TEXAS

TRANSPORTATION FUNDING

FISCAL YEARS 2026-2027

INTRODUCTION

The Texas Department of Transportation (TxDOT) is committed to ensuring the safe and efficient movement of people and goods by fulfilling its mission of *Connecting you with Texas*. As the nation's leader in economic growth and home to one of the strongest and most diverse economies in the world, Texas faces increasing demands driven by rapid population and economic expansion. Businesses depend on a smooth-functioning, dependable transportation system to move products efficiently, remain competitive, and keep communities connected. With the state's population projected to approach 40 million by 2050, continued investment in a seamless, multimodal transportation network is critical to meet the needs of a growing Texas.

TxDOT has recognized these demands on the Texas transportation system for over a decade and has been at the forefront of addressing them with safety, delivery, innovation, and stewardship as its top priorities. With support from the Texas Legislature, careful planning, and strategic investments, TxDOT continues to build the infrastructure needed to support Texas' growth. The 89th Texas Legislature (Regular Session, 2025), reaffirmed its support for TxDOT's mission and commitment to improving state transportation infrastructure by appropriating a record-high $39.92 billion in the fiscal year (FY) 2026-2027 biennium. Notably, this funding will go toward the development, delivery, and maintenance of state highway projects; general aviation airport expansion and repairs; and the support of off-system rail-grade separation projects, among other uses.

However, fiscal conditions have changed since TxDOT submitted its Legislative Appropriations Request (LAR) and the publishing of the approved FY 2026-27 General Appropriations Act (Fiscal Size-Up). In October 2025, the Texas Comptroller of Public Accounts (Comptroller) released the FY 2026-2027 Certification Revenue Estimate (CRE), which projected lower than expected Proposition 1 severance tax transfers to the State Highway Fund (SHF) due in part to shifting oil and gas market conditions.

Meanwhile, higher construction costs and continued population growth increase the cost of planning, building, and maintaining highway infrastructure. Rising material and labor costs, evidenced by a 66.85 percent increase in the Highway Cost Index (HCI) from August 2021 to August 2025, create daily challenges for the construction industry and TxDOT. As TxDOT invests in transportation solutions to respond to the state's needs, economic uncertainty brings challenges in the form of inflation and lower estimated revenues.

Project delivery remains strong despite increasing funding pressures. To maximize funding and ensure timely project development and delivery, TxDOT has streamlined processes while enhancing project selection and programming transparency through the 10-year Unified Transportation Program (UTP). TxDOT relies on the UTP to guide long-range project planning that extends beyond a single biennium by applying fiscally conservative financial forecasts to ensure that projects programmed today can be delivered responsibly over time. At the heart of TxDOT's approach to funding projects is the "letting" process, in which contracts are awarded to construct these projects. While the UTP is not a budget, it carefully balances project selection with a realistic 10-year planning and funding outlook, providing partners and stakeholders with a clear, forward-looking view of future projects and anticipated changes.

From expanding highways to constructing new bridges and planning with our multi-modal partners, TxDOT plays a critical role in ensuring people and products move seamlessly across the state. The 2026 UTP outlines approximately $101.6 billion in construction and major maintenance projects over the next 10 years. The 2026 UTP estimate presents a decline from the 2025 UTP's record $104.2 billion and reflects TxDOT's effort to normalize its letting schedule by aligning project development budgets and contract lettings going forward. The included costs of project development and routine maintenance contracts bring the total 10-year investment in projects to over $146.5 billion, compared to $147.9 billion in the 2025 UTP.

This funding brochure summarizes TxDOT's major funds and financing tools and reviews legislative appropriations made by the 89th Texas Legislature (Regular Session, 2025). The sections that immediately follow summarize the revenues TxDOT uses to pay for roadway projects, including new and extended funding provided by the legislature in recent sessions, and presents a high-level overview of the intended uses of all funds.

TRANSPORTATION FUNDING SOURCES

The General Appropriations Act (GAA) provides just under $40 billion in total funding to TxDOT. The development and delivery of a transportation project takes many years from conception to completion. Most projects go through several phases: design, engineering, public involvement, right-of-way acquisition, environmental analysis, and oversight. Funding a transportation project may involve multiple revenue sources, with varying requirements, over a period of years.

TxDOT's budget in the GAA does not distinguish between new projects and progress payments on projects from the previous biennium. Instead, the GAA specifies anticipated contract expenditures during the biennium, recognizing that some contracts will continue to pay out beyond this two-year period.

Texas' transportation system is funded through a blend of revenue sources, as depicted in Figure 4, which provides an overview of how TxDOT receives and allocates funding. TxDOT's funding structure includes a mix of constitutionally and statutorily dedicated taxes, federal funds, and limited, non-dedicated funds. While this framework has supported the SHF, several of these revenue sources are inherently sensitive to economic conditions and external influences. As a result, SHF deposit levels can vary from year to year, requiring TxDOT to rely on conservative assumptions when planning future commitments. The following pages of this brochure include descriptions, benefits, and challenges of these sources.

THE STATE HIGHWAY FUND

The State Highway Fund, "SHF" or "Fund 6," is TxDOT's primary funding source and receives revenues from taxes and fees. The Texas Constitution requires that most of these revenues, including motor fuel and lubricant taxes; motor vehicle registration fees; portions of general sales and use taxes; motor vehicle sales and rental taxes; severance taxes; and federal reimbursements, are dedicated to funding state right-of-way acquisition, highway construction, and maintenance of public roadways. These constitutionally dedicated funds cannot be spent on other modes of transportation, such as rail projects, public transportation, aviation services, or Gulf Intracoastal Waterway improvements. Instead, funding these multi-modal projects must be paid from general revenue and limited other non-dedicated funds.

