

Transportation Funding in Texas

January 2025 Edition
(State Fiscal Years 2026-2027)





INTRODUCTION

The Texas Department of Transportation (TxDOT) is committed to ensuring the safe and efficient movement of people and goods throughout the rapidly growing state by fulfilling TxDOT's mission: *Connecting you with Texas*. In the past decade, Texas has experienced a remarkable transformation. Between 2010 and 2020, the state welcomed 4 million new residents, pushing the population to just over 30 million today. And this is only the beginning—on average, the state's population increases by about 1,300 per day. According to the United States Census Bureau, Texas is expected to grow to 40 million by the year 2050. A dependable transportation system is essential for the people and businesses making Texas their home. It ensures products consistently move to market and keeps the Texas economy thriving. Amid the growth, these people and businesses rely on a dependable transportation system to sustain their daily lives and business operations.

With the aid of the Texas Legislature, careful planning, and strategic investments, TxDOT continues to build infrastructure that supports this unprecedented growth. From expanding highways to constructing new bridges, and planning with multi-modal partners, TxDOT plays a critical role in ensuring that people and products can move seamlessly across the state.

To maximize funding and ensure timely project development and delivery, TxDOT has made significant strides in streamlining processes and enhancing project selection and programming transparency through the 10-

year Unified Transportation Program (UTP). This requires a clear and realistic view of available cash and a long-term vision that extends well beyond a single biennium. To ensure flexibility, TxDOT develops planning targets based on anticipated revenues identified in the 10-year planning funding forecast. TxDOT's budget is not just about planning for the present but looking ahead to ensure that funding aligns with future needs.

In recent years, TxDOT has made unprecedented strides in improving Texas infrastructure, highlighted by a record-setting \$13.7 billion in new state highway improvement projects awarded in fiscal year 2024, more than doubling the amount of projects let in fiscal year 2015. These historic investments and the \$104 billion dollars in planned projects over the next ten years in TxDOT's 2025 Unified Transportation Program showcase TxDOT's commitment to enhancing the state's transportation network. These record-setting lettings (contract awards) and planned projects are partly due to TxDOT's shift from a traditional, conservative operating cash forecast to a more dynamic planning cash forecast. This approach has allowed TxDOT to allocate funds sooner, using resources previously set aside for future progress payments on immediate projects. As TxDOT's funding stabilizes, the expected letting amounts are also expected to normalize over the coming years.

This funding brochure explores the background and uses of TxDOT's funds and financing tools as well as a summary of TxDOT's 2026-2027 Legislative Appropriations Request (LAR).

2026-2027 LEGISLATIVE APPROPRIATIONS REQUEST

As Texas expands, TxDOT remains steadfast in its commitment to developing the necessary transportation solutions. By anticipating future needs and responding proactively, TxDOT is dedicated to keeping Texas moving efficiently and effectively today and in the years to come. TxDOT's requested 2026-2027 budget is a testament to this strategic approach. It reflects a continued focus on improving transportation safety as a top priority, maintaining our current transportation system, addressing traffic congestion, improving statewide connectivity, and continuing to invest in all modes of transportation. This comprehensive request is intended to ensure the efficient use of resources to achieve the state's transportation goals.

TxDOT's biennial 2026-2027 Legislative Appropriations Request includes a total funding request of \$40.4 billion and dedicates approximately \$35.8 billion, or 89 percent, of the total TxDOT budget for the development, delivery, and maintenance of state highway projects. These amounts are for new projects and progress payments on current project invoices as they become due. It also includes seven percent for other purposes (debt service and regional subaccounts), approximately two percent for other modes of transportation (aviation, maritime, rural and small urban public transit, and rail), and two percent for TxDOT administrative services.

