

SUBJECT: Creating higher-speed rail authorities along Mexico and Louisiana borders

COMMITTEE: Border and Intergovernmental Affairs — committee substitute recommended

VOTE: 7 ayes — Gonzales, Flores, Leibowitz, Moody, Olivo, Raymond, Shelton

0 nays

2 absent — Flynn, Guillen

WITNESSES: None

DIGEST: HB 3650 would authorize the creation of higher-speed rail authorities to serve the Texas-Mexico and Texas-Louisiana border regions. The rail authorities would have the power to buy property, issue bonds, exercise eminent domain, buy rolling stock, enter into agreements, sue, and construct and maintain higher-speed rail infrastructure. The bill would allow authorities to lease or contract with private companies to operate higher-speed rail systems. Trains would operate at speeds between 70 and 110 miles per hour.

**Board of Directors.** The Texas-Mexico border higher-speed rail authority would be governed by a board of directors consisting of seven county judges from the most populated counties in the region and four directors, selected by the judges, to represent the other counties in the region. The Texas-Louisiana higher-speed rail authority would be governed by a board of directors consisting of five county judges from the most populated counties in the region and two directors, selected by the judges, to represent the other counties in the region.

HB 3650 would permit the boards to hire staff to carry out their duties. The presiding officer of each board would have to call meetings at least once a year. Board members would not be paid but would be eligible for expense reimbursements. The bill would allow for a conflict-of-interest provision for board members.

**Eminent domain.** Eminent domain could only be used to meet a public need or to build, maintain, and expand higher-speed railroads for the

public. Property owners who lost land through eminent domain could choose to be compensated in by receiving the right use to operate, or collect fees, from part of the higher-speed rail system in lieu of a direct payment.

**Bonds.** HB 3650 would permit authorities to issue bonds to fund higher-speed rail projects. Bonds would be authorized investments for:

- banks;
- trust companies;
- savings and loan associations; and
- insurance companies.

**Rates.** CSHB 3650 would require authorities to charge fair and reasonable rates for higher-speed rail transit. Revenue collected from rail transit would have to be enough to pay for the higher-speed rail and to cover issued bonds.

**Agreements.** The bill would permit the authorities to enter into joint ownership agreements. The bill also would permit authorities to make agreements with and receive grants and loans from state agencies and other government entities including the U.S. and Mexican federal governments, U.S. and Mexican state governments, and local governments.

**Financing.** The fiscal year of an authority would end on September 30th. The bill would permit authorities to purchase additional provisions to insurance contracts. The authorities would be required to adopt a budget before beginning operations. The bill would also require the authority to hold public hearings before adopting a budget. The bill would allow the authorities to participate in the Texas County and District Retirement System. The board would select a bank to guard public funds. The bill would exempt border higher-speed rail authorities from state and local taxes but items sold at rail stations would remain taxable.

**Incentives.** The bill would allow the authorities to use tax benefits as incentives to encourage private investment. Authorities would also be able to make agreements involving foreign currency with companies that have good credit.

**Contracts.** Contracts worth more than \$15,000 would be selected through a competitive bidding process. Competitive bidding would not apply to personal or professional services, acquiring existing railroads, or contracts to construct lines on lines owned by the carrier.

**Routing.** Authorities would be able to establish routes for high speed train transit. The bill would give border rail authorities the ability to make use of public and private roads. The authority would be required to obtain Texas Department of Transportation (TxDOT) approval before using property in the state highway system. The authority would also be required to obtain permission from a railroad company before using the railroad. The bill would advise authorities to use existing infrastructure as much as possible.

**Operations.** The bill would allow the authorities to adopt rules to protect public welfare. The bill would require authorities to notify the comptroller and local governments as soon as they were created and when they acquired new land. The authorities would be subject to sunset review every 12 years.

The bill would take effect September 1, 2009.

**SUPPORTERS  
SAY:**

CSHB 3650 would create jobs and attract businesses to two of the state's border areas. The high-speed rail industry has the potential to employ thousands of Texans in construction, engineering, operation and design jobs. High-speed passenger trains would allow business commuters to travel throughout border regions with ease. Efficient transportation is vital to business success, and creating higher-speed rail authorities would make Texas an ideal place to locate a business.

The bill would help relieve congestion in airports and on highways, thereby reducing air pollution from mobile sources. Higher-speed rail authorities could plan routes among major lines of transit, enabling more people to reduce their use of cars and planes. Taking cars off the roads would help Texas meet its clean air goals and decrease stifling traffic on major freeways. The bill also would help reduce overcrowding in airports.

High-speed rail has proven itself as a smart transportation option in cities and countries all over the world. Last year, Amtrak carried nearly 11 million passengers between Boston, New York, Philadelphia and Washington, D.C. Japan and Western Europe also have world class high-

speed rail systems that transport passengers between cities and countries. CSHB 3650 would bring the advantages of high-speed passenger rail to Texas.

CSHB 3650 would create an entity that could advocate for Texas to receive federal funding for high-speed rail projects. Although the border projects proposed by the bill are not currently on the list of projects eligible for federal stimulus money, it is likely that there will be future sources of federal funding for these projects. The placement of \$8 billion for high-speed rail shows that the federal government is committed to it as a major mode of transportation.

**OPPONENTS  
SAY:**

HB 3650 would create too much competition among modes of transportation and lead to job loss in the already struggling airline industry. Air travel has long been the preferred way to travel longer distances at faster speeds. The introduction of high-speed rail in the state could take business away from airlines that operate commuter routes between cities in Texas.

**OTHER  
OPPONENTS  
SAY:**

Texas needs high-speed rail throughout the state, not just along the Texas-Mexico and Texas-Louisiana borders. The purpose of high-speed rail should be to move people between different parts of the state. A better approach would be to connect major cities, like Houston, San Antonio, Austin, and Dallas-Fort Worth, by high-speed rail. Rail lines moving between big cities would be more useful and attract more passengers. It also would focus pollution reducing efforts on areas of the state that need them the most.