The SHF also contains subaccounts for Propositions 1 and 7 funds, State Infrastructure Bank (SIB) funds, and regional subaccounts funded by toll and concession revenue from previously approved Comprehensive Development Agreements (CDAs). State law requires toll and concession revenues to be used only on projects within the region of the project generating the funds.

The SHF serves as the financial foundation for nearly all of TxDOT's roadway program. However, despite being relatively stable, certain SHF revenues, such as motor vehicle fuel taxes and vehicle registration fees, have decreased in buying power over time due to static tax rates and increased fuel efficiency. This reality set the stage for the legislature to create additional funding sources, such as Propositions 1 and 7, which now augment the SHF to meet Texas' growing transportation needs.

The SHF receives the following revenues:

- State motor vehicle fuels tax (20 cents per gallon total, with 15 cents to the State Highway Fund and 5 cents to the Available School Fund)*
- Federal highway reimbursements* and other federal funds agency reimbursements
- Vehicle registration fees*
- Smaller revenues such as lubricant sales taxes,* permit fees for special vehicles, miscellaneous fees, and interest* accrued on dedicated funds
- Local project participation funds
- 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.*

NEW STATE HIGHWAY FUND SOURCE – ELECTRIC VEHICLES

State and federal motor fuel taxes function as user fees in exchange for using the roadway. Although gas tax rates have not increased since the early 1990s, the gas tax still plays a prominent role in TxDOT's budget. Electric vehicle (EV) users do not contribute to gasoline tax revenues, which adds pressure on one of the state's most consistent funding sources for building and maintaining the transportation network.

To help offset this emerging gap, the 88th Texas Legislature (Regular Session, 2023), enacted Senate Bill (SB) 505, establishing dedicated registration fees of $400 at initial registration and an annual fee of $200 for EVs. The Texas Department of Motor Vehicles (TxDMV) is designated to collect the EV registration and renewal fees, which are deposited directly into the SHF to ensure EV owners contribute to the costs associated with maintaining the state's transportation infrastructure.

Before the implementation of SB 505, the Comptroller estimated the new fee structure would generate approximately $985 million during its first five years. These projections were based on the best available information at the time, including anticipated EV adoption rates and expected registration patterns. However, actual revenues in the program's first two years have come in below early estimates in SB 505's fiscal analysis. In 2024, projected revenues of $79.5 million resulted in $48.3 million in actual deposits. In 2025, projected collections of $124.5 million yielded $72 million. As EV adoption continues to grow, ensuring sufficient and predictable revenues for the SHF is increasingly critical as these shortfalls amplify pressures on TxDOT's ability to maintain and expand a safe, reliable, and high-performing transportation system for a rapidly growing state.

NON-DEDICATED STATE HIGHWAY FUND DOLLARS

Non-dedicated SHF dollars are TxDOT's most flexible source of state funding. These dollars make up less than one percent of TxDOT's biennial appropriations. TxDOT must rely on a certain level of flexible funding sources to secure matching funds for federal dollars, which allow local government entities (mostly rural) to obtain federal funding for multi-modal transportation services, such as public transportation resources, aviation services, rail projects, and Gulf Intracoastal Waterway activities. Non-dedicated SHF dollars have traditionally supported these activities along with recent appropriations of general revenue.

Non-dedicated SHF sources consist of special vehicle permit fees, magazine publication sales, motor vehicle certificates, land sales, legal judgments and settlements, certain reimbursements, and other fees, which total approximately $225 million each fiscal year. While these revenues gradually increase over time, the expenses increase at a faster rate.

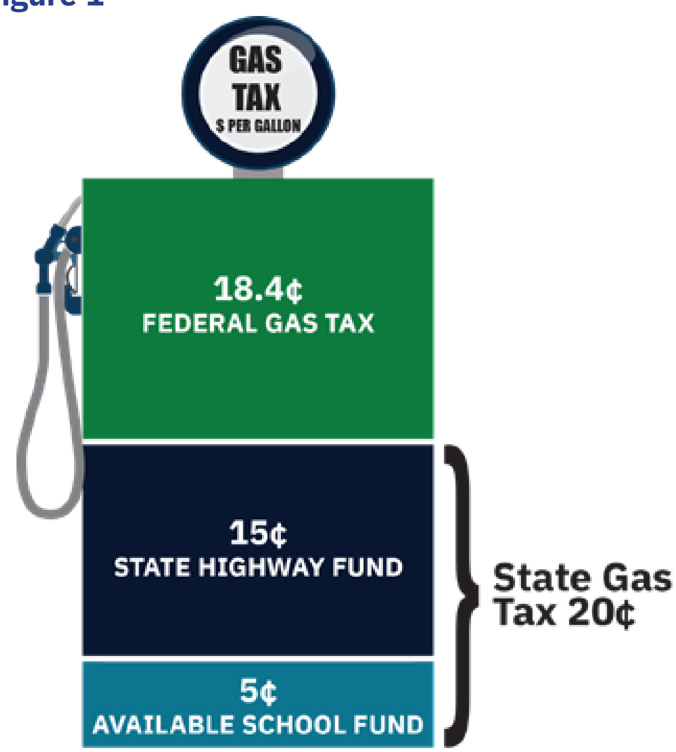
FEDERAL FUNDS

Federal funds account for over 30 percent of TxDOT's two-year budget and are deposited in the SHF. The state's GAA includes federal funds in TxDOT's budget as estimated reimbursements for payments on projects that meet certain federal requirements. In effect, the state budget appropriates federal funds prospectively, which is an estimated amount of federal collections based on forecasted project progress payments.