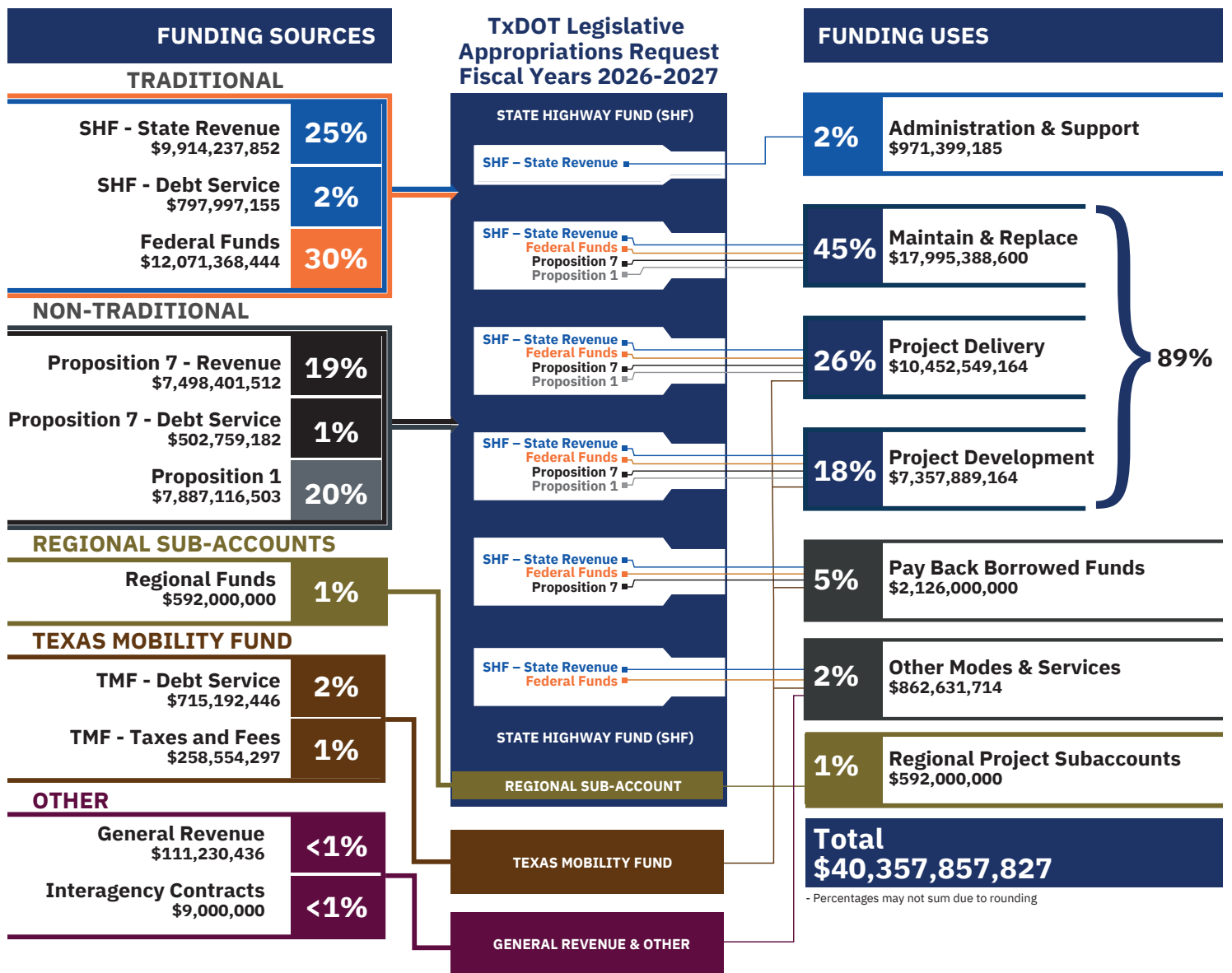
TxDOT's capital budget request includes important initiatives related to facilities and technology that will continue to maximize the investments appropriated by the legislature during the 2024-2025 biennium. TxDOT expects to continue its Facilities Master Plan schedule and the replacement of legacy technology systems. These critical investments will continue to enhance operational capabilities, allowing TxDOT to deliver projects more efficiently and ensure the resiliency of critical assets across the agency.





Figure 1 provides a breakdown of TxDOT’s 2026-2027 Legislative Appropriations Request. Figure 1 includes the various TxDOT funding sources on the left side of the diagram, and the right side shows the types of transportation projects and operations those funding sources support.

Figure 1





EXCEPTIONAL ITEMS REQUEST

TxDOT is requesting several exceptional items to keep pace with the needs of Texas' growing population and economy. Because most of TxDOT's funding sources are constitutionally and statutorily required to be used for only roadway projects (dedicated State Highway Funds), and the limited non-dedicated State Highway Fund (SHF) revenues are already fully committed to TxDOT's current multi-modal programs, TxDOT requests the following exceptional items for additional funding. These requests are listed in order of priority and will further TxDOT's mission of *Connecting You with Texas*.



