

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 10, 2007

TO: Honorable John Carona, Chair, Senate Committee on Transportation & Homeland Security

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

IN RE: SB2051 by Ogden (Relating to authorizing the designation of an area adjacent to a state highway project as a transportation finance zone requiring that the revenue from the state sales and use taxes imposed in the zone be used to pay obligations issued in connection with the project.), **Committee Report 1st House, Substituted**

Because the number of the transportation finance zones that would be designated and approved is unknown, the fiscal implications to the state cannot be estimated.

The bill would amend the Transportation Code to authorize the Texas Transportation Commission (TTC), subject to legislative review and approval, to designate an area adjacent to a state highway project as a transportation finance zone and to specify that revenue from the state sales and use taxes imposed in a transportation finance zone is to be deposited to the credit of a separate account in the Texas Mobility Fund for the purpose of paying the principal and interest on obligations issued in connection with the state highway project located in the transportation finance zone. The bill would place an annual cap of \$250 million on the amount of transportation finance zone tax revenue the comptroller may deposit to the Texas Mobility Fund. Under the provisions of the bill, a transportation finance zone would terminate on the earlier of the termination date, if specified in the order designating the zone, or the date on which the principal of and interest on the applicable obligations were paid. The bill would require TTC and the comptroller to adopt rules to implement and administer the provisions of the bill.

Based on the analysis of the Texas Department of Transportation (TxDOT), it is assumed the establishment of transportation finance zones and the deposit of applicable state sales and use tax revenue to the Texas Mobility Fund would increase the borrowing capacity of the fund. Based on the analysis of the Comptroller of Public Accounts (CPA), it is assumed the provisions of the bill could result in a significant loss of revenue to the General Revenue Fund and an increase in revenue to the Texas Mobility Fund. However, the fiscal implications to the state would depend on the number of transportation finance zones designated by TTC and approved by the Legislature and, therefore, cannot be determined.

Based on the analysis of TxDOT and the CPA, it is assumed any costs or duties associated with implementing the provisions of the bill could be absorbed within existing resources.

The CPA indicates that the bill would do one 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. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

The bill would take effect on January 1, 2008, if a constitutional amendment authorizing the Legislature to permit TTC to designate transportation finance zones and dedicating sales and use taxes imposed in the zones to the Texas Mobility Fund for certain purposes is approved by voters.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

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