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 then distributed to states in amounts primarily determined by 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 (Figure 1) 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. Subsequently, since 2008, Congress has supplemented the Highway Trust Fund with federal general revenue to add to federal gas tax collections.

The Infrastructure Investment and Jobs Act (IIJA) was passed on November 15, 2021. The IIJA provides a five-year reauthorization of federal funding for highway, highway safety, transit, and rail programs for federal fiscal years 2022 through 2026. Please visit the TxDOT Federal Affairs webpage for more information on the IIJA.

Figure 1



PROPOSITIONS 1 AND 7

Historically, the primary source of highway funding came from state motor fuel taxes, vehicle registration fees, and federal funds. However, these revenues have not kept up with rising population and infrastructure needs. In response, Texas has implemented new funding mechanisms and constitutional dedications to bolster transportation investment. Texas lawmakers and voters created two dedicated revenue streams, known as Proposition 1 (2014) and Proposition 7 (2015), that significantly boost funding for transportation in the state by directing certain state tax revenues to the SHF for transportation uses. Both were approved by wide margins of Texas voters, making them critical components of TxDOT's finance structure.

The Comptroller typically deposits Proposition 1 and Proposition 7 funds in three transfers each year, as opposed to other funds that TxDOT collects on a monthly basis. Propostitions 1 and 7 may vary widely year-to-year, which TxDOT must manage through careful cash forecasting. 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 requires close attention to ensure the appropriate funds are available for progress payments on existing projects. The Comptroller estimates these funds so TxDOT can predict future revenue. When oil and gas production prices fall, the estimates for future transfers to the SHF may be significantly reduced, impacting long-term planning. Despite the volatility, existing projects that have already begun are continued, as TxDOT accounts for potential funding fluctuations in its long-term planning.

On page 13, there is an overview of each source, including estimated contributions in the FY 2026–2027 biennium and the statutory dedications associated with them.

PROPOSITION 1 (Oil and Gas Severance Taxes)

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

Figure 2, on page 8, illustrates the method of calculating Proposition 1 transfers to the SHF. It begins with a preset collection threshold consisting of the net amount 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, resulting in a net amount of $1.13 billion. One-quarter of total severance tax collections above the 1987 threshold are deposited in the state's General Revenue Fund. Since the passage of Proposition 1, the remaining 75 percent of severance taxes has been evenly divided between the Economic Stabilization Fund and the SHF.

Currently, state law requires the Comptroller to determine the sufficient balance threshold of the Economic Stabilization Fund by calculating seven percent of certified, general revenue-related appropriations made for the fiscal biennium. If the amount in the Economic Stabilization Fund is less than seven percent of the general revenue-related appropriations made in the fiscal biennium, the Comptroller must reduce the allocation to the SHF and increase the allocation to the Economic Stabilization Fund until the balance in the Economic Stabilization Fund reaches the required threshold. Essentially, if the Economic Stabilization Fund has not reached its sufficient balance, more severance tax is diverted to that fund and less into the state's transportation system.

Proposition 1 revenues are unpredictable, as they depend on fluctuating oil and gas market conditions and production levels, as well as the Economic Stabilization Fund cap. In recent years, high oil production and prices have resulted in substantial transfers. Since FY 2015, the SHF has received a total of $21.62 billion in Proposition 1 deposits, including $2.52 billion in FY 2026 (November 2025).

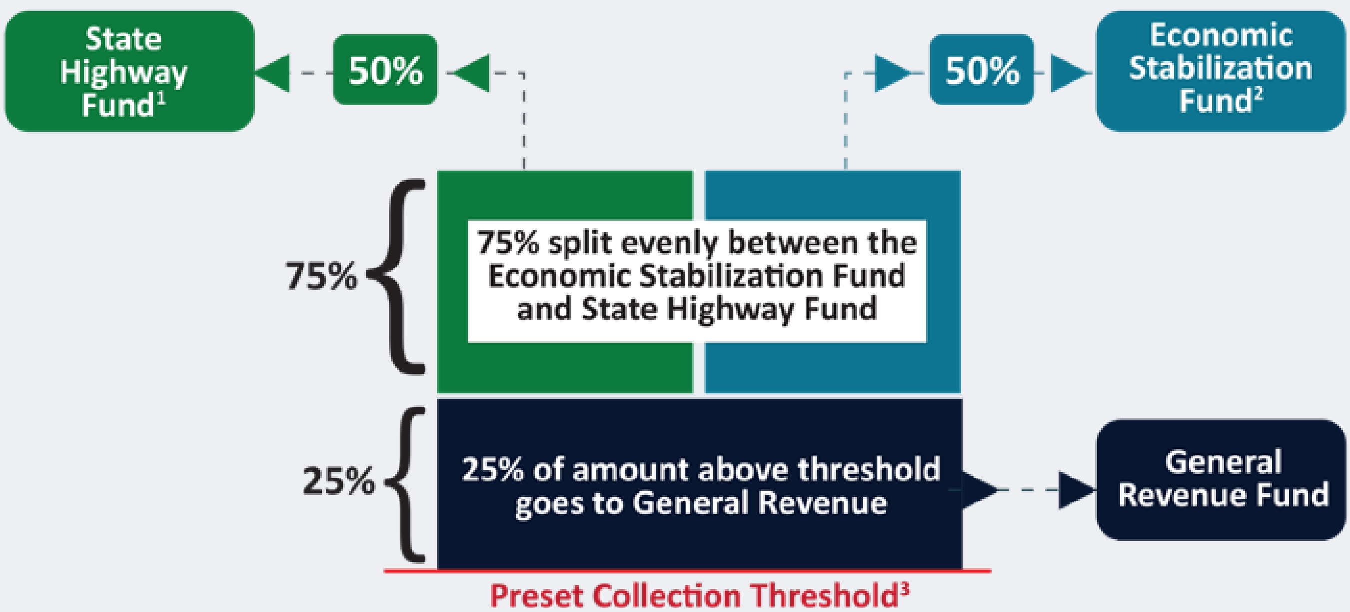
In the Comptroller's FY 2026-2027 certification revenue estimate, TxDOT's Proposition 1 transfer to the SHF for FY 2027 is estimated to be $2.46 billion. The volatile nature of oil and gas production tax revenue makes future Proposition 1 fund deposits to the SHF difficult to estimate. While this uncertainty makes long-term planning a challenge, TxDOT continues to forecast, plan, and deliver the maximum number of projects as efficiently as possible.

