

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 29, 2005

TO: Honorable Todd Staples, Chair, Senate Committee on Transportation & Homeland Security

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

IN RE: SB1060 by Whitmire (Relating to the disposition of revenue from local authority agreements with towing companies.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 545 of the Transportation Code, relating to the disposition of revenue from local authority agreements with towing companies. The bill would require any revenue generated under an agreement by a local authority with a towing company to operate on a state highway, including a farm-to-market road or ranch-to-market road, to be deposited in the State Highway Fund 0006 for use only for projects or services on that highway or road.

The bill would take effect immediately if it receives the required two-thirds vote in each house; otherwise, it would take effect on September 1, 2005.

The positive fiscal impact to the state would depend on the extent to which local government entities enter an applicable agreement with towing companies. Based on the analysis of the Texas Department of Transportation, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources. Any new revenues deposited to the credit of the State Highway Fund in accordance with the bill would not be significant in comparison to the amount of revenues estimated to be deposited to the credit of the State Highway Fund each year apart from the requirements of the bill.

The bill would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.094, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993, and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in the bill would be subject to funds consolidation review by the current legislature.

Although the bill would not make an appropriation, it would establish the basis for an appropriation.

Local Government Impact

A local government entity that does not have an applicable agreement with a towing company would have no fiscal impact as a result of implementation of the bill. A local government that has entered into or would enter into an agreement with a towing company would experience a revenue loss. The loss would vary by local government. Harris County and the cities of Austin, Houston, and Waco provided estimates of the losses those entities would experience. Assumptions were based on revenue received during fiscal year 2004 and assuming different percentages of loss because none of the entities currently track revenue collected from towing based on locations from which the tow originated. Harris County (population 3.4 million) estimates an annual loss of \$120,000 during the

first year of implementation. The City of Austin (population 656,562) estimates an annual loss of \$246,640 each year. The City of Houston (population 1.9 million) estimates an annual loss of \$909,902 and the City of Waco (population 113,726) estimates a loss of \$13,515 the first year of implementation.

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

LBB Staff: JOB, SR, MW, DLBa