

## TxDOT and Money

The Texas Department of Transportation (TxDOT) is big business. In fiscal year 2004, it took in \$6.1 billion in taxes and fees. If it were a private corporation, it would rank 304th in the Fortune 500, ahead of companies like Southwest Airlines (\$5.9B), Monsanto (\$4.9B), and Starbucks (\$4.1B).

Unlike a private corporation which depends on attracting customers, TxDOT is a governmental monopoly without competition. It gets its revenues from both user taxes and fees as well as tax subsidies from non-users. Approximately one-third of TxDOT revenue comes from state excise taxes on gasoline, diesel and other motor fuels. The tax that most Texans are aware of is the state gasoline excise tax which is 20¢ per gallon. Twenty of the 50 states have a gasoline excise tax less than 20¢ per gallon.

Texas taxes diesel fuel at the same rate as gasoline even though large, heavy trucks – usually powered with diesel fuel – cause most of the wear and tear on our roads. According to the Federal Highway Administration, large tractor trailer trucks are responsible for road costs on a vehicle-mile basis that are more than 10 times that of automobiles. To achieve more equity, 15 states charge a higher excise tax on diesel fuel than on gasoline.

In 2003 (the most recent year for which comparison data is available), TxDOT was second only to the California Department of Transportation (Caltrans) in terms of total disbursements. In that year, Caltrans spent \$9.3B while TxDOT spent \$6.8B. But, California has more population than Texas, so Caltrans only spent \$259 per person compared to TxDOT's \$306 per person.

In addition, Caltrans spent 23.7% of its budget on local streets and roads as well as grants to local governments while TxDOT only spent 6.5% of its budget on local roads. As a result, TxDOT spent \$286 for every man, woman and child in Texas only on its state-owned roads. This is \$88 per person more than Caltrans spent on its state road system.

In Texas, cities and counties are expected to come up with their own funding for local roads as well as to contribute to state road projects. Two cents of every dollar spent by TxDOT comes from sources such as local property and sales taxes. San Antonio is the only Texas city with a specific general sales tax dedicated only to state road projects.

---

American Petroleum Institute, "State Motor Fuel Excise Tax Rates 7/1/05," <http://api-ec.api.org/filelibrary/mft070105.pdf>

Federal Highway Administration, *Highway Statistics 2003*, <http://www.fhwa.dot.gov/policy/ohim/hs03/>

Federal Highway Administration, *1997 Federal Highway Cost Allocation Study Summary Report*, August 1997, <http://www.fhwa.dot.gov/policy/hcas/summary/sum2.html>

Texas Department of Transportation, "Distribution of Total State Highway Fund Receipts, Fiscal Year Ended August 31, 2004," <http://www.dot.state.tx.us/moneymatters/moneymatters.htm?pg=receipts>

"The 2004 Fortune 500," *Wall Street Week with FORTUNE*, 9/15/2005, <http://www.pbs.org/wsw/news/2004fortune500part1.html>