FULL-TIME EQUIVALENTS (FTEs)

TxDOT's 2026-2027 LAR includes a request for 299 additional full-time equivalents (FTEs) for a total cap of 13,474 FTEs to significantly enhance TxDOT's ability to manage its workload effectively, support the timely development and construction of projects, and ensure the continued maintenance of the highway system. These positions will primarily be located in TxDOT's 25 Districts across the state and will focus on project delivery – working with our contractors to ensure the record program levels and project lettings are being delivered efficiently and effectively.

TxDOT has aggressively increased its letting schedule over the last several biennia, more than tripling the Unified Transportation Program from approximately \$34 billion in 2015 to \$104.2 billion in 2025. TxDOT seeks additional FTEs to safely and effectively manage the increased delivery of projects through completion and program administration for increased federal requirements and funding from the federal highway reauthorization legislation. TxDOT also seeks additional FTEs focused on traffic safety, assistance in emergency operations, and cybersecurity. TxDOT continues to support competitive compensation to recruit, attract, and retain quality employees. No additional funding is needed for the additional FTEs, which will be paid with existing State Highway Funds.



PUBLIC TRANSPORTATION

2020 Census Impacts: Sustain State Transit Program Per Capita Funding Levels

TxDOT requests \$3.77 million in General Revenue (GR) for the remainder of the funding needed to align the public transportation budget with the increased needs of the state's growing population. The 88th Legislature (2023) provided \$1,885,000 in GR per year (\$3.77 million biennial total) to the state's rural and urban transit programs, which was only one-half of the amount needed to maintain rural and urban 2010 per capita funding levels following the results of the 2020 Census (with no adjustment for inflation). TxDOT is requesting the other half of the needed additional funds for fiscal years 2026 and 2027.

GR is the requested funding source because there are no other eligible sources available to the department. Limited non-dedicated State Highway Fund dollars are used to operate current Public Transportation, Aviation, Rail, and Maritime (multi-modal) programs and operations.



AVIATION

Flight Services Fuel Station

TxDOT requests \$30 million in general revenue for fiscal year 2026 and UB authority in fiscal year 2027 to replace the Flight Service Station fuel system to increase organic fuel capacity, provide adaptability to convert to sustainable fuels, and incorporate federally required spill containment features for the storage tanks and fuel truck parking areas. The funding would provide improvements to existing hangers and construction of box hangers as well as repair the main ramp and other improvements.

These facilities also support other state agencies and universities aviation fleets, including the Texas Department of Public Safety, Texas Parks and Wildlife Department, Texas Department of Criminal Justice, University of Texas, and Texas A&M University.

GR is the requested funding source because there are no other eligible sources available to the department. Limited non-dedicated State Highway Funds are used to operate current Public Transportation, Aviation, Rail, and Maritime programs and operations.



MARITIME

Port Capital Investment

TxDOT, on behalf of the Port Authority Advisory Committee (PAAC), established by the Texas Legislature to advise the Texas Transportation Commission, requests \$900 million in GR for fiscal year 2026 and UB authority in fiscal year 2027 for the Port Access Account Fund, which allows TxDOT to make direct grants to Texas ports for capital improvement projects.

Texas is the nation’s leading import and export state and a leader in waterborne trade. To maintain this position and remain competitive in the future, both domestically and globally, ports need additional funding for capital improvements and infrastructure. 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 to keep Texas ports competitive.

GR is the requested funding source because there are no other eligible sources available to the department. Limited non-dedicated State Highway Fund dollars are used to operate current Public Transportation, Aviation, Rail, and Maritime programs and operations.

MARITIME

Brazos River Flood Gates West Gate Construction

TxDOT requests \$140 million of GR, in fiscal year 2026 and UB authority in fiscal year 2027 to remove the west gate section of the Brazos River Flood Gates and widen the channel. The Gulf Intracoastal Waterway (GIWW) crossing at the Brazos River is the greatest maritime transportation challenge regarding safety and efficiency anywhere on the Gulf Intracoastal Waterway.

The 75-foot floodgates were constructed in 1943 to prevent the Brazos River from flowing into the Gulf Intracoastal Waterway and depositing sediment in the channel. Annually, 30 million tons of cargo valued at \$117 billion pass through the floodgates, 67 percent of which are petrochemicals.

As marine equipment has grown in size over the years, the outdated floodgates can no longer accommodate modern marine equipment, causing delays and hazardous conditions. The current 75-foot opening is size-limiting and requires barges to be shuttled across the river individually, causing significant delays. Additionally, on average, the floodgates are struck approximately 65 times a year, resulting in essential repairs and costly delays. These modifications would comprise Phase I of the project, but they would deliver significant operational efficiency for the amount of funding provided.

