

Transportation Development Credits

➤ The Background of the Program (formerly toll credits)/source of:

➤ TDCs are earned when non-federal money is spent to build or improve a toll project. The amount of credit earned is based on revenues generated by the toll authority (toll receipts, concession sales, right-of-way leases or interest) that are then used by the toll authority to build, improve, or maintain transportation projects.

➤ The federal government has authorized state and local governments to use transportation development credits toward the non-federal matching share of highway and public transportation projects, allowing these credits to be all or part of the required percent of local matching funds. **Transportation Development Credits (TDC) can be utilized as a substitute for the required non-federal share on a federal-aid project, federal funding can effectively be increased to 100 percent. In other words, the Local Cash Match (non-federal requirement) can be covered by TDC's, effectively eliminating the match.** ✓

➤ One of the most important things to remember about transportation development credits are that they are not cash. Thus the down side to using transportation development credits is that it actually reduces the buying power of the federal grant since there is less cash money available for a project due to the local matching funds being non-existent.

➤ For example, if an entity planned on providing a cash match to a \$100,000 federal grant requiring an 80/20 split, they would have \$125,000 to spend (\$100K federal + \$25K match). However, if development credits are used, only \$100,000 would be available since the development credits are not cash but are a way for the local entity to NOT having to provide the local share. Note: TDCs expire two years after award.

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➤ How are TDCs accumulated?

- TxDOT, toll authorities and regional mobility authorities are partners in a process that leads to FHWA certifying what capital investments made with toll revenues can be counted as TDCs and are available to use for highway and transit purposes. The Finance Division maintains the department's records on available and committed TDCs.

➤ Eligibility for using TDCs (e.g., only for transit activities?)

- The federal statutes clarify that transportation development credits can be used on any federal aid project funded by Title 23 (highways), with the exception of emergency relief programs, and for all transit programs authorized by Title 49, Chapter 53. In the transit arena, TDCs have been used as match in all FTA programs. Currently, for transit projects in Texas, TDC are allowable match for capital projects only, utilizing TDC as match must be discussed with El Paso MPO representatives, prior to making formal application or request for TDC.

➤ Who approves the use of TDCs (e.g., the TTC?)

- TDCs are awarded by the Texas Transportation Commission through the minute order process. The Commission is guided by the Texas Administrative Code (TAC), Title 43, Chapter 5, Subchapter F.

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