800,000 to RAMP.

Public Transit Program

In the past year, the Public Transportation Advisory Committee (PTAC) reviewed existing transit service coverage and hours of operation in state-funded Urban and Rural Transit Districts across Texas. TxDOT and the Texas Transportation Institute researched options for increasing transit service coverage and hours of service on weekdays and Saturdays.

For the next biennium, PTAC recommends a funding increase of $41 million per year to provide 14-hour per day weekday service for Texans in counties and cities covered by a transit district. This is a committee priority for lifeline service with an eye toward achieving a longer-term goal of 8-hour Saturday service and 14-hour weekday service statewide.

Transit provides lifeline services for many Texans. Over 70 percent of the approximately 30 million passenger trips taken annually on state-funded systems are taken for three primary purposes: work, shopping and medical. The increase would provide additional funding to create a 14-hour service day Monday- Friday statewide, plus annual funding to address the wear and tear on fleet vehicles associated with the increased service levels.

TxDOT is requesting $41 million in general revenue for each year of the biennium to assist with fleet replenishment and formula funding. Additional state funding will partially offset the loss of purchasing power and population growth in rural areas. Funds will be used to match the growth in federal funds and improve services for the six million people living in rural Texas by improving access to employment, education, medical services and other necessities of daily life. If not approved, rural transit services will not be able to keep pace with the growing need and changing demographics, and rural residents will, over time, lose connectivity to services that address their needs.

Maritime

Texas ports serve as gateways to the state economy and play a vital role in creating jobs for Texans. Texas is the nation's leading export state and a leader in waterborne trade. Texas is in a unique position facing four major influences that will drastically impact the state and in particular, the maritime industry: 1) the state's continued population boom, 2) the dramatic growth of oil and gas production, 3) the expansion of the Panama Canal and 4) Mexico's expanding economy.

Ports Capital Program

As recommended by the Port Authority Advisory Committee, TxDOT requests $125 million in general revenue for FY 2020 and UB authority in FY 2021 for the Texas Ports Capital Program. The funds requested will allow Texas ports to make critical capital improvements that support port activity such as multi-modal connectivity enhancements, port expansions, and replacement of outdated and failing port facilities. If funded, these projects will support improved logistics, increased capacity and enhanced safety to keep Texas ports competitive.

Ports submitted their respective projects to the Port Authority Advisory Committee. The projects were scored and ranked on benefits including economic impact, operational impact, enhanced connectivity and improved safety. A technical review of all of the projects was performed to ensure that they could be let within the FY 2020-2021 biennium and could be completed before the end of FY 2024.

The funding would be a benefit to the state because many Texas ports have exhausted their funding tools and are beginning to fall behind competitor ports that receive state funding. Furthermore, Hurricane Harvey placed additional stress on the Texas port system through port closures and damage to port facilities.

Ship Channel Improvement Revolving Fund

As recommended by the Port Authority Advisory Committee, TxDOT requests $450 million in FY 2020 and UB authority in FY 2021 to capitalize the Ship Channel Improvement Revolving Fund. Loans would be made available to navigation districts with ship channel improvement projects authorized by Congress to deepen or widen channels. Navigation districts serve as the non-federal sponsor for ship channels and share a portion of the cost of improvement projects along with the United States Army Corps of Engineers.

Container vessels, tankers and cruise ships have gotten progressively larger over the past several years, with the 2016 expansion of the Panama Canal exacerbating this trend. In order to remain competitive, Texas ports must deepen and widen the ship channels that serve their facilities to accommodate larger vessels. The cost of each project can total hundreds of millions of dollars, one of which totals over one billion dollars.

There are five eligible ship channel projects with navigation districts serving as non-federal sponsors responsible for funding a percentage of their project cost. This funding request is intended to cover the estimated drawdown for the eligible projects in FYs 2020-2021.

Rail - NETEX

TxDOT requests $6 million in FY 2020 and $4 million in FY 2021 for a limited amount of track and bridge rehabilitation on the Northeast Texas Rural Rail Transportation District (NETEX) freight rail line from Greenville to Mount Pleasant (66 miles). TxDOT owns 31 miles of the NETEX ROW and has a security interest in the infrastructure resulting from a grant funding agreement in 1996. Track speeds on the NETEX line are limited to 10 mph due to defective cross ties and bridge deficiencies. The rail line continues to deteriorate due to the lack of past rehabilitation and funding. The rail line must be rehabilitated to continue providing service to existing customers and to attract new business to the line and the region. TxDOT would seek additional ownership of the line and infrastructure as a condition to expend funds for rehabilitating the line.

Rail - Heartland Flyer

TxDOT requests $2.5 million in general revenue for each fiscal year of the biennium to provide a continued subsidy of Amtrak's Heartland Flyer passenger train between Fort Worth and Oklahoma City. This passenger service has been jointly funded by TxDOT and the Oklahoma Department of Transportation since 2009.

For more information please visit TxDOT Government Affairs.