Figure 2

Proposition 1 (2014)

Texas Oil and Gas Production Taxes Above Threshold

The 88th Legislature (Regular Session, 2023) extended the expiration of Proposition 1 fund transfers to the SHF to **December 31, 2042** (FY 2043).



1. *Actual amounts deposited in the State Highway Fund may vary based on the sufficient balance of the Economic Stabilization Fund set by the legislature. SB 69 (86th Legislature, Regular Session, 2019) requires the Texas Comptroller of Public Accounts to determine and adopt for a state fiscal biennium a "threshold" balance of the Economic Stabilization Fund in an amount equal to seven percent of the certified general revenue-related appropriations made for that state fiscal biennium (effective beginning with the state fiscal year on September 1, 2021).*
2. *The Economic Stabilization Fund is also known as the Rainy Day Fund.*
3. *Preset collection 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 (State Sales and Use Tax; Motor Vehicle Sales and Rental Tax)

Proposition 7 represents a constitutional amendment passed by 83 percent of voters in 2015 that authorized increased funding for the state highway system. Under the amendment, a portion of sales and use taxes as well as a smaller portion of motor vehicle sales and rental taxes may only be used pursuant to Section 7-c, Article VIII of the Texas Constitution, to (1) construct, maintain, or acquire rights-of-way for public roadways other than toll roads and (2) pay for the debt service on Proposition 12 Highway Improvement General Obligation Bonds as appropriated by the legislature.

As illustrated in Figure 3, Proposition 7 has two components. When the annual state sales and use tax revenue exceeds $28 billion, the Comptroller deposits up to $2.5 billion of additional funding to the SHF. The next component of Proposition 7 occurs when the annual motor vehicle sales and rental tax revenue exceeds $5 billion and the Comptroller transfers the remaining 35 percent of the revenue above the $5 billion threshold to the SHF.

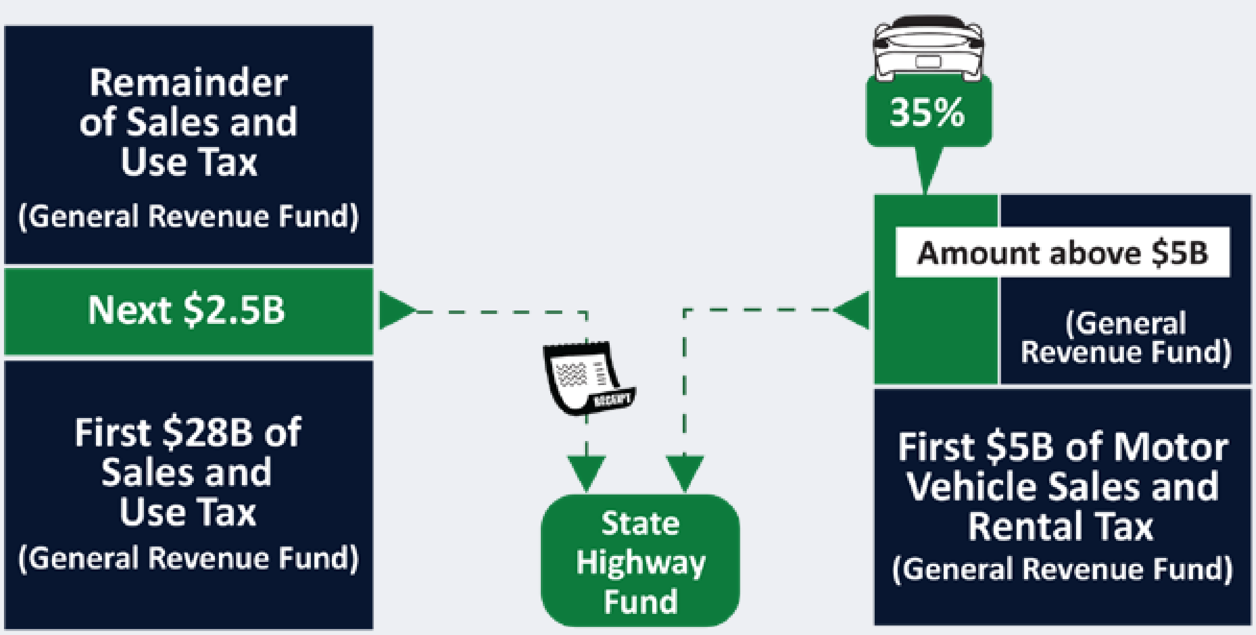
The state constitution allows the legislature, by a record vote of a majority of the members of each chamber, to extend either of the expiration dates of the two Proposition 7 provisions relating to the transfer of the following: (1) state sales and use taxes and (2) motor vehicle sales and rental taxes for 10-year increments. The Texas

