

# FISCAL NOTES

A Review of the Texas Economy from the Office of Susan Combs, Texas Comptroller of Public Accounts · Oct 2011

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By Mark Wangrin

Interstate Highway 35 runs for 492 miles down the middle of Texas, a physical and metaphorical backbone for a state that's seen its economy grow like few others since the interstate highway system was born, 55 years ago.

Now it's IH-35's turn to grow with Texas. In the next four to five years, the outgrown and overstressed 96-mile stretch running from Salado to Hillsboro will expand from four to six lanes, making the highway three lanes each way from San Antonio to north of Dallas-Fort Worth.

Economists say this will make IH-35 an even larger asset for the state and nation.

"This is what they call 'Main Street, Texas,'" says Ken Roberts, Texas Department of Transportation (TxDOT) public information director for the agency's Waco District.



*Before and after: Austin's East Avenue, soon to become a stretch of I-35, and a view of the I-35 dedication ceremony held in Austin on May 29, 1962.*

Photos courtesy of the Texas Department of Transportation.



- IH-10 is the longest interstate in Texas (881 miles within the state). IH-69 is the shortest (6.2 miles).

Sources: Texas Department of Transportation and Federal Highway Administration

## Trillion-Dollar Roads

It was Denison-born President Dwight Eisenhower who in 1956 spearheaded passage of the National Defense Highway Act.

Eisenhower, as commander of Allied forces in Europe in World War II, was impressed with the ease with which the German autobahn system allowed armed forces to cover vast territories in short times. He proposed building 41,000 miles of domestic limited-access highway that would have a similar, if more constructive, effect on the U.S. economy.

Construction work on IH-35 in Texas was completed in 1962, using much of the existing path of U.S. 81 as its main route.

In his memoirs, Eisenhower wrote: "More than any single action by the government since the end of the war, this one would change the face of America with straightaways, cloverleaf turns, bridges and elongated parkways. Its impact on the American economy — the jobs it would produce in manufacturing





### IH-35 EXPANSION

**WHAT:** widening IH-35 to six contiguous lanes, renovating or replacing bridges and ramps, extending access roads the full length, rebuilding four rest stops

**WHEN:** through 2015

**WHERE:** from Salado to Hillsboro (96 miles)

**COST:** \$1.9 billion. Funding comes from state bond issues, federal Transportation Enhancement funding and the American Recovery and Reinvestment Act

Source: Texas Department of Transportation



**David Ellis**  
Texas Transportation  
Institute

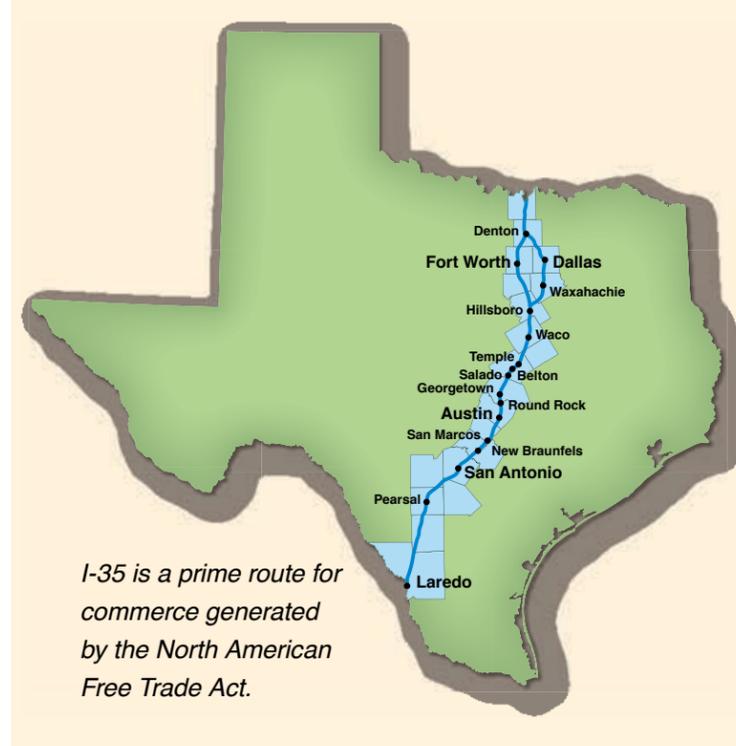
and construction, the rural areas it would open up — was beyond calculation.”