GR is the requested funding source because there are no other eligible sources available to the department. Limited non-dedicated State Highway Fund dollars are used to operate current Public Transportation, Aviation, Rail, and Maritime programs and operations.



RAIL

Amtrak Heartland Flyer Financial Support

TxDOT requests \$3,528,119 in FY 2026 and \$3,528,119 in FY 2027 for a total of \$7,056,238 in GR to cover a cost-share agreement with the state of Oklahoma and Amtrak for the Amtrak Heartland Flyer passenger rail service operations from Fort Worth, Texas to Oklahoma City, Oklahoma and to provide supplemental payments for equipment replacement. These operational and capital costs have been shared with the state of Oklahoma and are required to continue the state-sponsored agreement with Amtrak.

Of the total amount requested, \$2,565,462 per year is for the yearly operational cost-share with the state of Oklahoma to maintain the rail line and provide the passenger rail services. The remaining \$962,658 request per year is for Texas' share of the capital cost (43.25 percent) for rail passenger service equipment, which includes diesel locomotive replacement.

GR is the requested funding source because there are no other eligible sources available to the department. Limited, non-dedicated State Highway Fund dollars are used to operate current Public Transportation, Aviation, Rail, and Maritime programs and operations.

PUBLIC TRANSPORTATION

Rural Area Program State of Good Repair

TxDOT requests \$25 million in GR (\$12.5 million each fiscal year) to leverage federal grant funding for the Federal Transit Administration (FTA) Bus and Bus Facility discretionary program. State funding would strengthen TxDOT's discretionary applications in the highly competitive national program. All states currently receive \$4 million per year to support rural transit buses and bus facilities, regardless of the state's size or the expanse of the state's rural areas. Texas' unmet rural transit needs amount to approximately \$20 million per year. Additional state funding would give Texas a leading edge in the competition for federal grants, or in the event that Texas did not receive federal grant funding for a year, the state funding would prevent a compounding backlog of deferred fleet replacement needs.

GR is the requested funding source because there are no other eligible sources available to the department. Limited non-dedicated State Highway Fund dollars are used to operate current Public Transportation, Aviation, Rail, and Maritime programs and operations.



MARITIME

Ship Channel Improvement Revolving Fund

TxDOT, on behalf of the Port Authority Advisory Committee (PAAC), established by the Texas Legislature to advise the Texas Transportation Commission, requests \$200 million in GR for fiscal year 2026 and UB authority in 2027 to re-capitalize the Ship Channel Improvement Revolving Fund (SCIRF). The Ship Channel Improvement Revolving Fund is used to finance projects to widen and/or deepen federally authorized ship channels through flexible, low-interest loans.

The costs of eligible projects are shared between the United States Corps of Engineers (USACE) and the entities serving as the non-federal sponsors. Any funding made available by the legislature would be deposited into the Ship Channel Improvement Revolving Fund to finance loans to the non-federal sponsor for eligible ship channel projects.

GR is the requested funding source because there are no other eligible sources available to the department. Limited non-dedicated State Highway Fund dollars are used to operate current Public Transportation, Aviation, Rail, and Maritime programs and operations.

RAIL

Local Rail (Off-System) Roadway Grade Crossing Separation

TxDOT requests \$350 million in fiscal year 2026 and UB authority in 2027 for off-system local roadway grade separation projects. The funding would be used to administer a grant program to address off-system projects in urbanized areas that conflict with railway activity and public crossings, contributing to increased public safety, enhanced economic development, and reduced commuter delays and as a state match in the application for federal discretionary grants.

GR is the requested funding source because there are no other eligible sources available to the department. Limited non-dedicated SHF dollars are used to operate current Public Transportation, Aviation, Rail, and Maritime programs and operations. TxDOT would need additional statutory authority to administer this program.

RAIL

Short-Line Rail Development

TxDOT requests \$25 million in fiscal year 2026 and UB authority in 2027 for short-line rail development on behalf of small to mid-sized rail companies. The funding would be used to leverage federal grant funding or provide pass-through grant funding for track and rail bridge replacements, capacity improvements, and restoration enhancements. Rehabilitation of these short lines would maintain service to existing customers and attract new business, thereby reducing road congestion.

GR is the requested funding source because there are no other eligible sources available to the department. Limited non-dedicated SHF dollars are used to operate current Public Transportation, Aviation, Rail, and Maritime programs and operations. TxDOT would need additional statutory authority to administer this program.