Figure 3

Proposition 7 (2015)

Sales and Use Tax; Motor Vehicle Sales and Rental Tax

The 88th Legislature (Regular Session, 2023) extended the expiration of Proposition 7. State Sales and Use Tax collections will **expire August 2042**, and State Motor Vehicle Sales and Rental Tax collections will **expire August 2039.**



Constitution also allows the legislature, by a record vote of two-thirds of the members of each chamber, to reduce the revenue deposited in the SHF under either provision (with the reduction made in the state fiscal year in which the legislature adopts the resolution or in either of the following two state fiscal years), provided that the reduction is not more than 50 percent of the amount that would otherwise be deposited in the SHF in the affected state fiscal year. The legislature's ability to reduce Proposition 7 fund transfers creates some uncertainty in the predictability of planning long-term construction projects, although the reduction option has not yet been used.

Since 2016, the SHF has received deposits totaling $22.7 billion in Proposition 7 funds. In FY 2025, the Comptroller deposited $2.5 billion of state sales and use tax revenues into the SHF. TxDOT's budget includes $2.5 billion in FY 2026 and $2.5 billion in FY 2027 in state sales and use tax.

In 2025, the Comptroller deposited $714 million in state motor vehicle sales and rental tax revenue into the SHF. The Comptroller's FY 2026-2027 certification revenue estimate for state motor vehicle sales and rental tax revenue estimates deposits of $703 million in FY 2026 and $740 million in FY 2027.

Proposition 7's forecasted estimates are based on several assumptions, including state sales and use taxes rising above $30.5 billion each fiscal year of the biennium and state motor vehicle sales and rental taxes significantly exceeding $5 billion annually. Additionally, Proposition 7 revenues fluctuate with the strength of the economy and the level of consumer spending. While Proposition 7 has

been relatively stable in recent years due to strong economic performance, it is still tied to external factors which must be taken into account when forecasting future revenue.

THE TEXAS MOBILITY FUND

Funding for a transportation project often involves multiple revenue sources with different permissible uses. To address the population boom and the diminishing purchasing power of motor fuels taxes and registration fees, the Texas Legislature, in the early 2000s, provided TxDOT with several bonding programs to accelerate large projects. The Texas Mobility Fund (TMF) was created by a constitutional amendment in 2001 (Article III, Section 49-k) and functions as a revolving fund that can issue bonds for transportation projects, to be repaid with dedicated revenue streams. Constitutionally, TMF revenues and bond proceeds may be used for state highways and “other public transportation projects,” giving it a broader mandate than the SHF. During the 2000s, the TMF was leveraged heavily to accelerate project delivery. TxDOT anticipates issuing a limited amount of debt this biennium to finance projects already included in the UTP.

DEBT SAVING EFFORTS

Over time, TxDOT has leveraged reduced borrowing rates and federal redistributions to deliver large-scale projects at a faster rate and has retained several obligation tools designed to pay back debt service. TxDOT works diligently to create savings opportunities by periodically refinancing the agency’s debt when interest rates are favorable. In October 2024, TxDOT refinanced approximately $840 million in existing Texas Mobility Fund bonds. In FY 2025, the department generated a total savings of $74 million (or approximately $55 million in savings on a present value basis), which would have been paid from FYs 2026 to 2045.

STATUTORILY AUTHORIZED USES OF FUNDING STREAMS

The following chart helps identify the limitations and eligible uses of its multiple funding sources:

Figure 4

FUNDING SOURCES / PROJECT TYPE	Proposition 1 Funds	Proposition 7 Funds	SHF (Dedicated)[1]	Texas Mobility Fund[2]	SHF (Non-Dedicated)[3]	General Revenue[4]
Highways (Non – Tolled)	✓	✓	✓	✓	✓	✓
Highways (Tolled)			✓		✓	✓
Rail (Passenger)				✓	✓	✓
Rail (Freight)					✓	✓
Transit (Public)				✓	✓	✓
Aviation (Public)				✓	✓	✓
Ports (Outside Gates)				✓	✓	✓
Ports (Inside Gates)						✓

Non-constitutionally dedicated State Highway Fund revenues are fully committed and unavailable for new purposes without impacting the current uses noted above.

