

## **BILL ANALYSIS**

C.S.H.B. 3308  
By: Phillips  
Transportation  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Numerous fees and penalties collected by the Texas Department of Transportation (TxDOT) for certain highway-related activities are presently deposited in the general revenue fund. Revenues collected by the comptroller related to certain highway, motor vehicle, and public transportation activities are presently deposited in the general revenue fund.

TxDOT is authorized to charge specific fees and collect penalties for various highway-related activities, including motor vehicle certificate of title applications, motor carrier permit and registration applications, salvage dealer license applications, vehicle storage facility license applications, and personalized license plates. The comptroller collects tax revenue for highway and transportation-related activities such as motor vehicle rental taxes, and aviation sales, use and franchise taxes.

To some extent, the collection of these fees and taxes allows the state to recoup its highway and transportation related operating expenses from those persons who use these specific services, and should therefore be used for highway and transportation purposes.

The Texas Transportation Commission (commission) is authorized to issue obligations to fund various transportation-related programs and public transportation projects that are secured by and payable from a pledge of or lien on all or part of the money in the Texas mobility fund. The comptroller holds the fund and is required to certify that money in the fund is projected to be at least 110% of the debt service required to be paid on obligations during each year those obligations are outstanding, based on certain data, assumptions, and projections.

The Texas mobility fund is an additional source of payment for state administration of various transportation-related programs and public transportation projects. However, the revenue generated for the state by fees assessed under certain highway related programs that are paid for out of the state highway fund is deposited into the state's general revenue fund. Also, revenue generated for the state by taxes on highway and transportation related activities is deposited in the state's general revenue fund. As a result, the state transportation funds do not receive any revenue from activities associated with administering certain transportation-related programs or the efficient operation of the state's highways. The state needs to increase its transportation expenditures to meet rising highway demand and maintenance needs. This legislation seeks to increase funds available for transportation expenditures without raising taxes.

Technical revisions are necessary to facilitate the issuance of obligations secured by money in the Texas mobility fund and the administration of the Texas mobility fund. Those revisions would clarify that revenues dedicated or appropriated for deposit to the mobility fund, along with money already deposited in the mobility fund, may be pledged for the payment of obligations. Those revisions would also allow the commission to enter into credit agreements in connection with outstanding obligations, frees up substantial debt service capacity for short-term obligations that currently would have much higher debt service requirements, and makes less burdensome the comptroller's calculation, for purposes of providing the required certifications, of debt service on obligations issued in anything but a fixed rate.

CSHB 3308 would require that certain fees, penalties and revenue collected by the Department of Transportation, the Comptroller of Public Accounts, and municipal or justice courts be credited to the Texas mobility fund. These fees and penalties are associated with certificates of title, motor carrier permits and registrations, salvage dealers licenses, vehicle storage facility licenses, personalized license plates, and driving safety courses. The revenues are associated with motor vehicle rental taxes and aviation sales, use, and franchise taxes. CSHB 3308 makes

technical revisions that will facilitate the issuance of obligations secured by money in the Texas mobility fund and the administration of the Texas mobility fund.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

- SECTION 1. Adds Section 2302.054, Occupations Code, to require that fees collected for salvage vehicle dealer licenses be deposited to the credit of the mobility fund.
- SECTION 2. Adds Section 2303.055, Occupations Code, to require that fees collected for vehicle storage facility licenses be deposited to the credit of the mobility fund.
- SECTION 3. Amends Section 151.801, Tax Code, to require that sales and use taxes collected under Chapter 151 for sales of aircraft, aircraft component parts, and certain aviation-related services be deposited to the credit of the mobility fund.
- SECTION 4. Amends Section 152.122, Tax Code, to require that the proceeds from the collection of taxes on gross motor vehicle rental receipts be deposited to the credit of the mobility fund.
- SECTION 5. Amends Section 171.401, Tax Code, to require that franchise taxes collected under Chapter 171 from corporations engaged in aircraft and aviation related businesses in this state be deposited to the credit of the mobility fund.
- SECTION 6. Amends Section 201.943, Transportation Code, to make technical revisions concerning the administration of the mobility fund and the issuance of obligations secured by money in the mobility fund. Clarifies that money in the mobility fund pledged to the payment of obligations includes revenues of the state dedicated or appropriated for deposit to the mobility fund. Provides that accounts, reserves, and subfunds may be created within the mobility fund by the commission for necessary and appropriate purposes other than in connection with the issuance of obligations. Provides that the comptroller's certification with respect to short-term obligations must assume that the short-term obligations will be refunded and refinanced to mature over a 20-year period with level debt service requirements. Provides that in determining the principal and interest requirements on outstanding and proposed obligations, the comptroller, subject to the limitations of certain other law, shall rely on the assumptions included in the resolutions authorizing such obligations for the calculation of debt service.
- SECTION 7. Amends Section 501.138(c), Transportation Code, to require that the portion of the certificate of title fee that is currently deposited in the general revenue fund be deposited to the credit of the mobility fund.
- SECTION 8. Amends Section 504.101(e), Transportation Code, to require that the portion of personalized license plate fees remaining after defraying the cost of that program be deposited to the credit of the mobility fund.
- SECTION 9. Amends Section 542.402, Transportation Code, by adding Subsection (f) to require that funds received by the comptroller from municipalities for fines collected for violations of highway law be deposited to the credit of the mobility fund.
- SECTION 10. Amends Section 542.4031(g), Transportation Code, to require that money remitted to the comptroller from the state traffic fine under Section 542.4031 that is not credited to a trauma facility and emergency medical services account

under Section 780.003, Health and Safety Code, be deposited to the credit of the mobility fund.

- SECTION 11. Amends Section 623.011(b), Transportation Code, to increase the base permit fee for excess axle or gross weight permits issued under Subchapter B, Chapter 623, Transportation Code.
- SECTION 12. Adds Section 623.020, Transportation Code, to require that fees collected by the department under Subchapter B for oversize or overweight vehicles, except for the portion of those fees allocated to the state highway fund and counties, be deposited to the credit of the mobility fund.
- SECTION 13. Amends Section 623.076, Transportation Code, to require that a portion of the fees collected for permits to move certain heavy equipment be deposited to the credit of the mobility fund and to require that fees not designated for the state highway fund be deposited to the credit of the mobility fund.
- SECTION 14. Adds Section 643.005, Transportation Code, to require that fees and penalties related to motor carrier registrations collected by TxDOT be deposited to the credit of the mobility fund.
- SECTION 15. Adds Section 645.005, Transportation Code, to require that fees and penalties related to motor carrier single state registrations be deposited to the credit of the mobility fund. Excepted from this section are administrative fees and prepaid fees.
- SECTION 16. Repeals Section 542.4031(h), Transportation Code, relating to disposition of money remitted to the comptroller from the state traffic fine under Section 542.4031.
- SECTION 17. Provides that this Act only applies to the distribution of revenue collected on or after the effective date of the act.
- SECTION 18. Provides that this Act takes effect September 1, 2005, except that Section 6 of this Act takes effect immediately.

#### **EFFECTIVE DATE**

This Act takes effect September 1, 2005, with the exception of Section 6. Section 6 is effective upon passage if the Act receives the necessary vote, or, if the Act does not receive the necessary vote, Section 6 takes effect on September 1, 2005.

#### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

No substantive changes. The committee substitute is a version prepared by the Texas Legislative Council.