TRANSPORTATION FUNDING SOURCES

TxDOT has a number of funding sources, each with different constitutional and statutory requirements. In the General Appropriations Act (GAA), TxDOT's budget does not distinguish between new projects and progress payments on projects from the previous biennium. Instead, the General Appropriations Act specifies how much is anticipated to be paid out on contracts during the biennium, recognizing that some contracts will continue to pay out beyond the following biennium. The following pages of this brochure provide descriptions, benefits, and challenges of these sources.

THE STATE HIGHWAY FUND

The State Highway Fund is TxDOT's primary funding source and receives revenues from taxes and fees. Most of these revenues (motor fuel and lubricant taxes, motor vehicle registration fees, and federal reimbursements) are dedicated by Section 7-a, Article VIII, Texas Constitution, to fund state right-of-way acquisition, highway construction, and maintenance of public roadways. Funds that are constitutionally dedicated for the purpose of supporting public roadways may not be spent on other modes of transportation such as rail projects, public transportation, aviation services, or Gulf Intracoastal Waterway improvements.

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



The State Highway Fund main account receives the following revenues:

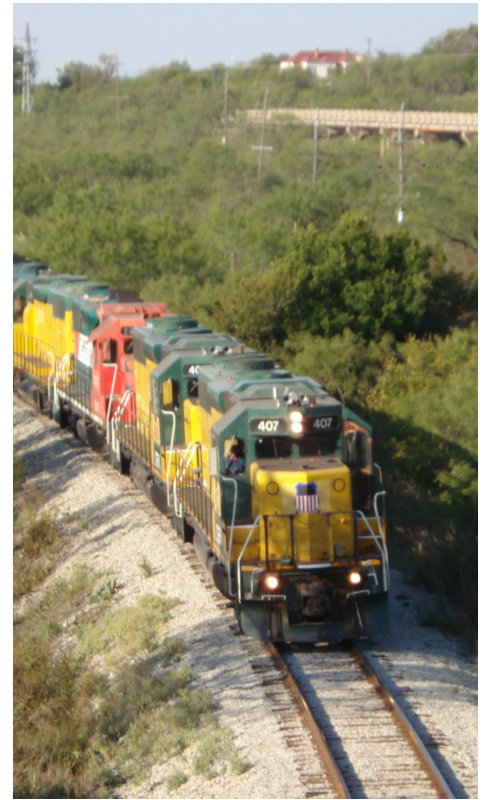
- State Motor Vehicle Fuels Tax (20 cents per gallon total, with 15 cents to the State Highway Fund and 5 cents to the Available School Fund)*
- Federal highway* and other agency reimbursements (includes federal fuel tax)
- Vehicle Registration Fees*
- Other, smaller revenues such as lubricant sales taxes,* permit fees for special vehicles, fees, and interest* on certain funds
- Local project participation funds
- New Electric Vehicle Road User Fees*

State Highway Fund subaccounts hold the following:

- Proposition 1 funds*
- Proposition 7 funds*
- State Infrastructure Bank loan repayments and interest
- Regional toll revenue and revenue from Comprehensive Development Agreements

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





NON-DEDICATED STATE HIGHWAY FUND DOLLARS AND THE TEXAS MOBILITY FUND

Non-dedicated State Highway Fund dollars are TxDOT's most flexible source of state funding. These dollars make up less than one percent of TxDOT's biennial appropriations request. 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, including certain types of public transportation resources, aviation services, rail projects, and Gulf Intracoastal Waterway activities. Non-dedicated State Highway Fund dollars have traditionally supported these activities. Many of these projects and services have maintained the same level of funding over decades. This shortage of flexible funding requires TxDOT to ask the legislature for GR to support these multi-modal transportation systems.

Non-dedicated State Highway Fund sources consist of special vehicle permit fees, the sale of magazine publications, motor vehicle certificates, land sales, legal judgments and settlements, certain reimbursements, and other fees, which totals approximately \$200 million each fiscal year. While these revenues gradually increase over time, so do the expenses, at a greater rate.

The most significant impact on non-dedicated State Highway Fund dollars involves replenishing the Texas Mobility Fund. Constitutional and statutory requirements specify that the state replaces revenues from Certificate of Title fees previously deposited directly into the Texas Mobility Fund and now deposited in the Texas Emissions Reduction Plan (TERP) Fund. House Bill 4472 (87th Legislature, Regular Session, 2021) remitted a portion of these funds back to TxDOT for state congestion mitigation and air quality improvement projects in nonattainment areas and affected counties, but these remitted funds are not eligible for multi-modal transportation services. The replenishment of these fees to the Texas Mobility Fund amounts to a loss of approximately \$130 million per year of non-dedicated State Highway Funds, the most flexible source of transportation funding. Texas Mobility Fund dollars are generally more flexible than most other revenue sources but are still not as flexible as non-dedicated State Highway Funds.

