

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 21, 2005

TO: Honorable Dennis Bonnen, Chair, House Committee on Environmental Regulation

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB2481 by Bonnen (Relating to the Texas emissions reduction plan, including the use of money currently dedicated to the Texas emissions reduction plan fund.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2481, As Introduced: an impact of \$0 through the biennium ending August 31, 2007.

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

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>STATE HIGHWAY FUND 6</i>	Probable Revenue Gain/(Loss) from <i>TEXAS MOBILITY FUND 365</i>	Probable Revenue Gain/(Loss) from <i>TEXAS EMISSIONS REDUCTION PLAN 5071</i>	Probable (Cost) from <i>TEXAS EMISSIONS REDUCTION PLAN 5071</i>
2006	(\$103,004,000)	\$103,004,000	\$0	\$0
2007	(\$106,300,000)	\$106,300,000	\$0	
2008	(\$109,702,000)	\$109,702,000	\$0	
2009	(\$113,212,000)	\$22,100,000	\$113,212,000	(\$113,212,000)
2010	(\$116,835,000)	\$22,807,000	\$116,835,000	(\$116,835,000)

Fiscal Analysis

The bill would modify the allocation schedule for funds in the Texas Emissions Reduction Plan (TERP) Account No. 5071. Instead of 87.5 percent of funds being designated for the diesel emissions reduction incentive program, only 64 percent would go to that program. The new technology research and development program would receive 33 percent of funds, as opposed to only 9.5 percent under current law. The bill also would extend each of these programs beyond the current-law sunset date of the programs of September 1, 2008 to August 31, 2013.

The bill would maintain the \$33 fee for certificate of title for applicants residing in a nonattainment area as defined in the Federal Clean Air Act, which is scheduled to be reduced to \$28 on September 1,

2008 under current law. The bill would direct that the portion of the certificate of title fees deposited to the credit of the TERP Account No. 5071 (\$20 in a nonattainment area and \$15 in other areas) be deposited instead to the Texas Mobility Fund No. 365. The bill would provide that these amounts only be spent for transportation projects in the county from which the funds were collected.

The bill also would provide that the Texas Department of Transportation (TxDOT) remit to the Comptroller for deposit in the TERP Account No. 5071 an amount equal to the amount of funds from the certificate of title fee deposited to the Texas Mobility Fund No. 365. This provision would be in effect only from September 1, 2005 through September 1, 2010.

The bill would be effective on September 1, 2005.

Methodology

Revenues generated by the certificate of title fee are based on estimates provided by the Comptroller of Public Accounts.

Although not specified, this estimate assumes that TxDOT would use the State Highway Fund No. 6 as the source of funds required to be transferred to the TERP Account No. 5071. (Note: the Comptroller of Public Accounts reports that transferring funds from the State Highway Fund No. 6 to the TERP Account No. 5071 could violate the Texas Constitution). There would be no net gain to the TERP Account No. 5071 during those years, but there would be a loss to the State Highway Fund No. 6 and a corresponding gain to the Texas Mobility Fund during fiscal years 2006-08.

Maintaining the certificate of title fee at \$33 in nonattainment counties beyond September 1, 2008 is expected to generate \$22.1 million in fiscal year 2009 and \$22.8 million in fiscal year 2010 in new revenues to the state. These revenues would be deposited to the Texas Mobility Fund No. 365, and then an equal amount would transfer from the State Highway Fund to the TERP Account No. 5071. The Texas Mobility Fund No. 365 would experience a revenue increase equal to the amount generated by maintaining the \$33 certificate of title fee, since proceeds from the title fee at a rate of \$28 already are scheduled to be deposited to the credit of the Texas Mobility Fund No. 365 in fiscal years 2009-10. The TERP Account No. 5071 would experience revenue increases as a result in fiscal years 2009 and 2010 equal to the total amount of revenues collected from the certificate of title fee, while the State Highway Fund No. 6 would experience a corresponding revenue loss.

Costs to the TERP Account No. 5071 are shown in fiscal years 2009 and 2010 because TERP funded programs would continue in those years upon passage of the bill. Under current law, those programs sunset on August 31, 2008.

Beginning on September 1, 2010, transfers to the Texas Emissions Reduction Plan Account No. 5071 would cease, and the effect of the bill would be a gain to the Texas Mobility Fund No. 365 in future years.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. However, the allocation of project funding to counties throughout the state could be affected by the bill's provision that funds in the Texas Mobility Fund No. 365 be spent in the county in which they were collected. In some cases, this could mean an increase in state funding for transportation projects in certain counties, while other counties could experience a decrease.

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality, 601 Department of Transportation

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