



PROPOSITION BONDS



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WHO



COST TO COLLECT



LONGEVITY



RELIABILITY



IMPLEMENTATION



AROUND THE NATION

Dallas Horseshoe Project

In 2012, the Texas Department of Transportation (TxDOT) began a project to replace bridges that crossed the Trinity River on IH 30 and IH 35E, as well as to upgrade the connecting roads south of downtown Dallas.

The Dallas Horseshoe Project improves safety and increases capacity on two important freeway connectors to downtown Dallas.

Through the use of alternative financing methods, such as Proposition 12 bonds, and through the use of integrated design and construction methods, TxDOT was able to reduce the project schedule by several years. Current estimates call for the project to be completed by 2016.



More Information: tti.tamu.edu/policy/how-to-fund-transportation

Description

A proposition bond (also known as a constitutional amendment bond) is a voter-approved bond that a commission or department can issue for project financing. The state of Texas borrows money from investors and guarantees to repay the bonds with interest with the highest priority.

Revenue in use today stems from two recently approved constitutional amendments:

- **Proposition 14 (78th Regular Session):** \$6 billion of bonds with a limit of \$1.5 billion per year and a minimum of \$1.2 billion that must be dedicated to safety projects.
- **Proposition 12 (80th Regular Session):** \$5 billion of bonds for use in reducing highway congestion, improving transportation between

metropolitan areas, and restoring bridges around the state.

The money from these bonds has already been assigned to projects, and a new amendment would be necessary for more bonds.

How Will This Help?

- **Delays project costs.** With the currently low interest rates, the state can borrow money now and pay off debt in the future at low cost.
- **Avoids new taxation.** Proposition bonds fund necessary projects without increasing or creating new taxes.

What's the Downside?

- These bonds have to be repaid with interest in the future, so future revenues will have to be higher to cover the costs.

PROJECTS FUNDED WITH PROPOSITION BONDS

Waco, Texas: IH 35 in Waco received more than \$200 million in Proposition 12 bond funds for new highway lanes.



El Paso, Texas: Loop 375 in El Paso was able to expand its number of roadway lanes with \$70 million from Proposition 14 funds.