In prior legislative sessions, the legislature appropriated or statutorily required the expenditure of certain funds for projects that do not qualify for TxDOT's largest funding sources in the State Highway Fund. Therefore, TxDOT has used Texas Mobility Fund dollars to support the non-dedicated requirements for miscellaneous public transportation expenditures.

PROPOSITION 1

In November 2014, 80 percent of Texas voters approved a ballot measure known as “Proposition 1”, which authorized a constitutional amendment for transportation funding. The amendment directs 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 State Highway Fund. Under Section 49-g(c), Article III, Texas Constitution, the funds deposited to the State Highway Fund may only be used for constructing, maintaining, and acquiring rights-of-way for public roadways other than toll roads.

Figure 2 illustrates the method of calculating Proposition 1 transfers to the State Highway Fund. It begins with a preset collection threshold consisting of the net amount of fiscal year 1987 oil and natural gas production tax levels. Oil production tax revenues in fiscal year 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 have been evenly divided between the Economic Stabilization Fund and the State Highway Fund.

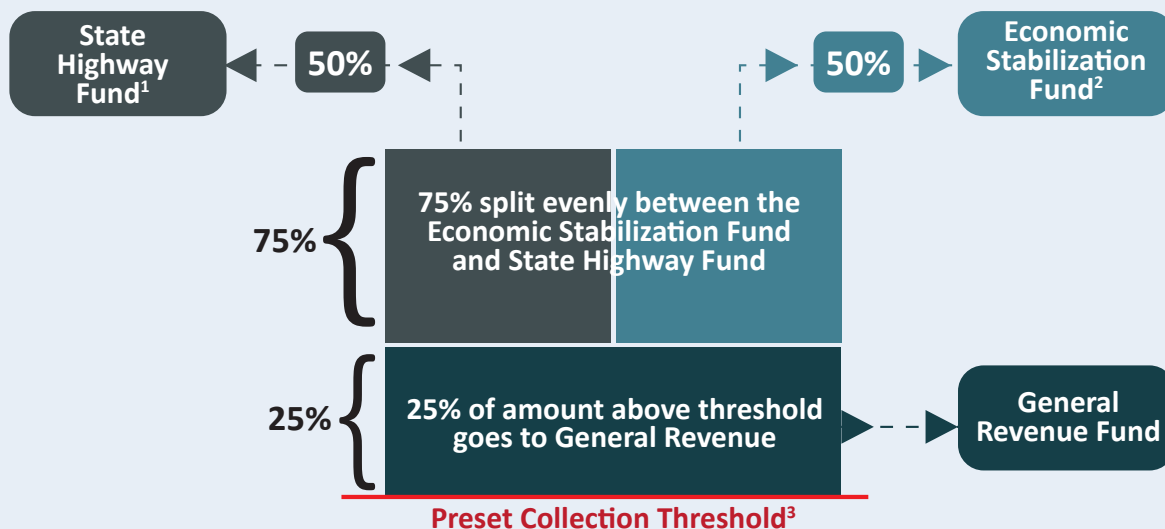
State law requires the Comptroller to determine the sufficient balance threshold of the Economic Stabilization

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 State Highway Fund and increase the allocation to the Economic Stabilization Fund until the balance in the Economic Stabilization Fund reaches the required threshold.

As of December 1, 2024, the State Highway Fund has received a total of \$19.1 billion in Proposition 1 deposits. Proposition 1 funds are received annually by TxDOT. The fiscal year 2024 deposit totaled \$3.06 billion, and the 2025 deposit totaled \$2.74 billion. TxDOT’s Legislative Appropriations Request estimates the Proposition 1 deposits of \$3.1 billion in fiscal year 2026 and \$1.9 billion in 2027. The volatile nature of oil and gas production tax revenues makes future Proposition 1 fund deposits to the State Highway Fund difficult to estimate, but TxDOT continues to plan for projects to efficiently deliver the most projects possible.

As originally approved by the voters in 2014, Proposition 1 funds were set to expire after the fiscal year 2035 (November 2034) transfer. The 88th Legislature (Regular Session, 2023) extended the expiration of Proposition 1 fund transfers to the State Highway Fund to December 31, 2042.

