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LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 9, 2003

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TO: Honorable Steve Ogden, Chair, Senate Committee on Infrastructure Development and Security

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB245** by Keffer, Jim (Relating to the disposition by counties of motor vehicle registration fees and sales tax revenue.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB245, As Engrossed: a positive impact of $372,000 through the biennium ending August 31, 2005.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	$180,000
2005	$192,000
2006	$193,000
2007	$195,000
2008	$197,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from *GENERAL REVENUE FUND* 1	Probable Revenue Gain/ (Loss) from *STATE HIGHWAY FUND* 6	Probable Revenue Gain/ (Loss) from *COUNTY ROAD AND BRIDGE FUNDS*
2004	$180,000	($748,000)	$568,000
2005	$192,000	($797,000)	$605,000
2006	$193,000	($805,000)	$612,000
2007	$195,000	($813,000)	$618,000
2008	$197,000	($821,000)	$624,000

Fiscal Analysis

The bill would amend Chapter 502 of the Transportation Code and Chapter 152 of the Tax Code to reorder computations in the formula used to compute each Texas county's commission income earned from the collection of motor vehicle registration revenues.

Under current law, commissions due from an amount equal to five percent of the motor vehicle sales tax and penalties collected by a tax assessor-collector and the Comptroller from seller-financed sales are calculated before commissions due from an amount of up to 50 percent of collections made, up to a cap of $125,000 for a calendar year. The bill would reverse this order, allowing counties to keep up to 50 percent of collections made each week, up to the limit of $125,000, before figuring the commission due from an amount equal to five percent of the motor vehicle sales tax and penalty computations.

In addition, under current law, those counties not collecting enough in registration revenue to reach their entitlement under the formula for an amount equal to five percent of the motor vehicle sales tax and penalties collected by a tax assessor-collector and the Comptroller would be able to recover this amount from the General Revenue Fund 001. The bill would change the source of funds used to pay counties in these instances to the State Highway Fund 006.

The bill would amend the Tax Code by repealing Section 152.121(c), which allows counties to petition the Comptroller to recover certain commission revenues from General Revenue Fund 001.

The bill would take effect January 1, 2004.

Methodology

This note is based on analyses presented by the Comptroller's Office, although the revenue gains and losses are slightly greater than those estimated and provided by the Texas Department of Transportation (TxDOT).

The Comptroller used current Comptroller and TxDOT data to prepare an estimate using the current commission formula, and a separate estimate using the proposed formula. These estimates were then compared for differences. No counties would receive less revenue, and approximately 88 counties would receive more revenue under this bill.

Local Government Impact

Approximately 88 counties would receive additional registration revenues for deposit in their County Road and Bridge Funds. The total gain to all such counties would be $568,000 in fiscal year 2004 and rise gradually to $624,000 in fiscal year 2008.

Source Agencies: 304 Comptroller of Public Accounts, 601 Department of Transportation
LBB Staff: JK, RR, JO, SD, WP, CT, KG