



Alternative Transportation Funding Options and Specific Methods to Finance Long-term/Major Transportation Projects

Several funding and financing options are described on the Mobility Investment Priorities website, both in the funding strategies section and for specific projects or programs. The most important word in all of the funding ideas is “possible”—these are not mandates or recommendations.

For more information, please refer to: <http://mobility.tamu.edu/mip/strategies.php>

State Options	Example Tax/Fee	Potential Revenue From 2016 to 2019
Vehicle Registration Fee	Increase Fee by \$5:	\$493 Million
	Increase Fee by \$25:	\$2.5 Billion
Fuel Tax	1 cent/gallon Increase:	\$516 Million for Transportation \$172 Million for Education
	5 cents/gallon Increase:	\$2.6 Billion for Transportation \$860 Million for Education
	10 cents/gallon Increase:	\$5.1 Billion for Transportation \$1.7 Billion for Education
Indexed Fuel Tax	Indexed to the Highway Cost Index:	\$1.1 Billion for Transportation \$359 Million for Education
	Indexed to Consumer Price Index:	\$509 Million for Transportation \$170 Million for Education
Vehicle Sales Tax	2016-2017 Collection:	\$9.4 Billion
	1% Point Increase in 2015:	\$1.5 Billion
State Sales Tax	1% Point Increase:	\$18.5 Billion
Fuel Sales Tax	5% of Gas Priced \$3.50/gallon and Diesel Priced \$3.75/gallon:	\$12.4 Billion
	6.25% of Gas Priced \$3.50/gallon and Diesel Priced \$3.75/gallon:	\$15.5 Billion
Driver’s License Surcharge	\$5/License Surcharge:	\$341 Million
	\$10/License Surcharge:	\$682 Million
Carbon Tax	5 cents/gallon of Motor Fuel:	\$2.6 Billion
	10 cents/gallon of Motor Fuel:	\$5.1 Billion for Transportation \$1.7 Billion for Education
Vehicle Mileage Fee	0.1 cent/mile:	\$1.1 Billion
	0.5 cent/mile:	\$5.3 Billion

Local Options	Example Tax/ Fee:	Potential Revenue from 2016 to 2019								
Vehicle Registration Fees	\$5 Fee assessed in each area would yield an estimated:	<table border="0"> <tr> <td>Austin</td> <td>\$40 million</td> </tr> <tr> <td>Dallas/Ft. Worth</td> <td>\$121 million</td> </tr> <tr> <td>Houston</td> <td>\$115 million</td> </tr> <tr> <td>San Antonio</td> <td>\$42 million</td> </tr> </table>	Austin	\$40 million	Dallas/Ft. Worth	\$121 million	Houston	\$115 million	San Antonio	\$42 million
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	\$25 Fee assessed in each area would yield an estimated:	<table border="0"> <tr> <td>Austin</td> <td>\$199 million</td> </tr> <tr> <td>Dallas/Ft. Worth</td> <td>\$604 million</td> </tr> <tr> <td>Houston</td> <td>\$575 million</td> </tr> <tr> <td>San Antonio</td> <td>\$208 million</td> </tr> </table>	Austin	\$199 million	Dallas/Ft. Worth	\$604 million	Houston	\$575 million	San Antonio	\$208 million
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Fuel Tax	1 Cent/gallon tax assessed in each area would yield an estimated:	<table border="0"> <tr> <td>Austin</td> <td>\$34 million</td> </tr> <tr> <td>Dallas/Ft. Worth</td> <td>\$130 million</td> </tr> <tr> <td>Houston</td> <td>\$120 million</td> </tr> <tr> <td>San Antonio</td> <td>\$39 million</td> </tr> </table>	Austin	\$34 million	Dallas/Ft. Worth	\$130 million	Houston	\$120 million	San Antonio	\$39 million
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Strategies with Variable Revenues

Private Activity Bonds	These are tax exempt bonds that provide incentives for private investment in projects. Although they do not provide new revenue, they can reduce the need for public funds.
Proposition Bonds	Proposition bonds do not create revenue; instead, they use future revenues by borrowing funds with the State's guarantee of repayment with interest.
Public-Private Partnerships (PPP)	PPP's are a means of financing individual projects. These agreements can reduce up front public cost, help funds keep pace with rising highway construction costs, reduce need for borrowing, and reallocate or mitigate project risk.
Comprehensive Development Agreements (CDA)	Texas utilizes CDAs as a means of creating and implementing a public-private partnership (PPP).
Pass Through Financing	This strategy generates no new revenue but delays upfront state project costs. Local agencies construct a road and are reimbursed by the state for each vehicle that uses the road. The state payment can come from multiple sources.
Tax Increment Financing	A district can designate an area that will be impacted by a transportation project and then use the increased revenue from rising property taxes to finance the project or others in the area. Texas commonly operationalizes this with Transportation Reinvestment Zones.
Transportation Impact Fee	Local municipalities can charge new development projects a fee for the impact that business and residential traffic will have on transportation infrastructure in the area. This fee varies based on the region and the development's impact.