Figure 2
Proposition 1
Texas Oil & Gas Production Taxes Above Threshold



1. Actual amounts deposited in the State Highway Fund may vary based on the sufficient balance of the Economic Stabilization Fund determined by the Texas Comptroller of Public Accounts. The sufficient balance threshold of the Economic Stabilization Fund is to be set at an amount equal to seven percent of the certified General Revenue-related appropriations made for the state fiscal biennium.

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

On November 3, 2015, 83 percent of Texas voters approved Proposition 7, a constitutional amendment authorizing 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) the legislature may appropriate Proposition 7 funds to pay for the debt service on Proposition 12 Highway Improvement General Obligation Bonds.

As illustrated in Figure 3, Proposition 7 has two components. The first component requires the Comptroller to deposit into the State Highway Fund up to \$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. TxDOT received a total of \$2.5 billion in 2024. The second component of Proposition 7 dictates that when state motor vehicle sales and rental tax revenues exceed \$5 billion in each fiscal year, the Comptroller must transfer 35 percent of the revenue above the first \$5 billion collected to the State Highway Fund. In September 2024, the Comptroller deposited \$628.8 million in state motor vehicle sales and rental tax revenue into the State Highway Fund.

Proposition 7 has features to allow for both the extension and the retention of fund transfers to the State Highway Fund. For instance, 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

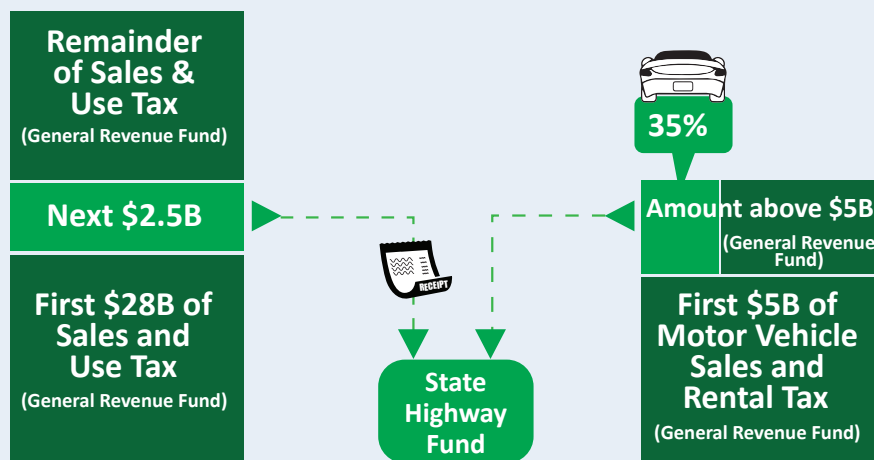
the two Proposition 7 provisions relating to the transfer of the following: (1) state sales and use taxes; and (2) motor vehicle sales and rental taxes for 10-year increments. Additionally, the constitution allows the legislature, by a record vote of two-thirds of the members of each chamber, to reduce the revenue deposited in 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 that the reduction is not more than 50 percent of the amount that would otherwise be deposited in the State Highway Fund in the affected state fiscal year. The ability of the legislature to reduce Proposition 7 fund transfers creates some uncertainty in planning long-term construction projects.

Since 2016, the State Highway Fund has received deposits totaling \$19.5 billion in Proposition 7 funds.

TxDOT’s Legislative Appropriations Request for fiscal years 2026-2027 estimates sales and use tax appropriations of \$2.5 billion in fiscal year 2026 and \$2.5 billion in fiscal year 2027. In addition to state sales and use taxes, TxDOT estimates motor vehicle sales and rental taxes totaling approximately \$871.9 million in fiscal year 2026 and \$1.0 billion for 2027.

In the 88th Legislative Regular Session (2023), lawmakers passed a Senate Concurrent Resolution (SCR 2), to extend the sunset dates of both Proposition 7 components by 10 additional years. The first component of Proposition 7 (sales and use tax) now expires on August 31, 2042, and the second component (motor vehicle sales and rental tax) now expires on August 31, 2039.