1. *State Highway Fund (Dedicated) includes funding dedicated by the Texas Constitution and consists of state motor fuel and lubricant taxes, motor vehicle registration fees, and interest earned on dedicated deposits. It also includes federal reimbursements that are not reflected in the above grid, as a small amount of these federal funds may be used for other modes of transportation.*
2. *The Texas Constitution allows for the use of Texas Mobility Fund revenues and bond proceeds to develop and construct state highways and other public transportation projects.*
3. *State Highway Fund (Non-Dedicated) includes limited revenue sources that are designated by statute but not the Texas Constitution. These limited revenue sources are further constrained by an annual required transfer of approximately $150 million, which backfills the Texas Mobility Fund's loss of Certificate of Title Fees. Many multimodal transportation services have received level funding for decades because of the limited availability of non-constitutionally dedicated funds.*
4. *State general revenue may be used on all forms of multimodal transportation to pay for exceptional items or legislative directives where other revenues are unavailable due to legal restrictions or legislative appropriations and obligations.*

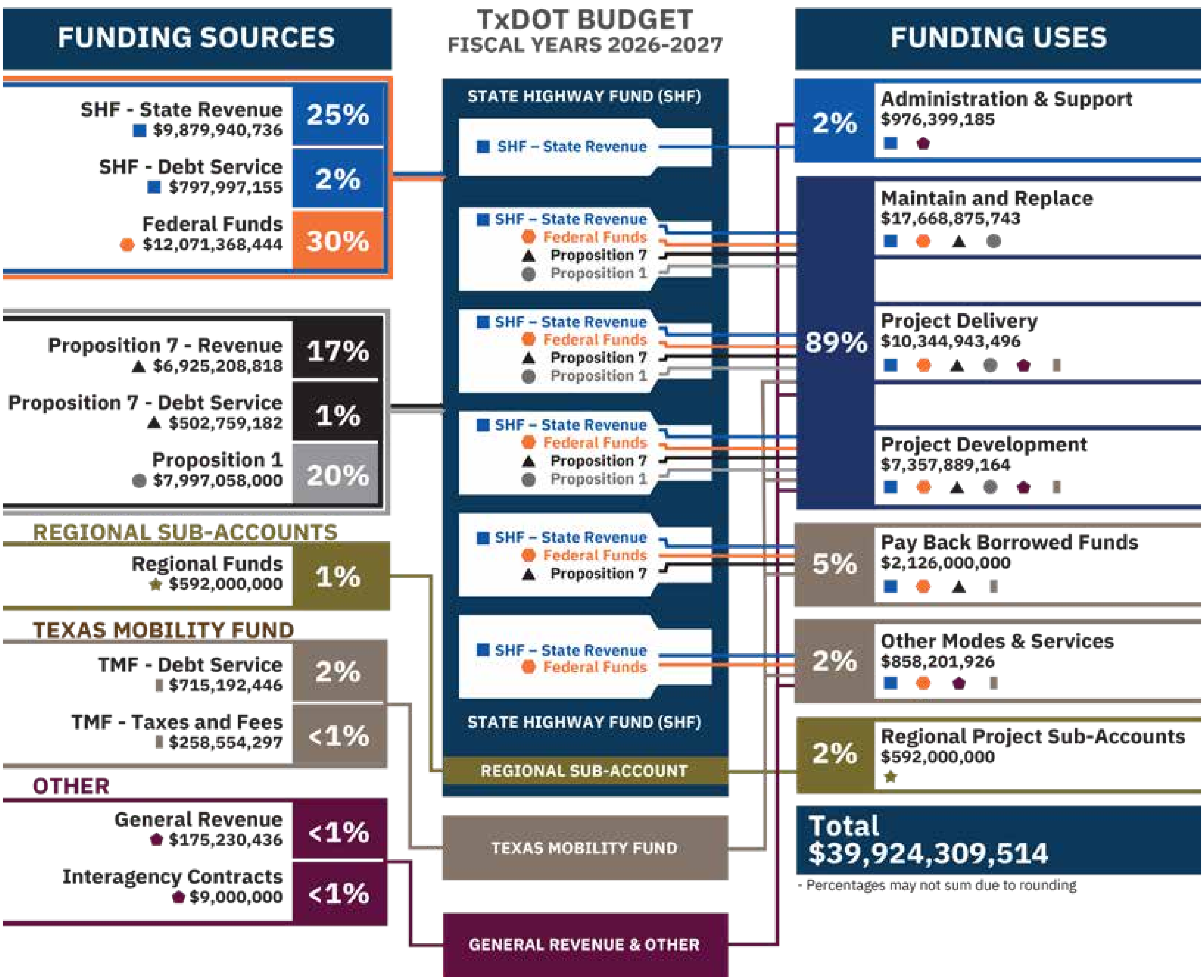
TxDOT'S 2026 – 2027 BIENNIAL BUDGET

Figure 5 provides an illustration of TxDOT's funding structure, or bill pattern, in the FY 2026-2027 GAA, for the 89th Texas Legislature (Regular Session, 2025). TxDOT's budget diagram shows a variety of funding uses on the left, and the right shows types of revenue sources that fund TxDOT's projects and operations.

TxDOT's biennial FY 2026-2027 budget includes appropriations totaling over $39.92 billion. The budget allocates approximately $35.37 billion, or 89 percent, of the total TxDOT budget to the development, delivery, and maintenance of state highway projects. These appropriated funds support new projects and progress payments on existing projects.

TxDOT received many other benefits in its biennial budget including its capital budget request for the construction and rehabilitation of buildings and technological upgrades; increased capacity for an additional 18 full-time equivalents (FTEs); and general revenue for various specified roadway, pedestrian, rail, and aviation projects.

