

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 8, 2003

TO: Honorable Glenn Lewis, Chair, House Committee on County Affairs

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3205 by King (Relating to crediting of motor vehicle registration fees by county tax assessor-collectors to county road and bridge funds.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3205, As Introduced: a positive impact of \$3,000 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would amend the Transportation Code to alter the formula used by Texas county tax assessor-collectors to determine a county's commission from the collection of taxes and fees on motor vehicle sales and registration.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature; otherwise, it would take effect September 1, 2003.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$3,000
2006	\$10,000
2007	\$17,000
2008	\$25,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from GENERAL REVENUE FUND 1	Probable Revenue Gain from STATE HIGHWAY FUND 6	Probable Revenue Gain/ (Loss) from Counties - Road and Bridge Fund
2004	\$0	\$0	\$0
2005	\$3,000	\$2,127,000	(\$2,130,000)
2006	\$10,000	\$8,098,000	(\$8,108,000)
2007	\$17,000	\$14,171,000	(\$14,188,000)
2008	\$25,000	\$20,493,000	(\$20,518,000)

Fiscal Analysis

Currently, counties are allowed to retain motor vehicle registration revenues in an amount equal to 5 percent of the motor vehicle sales taxes and penalties collected in the preceding calendar year. Taxes collected under this provision include the motor vehicle sales tax, motor vehicle sales tax from seller-financed sales, and the Texas Emissions Reduction Plan surcharge. The bill would limit the total collections from the full 5 percent amount in any preceding year, not to exceed the amount credited during calendar 2002.

Methodology

Under current law, Texas counties are able to keep and remit to their county's road and bridge fund a portion of the motor vehicle taxes and fees they collect for the state. The bill would limit the amount that counties could keep. The amount would be limited to the amount credited during calendar 2002.

Applicable motor vehicle sales taxes collected in calendar year 2001 (and used by counties for purposes of the formula in calendar 2002) were approximately \$140.2 million. This amount would become the new limit. The Comptroller estimates that any collections in excess of the \$140.2 million would be credited first to the State Highway Fund 0006, and then to General Revenue Fund 0001—to the extent that the very small counties could not recover from Fund 0006. Because motor vehicle tax collections are expected to decline in fiscal 2003 and are not expected to recover sufficiently to meet the applicable cap in 2004, there would be no effect from the limit until fiscal 2005.

Local Government Impact

As indicated above, the revenue that could be collected by a county would be capped at calendar year 2002 levels. Under existing statute, there is no cap on the revenue a county collects; it is at a standard rate. Therefore, if growth occurs in motor vehicle sales and taxes, the counties collect additional revenue under current law. Under the provisions of the bill, counties would lose significant revenue annually as a result of imposition of a cap. The amount would vary by county, but as an example, Denton County estimates in the first year following implementation, the county would experience a loss of \$250,000. Williamson County's estimates are similar, with a projected first-year loss of nearly \$253,000. Randall County estimates first-year losses of between \$33,000 and \$120,000, depending on the percentage of vehicle registration growth.

Source Agencies: 304 Comptroller of Public Accounts, 601 Department of Transportation

LBB Staff: JK, JO, DLBa, RT