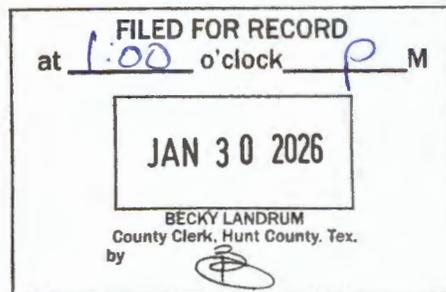


19,899



STATE OF TEXAS

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COUNTY OF HUNT

**Resolution Supporting Legislation to Improve County Road Infrastructure and Safety**

WHEREAS, Texas Counties are the functional arm of state government and are responsible for the operation and maintenance of local transportation infrastructure, maintaining more than half of all public road miles in the State of Texas and ensuring safe and efficient travel for residents, businesses, and emergency services; and

WHEREAS, the State Motor Fuels Tax, established in 1923 and last adjusted to twenty cents per gallon in 1991, currently generates approximately \$3.85 billion annually, of which one-fourth is dedicated to the Available School Fund and the remaining three-fourths to the State Highway Fund, with only a small portion - \$7.3 million – allocated to the County and Road District Highway Fund (also known as the Lateral Road Fund); and

WHEREAS, this allocation to Texas counties has remained unchanged since 1954 despite decades of population growth, inflation, and increasing transportation demands that have significantly reduced the purchasing power of counties to maintain essential local infrastructure; and

WHEREAS, the proposed legislation would allocate one penny (one-twentieth, or 5%) of the State Motor Fuels Tax to the County and Road District Highway Fund to be distributed using the existing statutory formula; and

WHEREAS, the State of Texas has also established additional registration fees for electric vehicles - \$400 at initial registration and \$200 annually thereafter – to offset the reduced motor fuels tax revenues associated with non-fuel consuming vehicles; and

WHEREAS, while the fees are currently directed entirely to the State Highway Fund, counties receive no portion of this new revenue source, despite being equally responsible for maintaining and improving the local roadways on which these vehicles travel; and

WHEREAS, a companion legislative proposal would dedicate 5% (one-twentieth) of electric vehicle registration fee revenue to the County and Road District Highway Fund, thereby ensuring that counties share equitably in the revenue derived from all classes of vehicles using county roadways; and

WHEREAS, increasing allocations from both the motor fuels tax and electric vehicle registration fees would provide a sustainable, pay-as-you-go funding mechanism for county transportation infrastructure without increasing tax rates or imposing new burdens on taxpayers, ensuring a fairer, more efficient partnership between state and county governments in maintaining the Texas transportation network.

**NOW, THEREFORE, BE IT RESOLVED** that the Hunt County Commissioners Court does hereby find that it is in the best interest of Texas counties and their taxpayers to support and favor the passage of legislation that:

1. Reallocates one penny (5%) of the State Motor Fuels Tax to the County and Road District Highway Fund; and
2. Allocates five percent (5%) of Electronic Vehicle Registration Fee revenues to the County and Road District Highway Fund;

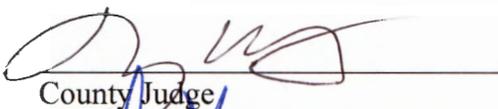
For distribution to Texas counties in accordance with the existing statutory formula as follows:

1. One-fifth allocated according to area determined by the ratio of the area of the county to the <sup>area</sup> of the state;
2. Two-fifths allocated according to rural population, determined by the ratio of the rural population of the county to the rural population of the state; and
3. Two-fifth allocated according to lateral road miles, determined by the ratio of the mileage of lateral roads in the county to the mileage of lateral roads in the state as of January 1 of the year of the allocation as shown by the records of the State Federal Highway Planning Survey and the department.

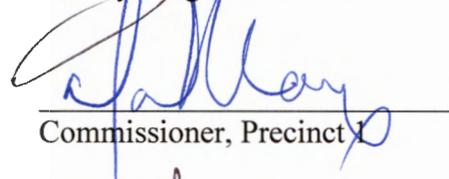
**BE IT FURTHER RESOLVED** that a copy of this resolution be forwarded to the members of the Texas Legislature representing this county and to the Texas Association of Counties for distribution and advocacy in support of this legislation.

APPROVED AND ADOPTED by the Hunt County Commissioners Court on this the

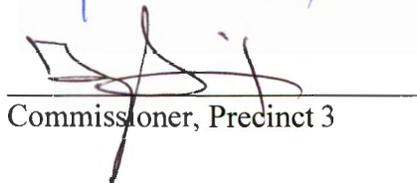
30 day of January, 2026.



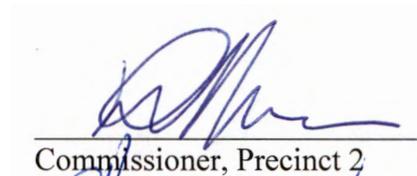
County Judge



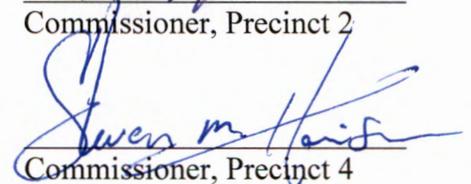
Commissioner, Precinct 1



Commissioner, Precinct 3



Commissioner, Precinct 2



Commissioner, Precinct 4

## **Executive Summary**

This legislative proposal will improve safety on Texas County Roads, reduce reliance on local ad valorem property taxes, and establish a pay as you go policy at the county level to reduce bonded indebtedness. The state motor fuels tax was set at twenty cents per gallon in 1991 and has remained unchanged in the decades since. This generates \$3.9-billion dollars annually. Of that \$3.9 Billion, one-fourth goes to the available school fund, one-half is allocated to the state highway fund, and the last quarter is allocated to the state highway fund less the first \$7.3-million dollars which is deposited in the County and Road District Highway fund, also known as the lateral road fund. This allocation was set in 1954 and has remained unchanged since.