Figure 5



CAPITAL BUDGET

TxDOT's capital budget reflects the funding needed to maintain and replace its assets. It also includes important initiatives related to facilities and technology that will continue to maximize the investments authorized by the legislature in former biennia.

These critical investments will enhance operational capabilities and allow TxDOT to more efficiently deliver projects while ensuring the resiliency of critical assets across the agency. Fiscal Year 2025 began year eight of TxDOT's 10-year Facilities Master Plan that guides the prioritization of statewide facilities initiatives. The Facilities Capital Program, through the Master Plan, drives the planning, development, construction, and maintenance of the department's 2,860 buildings and structures at 386 sites in 249 counties. The Master Plan identifies capital renewal and investment strategies to ensure appropriate capital investments are made to support TxDOT's district operations.

To continue fulfilling the legislative plan to maintain and service TxDOT facilities, the department was appropriated $42 million in funding for repairs and rehabilitation of buildings and facilities and another $224 million for the construction of new buildings and facilities, replacing those beyond repair, for the FY 2026-2027 biennium. The legislature's appropriation of TxDOT's $286 million request increases total funding to 40.8 percent of the Facilities Master Plan.

TxDOT appropriations in the 2026-2027 biennium build upon the multi-year capital renewal and replacement program that began in the FY 2020-2021 biennium. The funding allows for the construction of 12 building projects (new area engineer facilities, maintenance facilities, equipment shops, and sheds); 15 capital repair or rehabilitation projects consisting of safety

and security-related projects and site repairs; and the acquisition of six properties for expanding district headquarters and relocating or expanding maintenance and area engineer facilities. The legislature's approval of capital authority for new construction, deferred maintenance, and land acquisitions will ensure TxDOT is able to maintain modern and securely operated facilities.

Capital funds will be used to improve TxDOT's information technology (IT) network to accommodate new systems and data demands. This will allow TxDOT to further implement additional safeguards to protect end-user devices, which include administering connected infrastructure to better collect and report on traffic patterns to improve congestion and safety on Texas roads.

TxDOT has worked diligently to update legacy IT systems and infrastructure for operational stability and efficiency. This has included automating the delivery of TxDOT's transportation programs to support portfolio and program management, project management, letting management, and right-of-way operations. These improvements also include major enhancements to TxDOT's cybersecurity program to address the ever-changing security landscape and cyber threats. TxDOT's biennial, $394 million technology budget will allow TxDOT to further replace antiquated systems to facilitate the planning, financing, and tracking of thousands of new state highway projects each year.

FULL-TIME EQUIVALENTS

In its FY 2026-2027 Legislative Appropriations Request (LAR), TxDOT requested additional 299 full-time equivalent (FTE) capacity for positions focused on project oversight, traffic safety, and assistance in emergency operations. TxDOT was allocated 18 additional FTEs for a total of 13,175 to manage its workload in the most cost-effective manner. No additional funding was needed for the additional FTEs, which will be paid with existing state highway funds.

GENERAL REVENUE FOR MULTIMODAL INVESTMENT

Most of TxDOT's funding sources support roadway projects. The projects below could not all be fully supported by TxDOT's limited, non-dedicated SHF revenues. Therefore, the legislature provided general revenue funds for high-priority, non-roadway projects that align with TxDOT's mission of Connecting You with Texas.

RAIL

The Texas Legislature appropriated $250 million in general revenue for the rail-pedestrian and rail-roadway grade separation program, as authorized by SB 1555 (89th Legislature, Regular Session, 2025). With this funding, TxDOT established a grant program to provide funding to political subdivisions for funding off-system projects with the following provisions: (1) Rail-roadway grade separation projects at intersections of railroads and public roadways not part of the state highway system; and (2) Rail-pedestrian grade separation projects at intersections of railroads. Addressing off-system projects that conflict with railway activity and public crossings increases public safety, enhances economic development, and reduces commuter delays.

In addition to the $250 million appropriated for rail-grade separation projects, the legislature allocated $20 million in general revenue for specified local rail projects and $10 million in general revenue for projects related to the Texas State Railroad (not owned or operated by TxDOT).

AVIATION

TxDOT supports the state's general aviation system of 257 publicly owned, public-use general aviation airports. TxDOT's responsibilities include providing planning, engineering, technical, and financial assistance to help political subdivisions (airport sponsors) develop, construct, and maintain their airports. With these responsibilities, TxDOT manages federal and state funds through grants for maintenance and larger capital improvement projects scheduled in the Aviation Capital Improvement Program, TxDOT's three-year planning document for general aviation projects across the state.

FACILITIES DEVELOPMENT PROGRAM

State appropriations fund two TxDOT general aviation programs – the Aviation Capital Improvement Program (ACIP), a three-year schedule of general aviation capital projects, and the Routine Airport Maintenance Program (RAMP), which assists with smaller airport maintenance projects. TxDOT received $94 million in general revenue for aviation facility grants to be distributed throughout the state. General revenue was allocated to increase funding for the Aviation Facilities Development Program (AFDP) and the Routine Airport

Maintenance Program (RAMP), which support 257 general aviation airports in Texas. Development needs at these airports exceed annual budget allocations by an estimated 68 percent. Prior to the 88th Legislature (Regular Session, 2023), funding levels for both programs had been level for 19 years. The legislature's increased investment over the past two biennia allows for increased purchasing power across the state.

House Bill 500 (89th Legislature, Regular Session, 2025) provided $129 million in aviation grant funding for specific aviation projects across the state.