Though economists do try.

The interstate highway system has contributed \$3.7 trillion to the Texas economy (in 2010 dollars) since its inception, according to updated estimates based on figures the Texas Transportation Institute (TTI) first released in 2006, for a report on the system’s 50th anniversary in Texas.

In 2010 alone, Texas’ 2,869 miles of interstate highway contributed an estimated \$132 billion to the state economy, says David Ellis, TTI research scientist.

“If you imagine the surface transportation system as a network, like our circulatory system, the interstate system is the main arteries,” Ellis says. “It carries the main volume at the speeds that allow the U.S. economy to compete globally.”



More than 10 million Texans live within 20 miles of IH-35, a number that’s expected to rise to 13.7 million in the next 25 years. Traffic volumes are expected to continue doubling every 20 years, according to TxDOT estimates.

And IH-35, which runs all the way from South Texas through Minnesota, became an even more important artery with the implementation of the North American Free Trade Act (NAFTA) in 1994. IH-35 is a prime route for traffic encouraged by NAFTA as well as other trucking commerce.

Trucks transported 81 percent of all manufactured tonnage moved in Texas in 2009, nearly 2.5 million tons per day, says John D. Esparza, president and CEO of the Texas Motor Transportation Association (TMTA). And TxDOT estimates that 23 percent of all IH-35 traffic consists of trucks.

“This thoroughfare is and will remain a vital artery through central Texas for the trucking industry,” Esparza says. “TMTA believes any improvement to Texas’ highway infrastructure is a move in the right direction. Expansion of IH-35 will assist in taking pressure off the existing lanes of traffic and promote increased efficiency with freight movement.”

Most of the funding for the current IH-35 makeover comes from bond issues proposed by the Legislature and approved by Texas voters in 2003 and 2007. A relatively small but significant chunk came from federal stimulus funding, for an eight-mile stretch from Salado to Belton.

### **(Driving) Time Is Money**

IH-35 is one of Texas’ most crowded roads, with 11 segments ranking among Texas’ 100 most-congested roadways, according to TxDOT. A recent survey by the American Transportation Research Institute ranked the stretch of IH-35 passing through Austin as the seventh most-congested highway for trucks in the U.S.

And research by the Texas Traffic Institute shows that congestion not only snarls traffic; it’s also a significant roadblock to the economy, imposing substantial costs on Texans in the forms of wasted fuel and lost productivity.

A TTI analysis presented to state legislators in October 2010 found that a \$4 billion annual investment in road construction could save the typical Texas household \$3,390 annually by 2035, while costing each only \$350. The study also concluded



- The Texas Department of Transportation’s Richard Oliver designed the familiar red, white and blue shield. He submitted the idea in black and white, however, because “I didn’t think we could authorize the color.”

# 1956

- The National Defense Highway Act (1956) created the interstate highway system.



- The fatality rate for interstate highways is 60 percent lower than in the rest of the roadway system.



- Texas has more than 4,500 miles of frontage roads.

that every dollar Texas spends on transportation infrastructure improvements yields an estimated \$6 in economic benefits.

Easing congestion also improves air quality by limiting vehicle emissions, and reduces the risk of traffic accidents. The IH-35 project is expected to improve safety by making all access and frontage roads continuous and one-way only, and by lengthening many ramps, allowing traffic to merge more easily. Some bridges and overpasses will be rebuilt to improve vertical clearance and the roadway will be resurfaced.

### Easing a “Choke Point”

Not all of the impacts of the IH-35 project are positive, of course. Any time a major highway is widened, some homeowners and businesses are displaced or inconvenienced.

Still, the overall benefit to the state should be significant. Ken Roberts, for instance, drives 112 miles a day going to and from his job in Waco, much of it on IH-35.

“Oh yeah, I’ve been caught in that traffic many times,”

Roberts says. “Depending on what’s going on, if something stops traffic completely on a Friday afternoon, it backs up for miles. Things just don’t go well until the situation is cleared from the roadway, and even then it takes time — hours and hours.

“This was a choke point between Dallas and Austin,” Roberts says. “This project fills a desperate need.”



- The trucking industry pays about \$30 billion in wages in Texas each year and carries 3 million tons of products annually.



- Some 82 percent of Texas communities depend solely on vehicle transport for goods.

Sources: Texas Department of Transportation and Federal Highway Administration