**Quick Take**

**What:** Transportation funding challenges
The Dallas-Fort Worth area will spend $101.1 billion through 2035 to maintain and expand its transportation system. However, the 12-county area needs $395.3 billion to alleviate the worst levels of congestion.

**Significance:**
North Texas continues to grow rapidly, but the condition of the region’s roadways is declining after years of underinvestment. While demand and costs increase, traditional transportation funding has remained mostly unchanged. Additional revenue sources must be identified to improve and maintain the region’s multimodal transportation system.

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**Funding Challenges Persist Despite Growth**

The Dallas-Fort Worth area welcomed 1 million residents from 2000-2010, continuing a trend that has helped the region’s economy become one of the strongest in the nation. While robust growth has contributed to the Dallas-Fort Worth area’s prosperity, it has also resulted in growing pains. One of the most obvious issues is increased traffic congestion. Transportation needs continue to intensify, but the region is expected to receive less funding for roads, rails and bicycle-pedestrian improvements over the next 20-plus years.

Mobility 2035, the region’s long-range transportation plan, identifies $101.1 billion through 2035 to improve transportation. While this is a significant investment, it is nearly $45 billion less than the region’s previous plan, which charted improvements through 2030. About $395.3 billion is needed to alleviate the worst levels of congestion. While Dallas-Fort Worth needs more money for transportation, the region can help ensure it meets commuters’ needs through 2035 by leveraging current resources.

Many different sources provide funding for the region’s transportation system. Traditional sources (fuel taxes and vehicle registration fees) and local sources (sales and property taxes) account for 58 percent of the money used to maintain and build facilities. The region looks to innovative funding options, such as priced facilities and public-private partnerships for 29 percent of future funding. Planners also anticipate that over time revenue will be increased through local, state and federal efforts, accounting for the remaining 13 percent of expected funding for transportation improvements.

Motor fuel taxes are an important funding source for transportation improvements. Currently, the state taxes gasoline and diesel at 20 cents a gallon, and the federal government levies an 18.4-cent gas and a 24.4-cent diesel tax. At the state level, diversions to non-transportation uses reduce the availability of funding to build and maintain needed projects.

At the federal level, Texas is considered a donor state, meaning the state receives less funding for transportation than it collects in fuel taxes. These are not the only funding threats. Because fuel is taxed per gallon, as people move to more fuel-efficient vehicles or alternative-fuel vehicles, less money is available to build and maintain facilities. While these new technologies are good for the environment, the influx of fuel-efficient vehicles magnifies the funding challenges facing North Texas. These challenges call for a new approach to paying for transportation. NCTCOG and the Regional Transportation Council (RTC) will continue using the available financial tools and pursuing new ones that will lead to an improved transportation system.

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**RTC Legislative Goals**

- Identify additional revenue to enhance statewide and regional ability to maintain and improve the multimodal transportation system.
- Ensure a fair allocation of all funding categories across the state.
- Implement flexible and fair solutions to help address the transportation funding problem.
- Continue to use public-private partnerships for specific projects.
What has North Texas done to solve the problem?

**Priced facilities**
With the funding challenges the region continues to face, planners have turned to toll roads as a way to lessen traffic congestion. Ideally, highways in Dallas-Fort Worth would be fully supported by tax revenue and not require tolling, but the growth of the region and the declining purchasing power of the gas tax necessitate additional revenue streams. It is important to note that the money collected through tolls goes toward paying for construction and continued maintenance of the roads. To further improve mobility, regional planners will soon open high-occupancy vehicle lanes to solo drivers who wish to pay for more reliable commutes.

**Public-private partnerships**
With money tight, investment from the private sector has helped the region improve its transportation system. Federal and state funds, together with contributions from the North Texas Tollway Authority, local transit sales tax and various municipal bond elections, can be combined to build, operate and maintain an outstanding transportation system. During the 82nd Texas Legislature, limited authority was re-established for TxDOT to enter into public-private partnerships for three North Texas projects: Interstate Highway 35E, State Highway 183 in Dallas County and portions of the North Tarrant Express.

**Regional Toll Revenue funding initiative**
The Regional Toll Revenue funding initiative expedites transportation projects by providing money for improvements that otherwise may have to wait years to be completed. Multimodal projects throughout the Dallas-Fort Worth area have benefitted from the program, which was created when the North Texas Tollway Authority paid the region $3.2 billion to build and maintain Sam Rayburn Tollway. Overall, the region has received $3.6 billion for transportation improvements that will help meet future demand.

**Cotton Belt Innovative Finance Initiative**
The Regional Transportation Council and North Central Texas Council of Governments recently developed innovative financial mechanisms and revenue streams to implement passenger rail service in the Cotton Belt Corridor. The Cotton Belt Innovative Finance Initiative (IFI) identified the most viable of the nontraditional revenue sources with the potential to repay an investment to finance, design, build, operate and maintain regional rail. These revenue streams identified for the corridor could generate enough to close the funding gap.

**What more can be done?**
Transportation officials and local elected officials have pursued local and innovative financing to meet transportation and related air quality needs for the region now and in the future. Eliminating diversions to areas of the budget not directly related to transportation, indexing and eventually increasing the motor fuels tax, and authorizing elections for additional local funding may all be solutions to North Texas' transportation funding problem.

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**State Gasoline Tax Rate and Loss in Purchasing Power**

*Since the state gas tax was last increased in 1991, it has steadily lost purchasing power. Vehicles have also seen an increase in fuel economy over the past 20 years. Among the RTC's legislative goals is a law that would index the taxes motorists pay to fuel efficiency. Such a change could provide crucial funding for a region that is projected to continue growing. This would help close the gap between purchasing power and revenue.*

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