PUBLIC TRANSPORTATION

TxDOT works to provide a safe, reliable, and accessible network of transportation options for people who use alternatives to driving. The department supports a wide range of mobility choices, including public transit, bicycling, and walking, to help reduce congestion, improve air quality, and increase connectivity across the state. TxDOT provides financial, technical, and coordination assistance to both rural and urban public transit providers, ensuring that communities of all sizes have access to dependable transit services. In addition, the Bicycle and Pedestrian Program promotes safe and accessible infrastructure for non-motorized travel, encouraging active transportation and supporting more sustainable communities throughout Texas.

TxDOT received $3.77 million in general revenue for the biennium, maintaining funding levels from the 88th Legislature (Regular Session, 2023), to help sustain per capita funding levels for the state's rural and urban transit programs. Results from the 2020 Census had a direct impact on state funding allocations to rural and urban transit districts beginning in FY 2024. After accounting for projected shifts from rural to small urban and small urban to large urban categories, the increase will partially help maintain per capita funding at 2010 population levels.

MARITIME

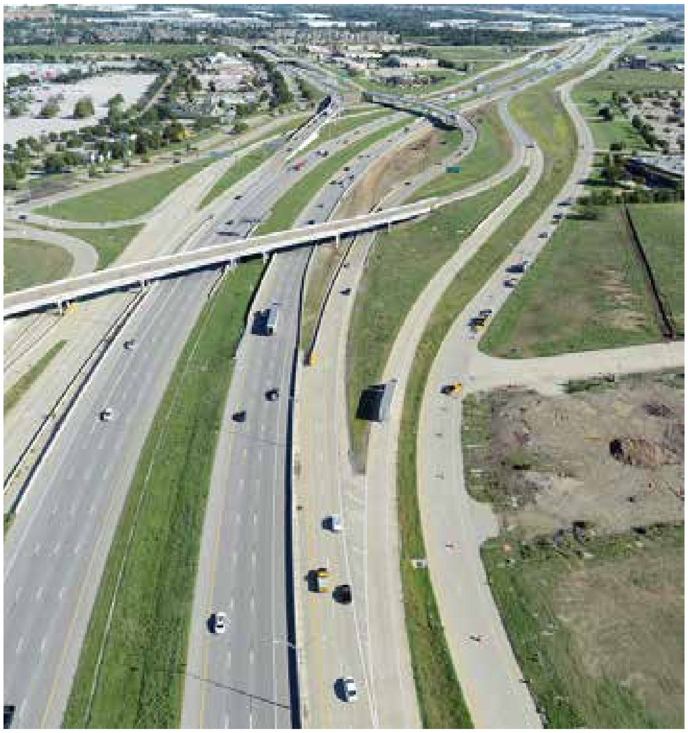
TxDOT supports the development of high-value growth in Texas' maritime system by collaborating with national and statewide transportation policymakers, port and waterway operators, the private-sector freight community, and local partners to identify system-wide challenges facing Texas ports, waterways, and supply chains. TxDOT's work serves as a resource for Texas ports, increases the use of the Gulf Intracoastal Waterway, and promotes waterborne transportation and related intermodal projects essential to maintaining Texas' economic competitiveness, and highlights the significant economic impact that Texas ports provide to the state and nation.

SEAPORT CONNECTIVITY PROGRAM

The legislature directed TxDOT in SB 1 (89th Legislature, Regular Session, 2025) to allocate up to $40 million in the FY 2026-2027 biennium to provide funding for public roadway projects selected by the Port Authority Advisory Committee to improve connectivity to Texas Ports. These Seaport Connectivity Program Grants may be funded by any available source of TxDOT revenue.

CONCLUSION

As Texas continues to rapidly grow, investment in the transportation infrastructure is imperative to support a vibrant economy. TxDOT is committed to its mission of *Connecting you with Texas*. This includes connecting Texans to jobs, education, medical care, shopping, recreation, economic opportunities, and more through the state's transportation system, while also serving as a vital link for freight and international trade. The Texas Transportation Commission and TxDOT will continue working with state and local leaders to identify the solutions that offer the flexibility needed, protect the state's quality of life, enhance the state's economic competitiveness, and accommodate the steady flow of new Texans to the state.



MOVE OVER OR SLOW DOWN.

LIVES ARE ON THE LINE.

Law enforcement officers, first responders, and roadside crews often work just a few feet away from high-speed traffic. It's up to drivers to protect them.

The Move Over or Slow Down law requires motorists to move over an entire lane or slow to 20 mph below the posted speed limit when passing certain vehicles stopped with flashing overhead lights on the side of the road. Drivers must reduce their speed to 5 mph on a roadway with a speed limit of 25 mph or less. The law applies to law enforcement, tow trucks, emergency responders, municipal waste trucks, utility vehicles, animal control trucks, and TxDOT vehicles.

Drivers who fail to give emergency and work crews space to safely do their jobs face fines of up to $1,250 for a first offense.

Keep first responders and other workers safe on the road.

BE SAFE. DRIVE SMART.
#DriveLikeATexan

Texas Department of Transportation

MAKE EVERY MILE A SAFE ONE

Whether you're on the road for minutes or miles, remember to *Drive like a Texan* — kind, courteous, and safe. From a small wave and turn signal to slowing down in work zones, Texans keep it rolling by driving friendly and leading by example.

DRIVE like a TEXAN

KIND · COURTEOUS · SAFE

Texas Department of Transportation