This proposal would change the allocation of the motor fuels tax to divert one penny (one-twentieth) to the County and Road District Highway fund. One penny of the motor fuels tax generates approximately \$190-million in revenue annually. Funds would be distributed using the existing statutorily established distribution formula for the County and Road District Highway Fund (outlined below). This would provide additional funding for county road maintenance across the state, lesson the reliance on ad valorem property taxes, improve safety on Texas County Roads, and establish a pay as you go policy at the county level to reduce the reliance on bonded indebtedness.

## **Background**

The \$7.3 million dollar allocation has remained unchanged since 1954. The original motor fuels tax was one penny and was implemented to “get Texas out of the dirt” as counties incurred significant bonded intendedness to develop a transportation system to foster economic development and state population growth. When the great depression hit, counties were at risk of defaulting on their bonds and the state implemented the motor fuels tax to assist counties. In 1954 the state locked in funding at a flat \$7.3-million dollars. Later legislation would employ the current allocation strategy that takes into account several factors as described below:

The annual allocation of the County and Road District Highway Fund is determined by statute as follows:

- (1) One-fifth allocated according to area determined by the ratio of the area of the county to the area of the state;
- (2) Two-fifths allocated according to rural population, determined by the ratio of the rural population of the county to the rural population of the state; and
- (3) Two-fifths allocated according to lateral road miles, determined by the ratio of the mileage of lateral roads in the county to the mileage of lateral roads in the

state as of January 1 of the year of the allocation as shown by the records of the State Federal Highway Planning Survey and the department.

County Roads pose a significant safety risk, force local governments to increase property taxes, and take on bonded indebtedness. \$7.3-million dollars went much further in 1954 than it does today. While Texas has not had a fatality free day on Texas roads in over 20 years, most are surprised to know that almost 7% of those traffic fatalities occur on County Roads.

Chart below shows the total number of fatal crashes and traffic fatalities on county roads in relationship to the total number of fatal crashes and traffic fatalities in the state.

Year	County Road Fatal Crashes	County Road Fatalities	Total Fatal Crashes	Total Fatalities	% of Fatalities on County Roads in Texas
2023	274	286	3,874	4,291	6.67%
2022	269	285	3,968	4,410	6.46%
2021	267	289	4,028	4,456	6.49%
2020	282	306	3,545	3,898	7.85%
2019	223	239	3,299	3,622	6.60%

### Underfunded for over 70 years

General inflation/consumer price index (CPI) across the economy is a good baseline for understanding what \$7.3 million in 1954 would be worth in today's purchasing power. Highway Construction Cost Index (HCCI) or Construction Cost Indices is a much more relevant figure since road building costs have grown faster than overall inflation based on statistics from the Federal Highway Administration (FHWA), Texas Department of Transportation (TxDOT). Texas population growth is another consideration since more people generally means more vehicles and more road wear and maintenance demand.

1. CPI/Purchasing-power method (baseline)
  - Used CPI (All-items) to convert 1954 dollars to 2025 dollars. CPI 1954  $\approx$  **26.90**; CPI 2025  $\approx$  **323.05**  $\rightarrow$  multiplier =  $323.048 / 26.900 =$  **12.0092**.
  - Calculation:  $\$7,300,000 \times 12.0092 =$  **\$87,667,301**  $\rightarrow$  rounded **\$87.7M**.
2. Road-construction cost / "real" cost method (proxy using NHCCI + CPI)
  - Pure highway construction indices (NHCCI) only start in 2003 (NHCCI = 1.000 in Q1-2003). To get a long span back to 1954 I used a two-step approach: (a) CPI change from 1954  $\rightarrow$  2003 (to bring 1954 dollars up to 2003 purchasing power), then (b) multiply by the NHCCI growth from 2003  $\rightarrow$  2024/25 (to capture

construction-specific price increases since 2003). This is a common practical workaround when a single construction index doesn't go back to the 1950s.

<https://www.fhwa.dot.gov/policy/otps/nhcci/pt1.cfm?utm>

- Numbers used: CPI 1954 = **26.90**; CPI 2003 = **184.0** (so  $CPI_{2003} / CPI_{1954} = 6.838$ ). NHCCI (recent)  $\approx$  **3.1908** (Jan–Mar 2024 value used as representative of 2024–25 construction cost level). Combined multiplier =  $6.838 \times 3.1908 =$  **21.8255**.
- Calculation:  $\$7,300,000 \times 21.8255 =$  **\\$159,326,489**  $\rightarrow$  rounded  $\approx$  **\\$159.3M**.

The twenty cents a gallon motor fuels tax generates \$3.9 billion which equates to approximately \$190 million per penny. From 1972 to 2024, the average annual growth rate in total category collections for the motor fuels tax was 4.7 percent. Allocating 5% (one penny) of the 20 cents going forward would essentially be at that growth rate which minimizes the impact to the State Highway fund and available school fund that also rely on the motor fuels tax revenue.

#### **Electric Vehicle Fees that Compensate for lack of motor fuels tax revenue:**

Electric vehicles are charged the standard registration fees and an additional \$400 dollars the first year of registration and \$200 each subsequent year at registration. This amount was established by the legislature several years ago to make up for electric vehicles not contributing to the motor fuels tax. Currently all revenues collected for this purpose go to the state highway fund. Electric vehicles travel county roads as well as state highways. This proposal would allocate 5% of the electric vehicle fees to county roads to uniform the contribution across vehicle types and provide support to county road maintenance.