Figure 3
Proposition 7
Sales & Use Tax; Motor Vehicle Sales & Rental Tax





FEDERAL FUNDS

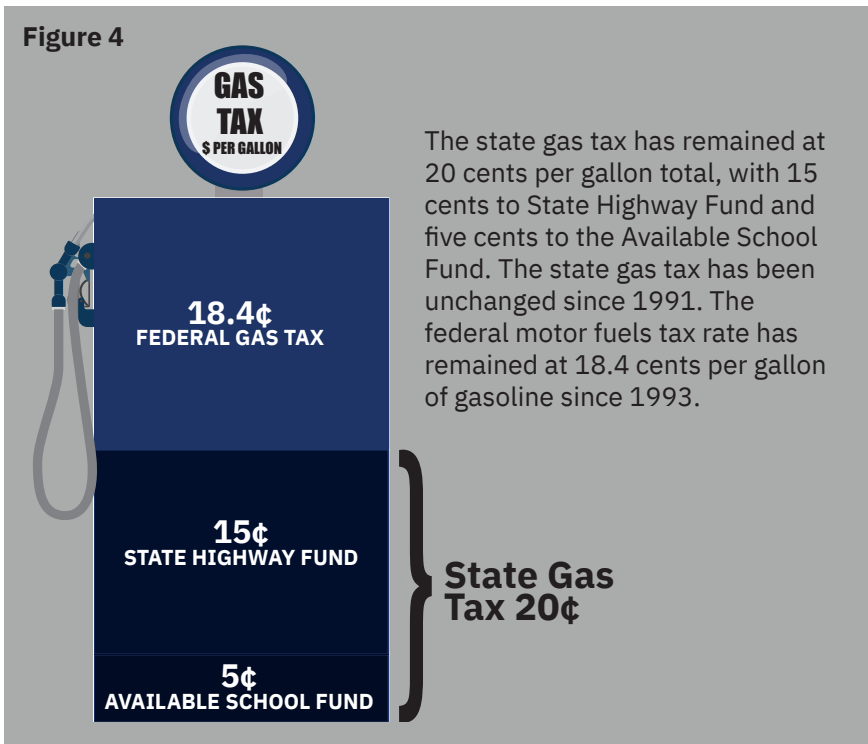
Federal funds, roughly one-third of TxDOT’s two-year budget, are deposited in the State Highway Fund. The state’s General Appropriations Act includes federal funds in TxDOT’s budget as estimated reimbursements for payments on projects that meet certain federal requirements. In other words, the state budget appropriates federal funds after portions of the projects have been built, paid for, and reimbursed back to TxDOT.

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 4) 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. Therefore, 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 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 4



For more information on the Infrastructure Investment and Jobs Act (IIJA), please see the Federal Legislative Affairs section on the Legislative Resources webpage.



STATUTORILY AUTHORIZED USES OF FUNDING STREAMS

TxDOT created the following chart to assist with identifying the limitations and available uses of its multiple funding sources.

Figure 5

| FUNDING SOURCE | PROJECT TYPE | | | | | | | |
|---|-------------------------|-------------------|------------------|----------------|------------------|-------------------|-----------------------|----------------------|
| | Highways (Non – Tolled) | Highways (Tolled) | Rail (Passenger) | Rail (Freight) | Transit (Public) | Aviation (Public) | Ports (Outside Gates) | Ports (Inside Gates) |
| Proposition 1 Funds | ✓ | | | | | | | |
| Proposition 7 Funds | ✓ | | | | | | | |
| State Highway Fund (Dedicated) ¹ | ✓ | ✓ | | | | | | |
| Texas Mobility Fund ² | ✓ | | ✓ | | ✓ | ✓ | ✓ | |
| State Highway Fund (Non-Dedicated) ³ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| General Revenue ⁴ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

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 traditional sources of 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 at times 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 very limited revenue sources that are designated by statute but not the Texas Constitution. These limited revenue sources are further constrained by an annual, statutorily required transfer of approximately \$130 million, which backfills the Texas Mobility Fund’s loss of Certificate of Title Fees. Many multi-modal 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 multi-modal transportation to pay for exceptional items or legislative directives where other revenues are unavailable due to legal restrictions or legislative appropriations and obligations.

CONCLUSION

As Texas continues to grow at a rapid pace, investment in transportation infrastructure needed to support a vibrant economy remains front and center. TxDOT is committed to its mission of Connecting you with Texas to include connecting Texans to jobs, education, medical care, shopping, recreation, economic opportunities, and more through the state’s transportation system. Texas is also a vital link for freight and international trade to Texas communities and the United States at large. The Texas Transportation Commission and TxDOT will continue working with state policymakers and our transportation partners to identify the solutions that offer the flexibility needed, best protect the state’s quality of life, enhance the state’s economic competitiveness, and accommodate the steady flow of new businesses and Texans to the state.



November 7, 2000 was the last deathless day on Texas roadways.

HELP
#EndTheStreakTX
End the streak of daily deaths on Texas roadways.