

Legislative Brief

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#254
STRONG

TRANSPORTATION

WHAT COUNTIES ARE SAYING

Additional funding sources for the maintenance of our state and local roadways are essential. With the state's increasing population, there is more traffic and an increase in heavy vehicles traveling our roadways. More and heavier traffic means roads are rapidly deteriorating. Damaged roads are dangerous, increasing the risk of fatal accidents. The current funding system is insufficient to address this problem.

ROAD DAMAGE

Texas county government has always worked to balance the economic benefits of oil and gas production with the basic requirements of building and maintaining safe roads. Oil production has always been cyclical with booms and busts driven by the price. Looking back at the history of these cycles, it's possible to draw a direct line between the price of oil, the amount of damage to the road system of Texas and the rise in accidents and fatalities on Texas roads.

In fact, the **House Transportation Interim committee report** states:

Texas places a charge on oil production at a rate of 4.6%. In 2017, this generated more than \$2 billion for the state. These funds were appropriated to three separate funds. 37.5% of the funds are distributed to both the State Highway Fund and the Economic Stabilization Fund. The remaining 25% is distributed to the Foundation School Program. This is a significant source of revenue for the state, but is as variable as the price of oil.

The most recent oil production is based predominantly on the use of hydraulic fracturing which uses high-pressure injection of water containing sand into a well to create

fractures in the rock formations, allowing oil and gas to flow more readily. This fracking process requires significant resources in order to bring a well to production. A recent study found that each well in the Barnett Shale, Eagle Ford Shale and Permian Basin required 988-1,708 truck loads to develop a well. Once the well is in production, it will require 66-418 additional truck loads per year for the life of the well. In the event that the well requires refracturing, it may require 801-1,521 additional truck loads.

Much of the development and production in the Barnett Shale, Eagle Ford Shale and the Permian Basin are conducted in locations that are accessible only through the county road systems. Most county roads were constructed with the expected agricultural and local traffic demands for a 20-year period. The engineers that design these roads base their efforts on historical trends roads that have been designed to handle regular light vehicle traffic and seasonal truck traffic have not been able to withstand the much more frequent and heavier load necessitated by the oil shale developments.

An average personal vehicle weighs approximately 4,000 pounds. The heaviest non-overweight 18-wheel truck weighs 80,000 pounds. The simple mathematics suggests that the truck would have an impact 20 times greater than the personal vehicle. However, studies have shown that the actual impact to the road is based upon the weight-to-axel ratio. When this is taken into consideration, the overall impact to the road for the truck is 18,009 times greater than the impact from the 4,000-pound vehicle. And overweight permit trucks that carry 100,000 pounds have an impact that is 42,753 times greater than the personal vehicle. If one assumes that the development of a fracking well requires 1,200 trucks weighing 80,000 pounds, it is the equivalent of more than 210,004,000 pound vehicles impacting the road.

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As a result of the development of these areas for fracking, counties that have been impacted are seeing dramatic degradation of their roads and a significant negative impact on local traffic, as well as the development of the fields. Studies have estimated that the impact on secondary state highways and local roads between \$1.5-2 billion per year. It has also been estimated that additional costs of between \$1.5-\$3.5 billion per year, due to vehicle damage and lower operating speeds, has also been driven by road damage. In terms of individual impacts due to these conditions, the frequency of traffic accidents and fatalities have risen due to increased traffic volume in these areas. The Permian Basin currently has approximately 2% of the state's population, but has recorded 10% of its traffic fatalities.

COUNTY TRANSPORTATION INFRASTRUCTURE FUND GRANT PROGRAM

The 86th Texas Legislature appropriated \$250 million for transportation infrastructure projects in counties affected by oil and gas production.

While all 254 counties qualified for some amount in grant funds, **216 counties** applied for the available \$250 million. These applications confirm the need for millions of dollars in continued funding. The program is administered by the Texas Department of Transportation. Counties support funding the program again in the 87th Texas Legislative session. ★

LIMITED LOCAL REVENUE

Counties have limited authority to raise revenue for road construction and maintenance. They receive only a small portion of funding from vehicle registration fees, overweight vehicle fees, the vehicle sales tax, a few optional fees and the road and bridge tax. With more fuel-efficient cars on state roadways, the gas tax brings in less revenue for road maintenance and construction. Counties must divide \$7.3 million from the gas tax between 254 counties. The Legislature has offered some revenue-generating proposals, including raising the gas tax, making all drivers pay the same fee to register their cars and raising the registration fee. Should any of these revenue generating proposals pass, an increase in the county portion of revenue would be at the Legislature's discretion.