

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 11, 2009**

**TO:** Honorable Joseph Pickett, Chair, House Committee on Transportation

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

**IN RE: HJR9** by Truitt (Proposing a constitutional amendment prescribing the purposes for which revenue from motor vehicle registration fees and taxes on motor fuels and lubricants and certain revenues received from the federal government may be used and authorizing the legislature to provide for automatic adjustments of the rates of motor fuel taxes.), **Committee Report 1st House, Substituted**

<b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HJR9, Committee Report 1st House, Substituted: a negative impact of (\$90,882) through the biennium ending August 31, 2011.
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**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2010	(\$90,882)
2011	\$0
2012	(\$625,011,935)
2013	(\$625,011,935)
2014	(\$625,011,935)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable (Cost) from General Revenue Fund 1</b>
2010	(\$90,882)
2011	\$0
2012	(\$625,011,935)
2013	(\$625,011,935)
2014	(\$625,011,935)

**Fiscal Analysis**

The resolution would propose a constitutional amendment to Section 7, Article VIII of the Texas Constitution.

Section 7-a would be amended to remove policing of public roadways from the allowable uses of revenues from motor vehicle registration fees and taxes on motor fuels and lubricants. Section 7-b would be amended to remove policing of public roadways as an eligible expenditure of funds received from the federal government as reimbursements for state expenditures under Section 7-a.

Section 7-d would authorize the Legislature to allow the Comptroller to automatically adjust the rates for taxes imposed on motor fuels and to prescribe the manner in which the rates could be adjusted wholly or partly on one or more price or cost indexes published by an agency of the United States.

The resolution would add a temporary provision to the constitution to specify that the changes to Sections 7-a and 7-b would take effect on September 1, 2014. The temporary provision would require the Legislature, beginning on September 1, 2011, to decrease the appropriation of revenue described by Sections 7-a and 7-b for purposes other than acquiring rights-of-way, constructing and maintaining public roadways, or for the administration of traffic and safety laws by a state agency responsible for the construction and maintenance of state highways.

The proposed amendment would be submitted to the voters at an election to be held November 3, 2009. The cost to the state for the publication of the resolution would be \$90,882 in fiscal year 2010.

### **Methodology**

The Department of Public Safety's (DPS) State Highway Fund appropriations (including employee benefits) total \$625,011,935 in fiscal year 2009, which is 76 percent of the agency's total appropriations. The resolution, upon voter approval, would require the Legislature to begin reducing the amount of constitutionally-dedicated State Highway Fund revenues appropriated to DPS beginning on September 1, 2011, which is the beginning of state fiscal year 2012. This analysis assumes that General Revenue Funds would be used to fund DPS at fiscal year 2009 funding levels for fiscal year 2012 and beyond. However, the Legislature could reduce State Highway Fund appropriations to DPS by a lower amount in fiscal years 2012 through 2014, which would result in a reduced cost to the General Revenue Fund.

Under current law, counties receive \$7.3 million allocated from gasoline tax collections. This analysis assumes the changes that would be made to Section 7-a would discontinue the annual allocation of \$7.3 million to the counties. These funds would no longer be available to the counties and would result in an annual gain to State Highway Fund of \$7.3 million beginning with fiscal year 2015.

The Legislature would be authorized to direct the Comptroller to automatically adjust the rates of taxes imposed on motor fuels. This section would have no fiscal impact without legislation enabling the constitutional provision.

### **Local Government Impact**

Beginning in fiscal year 2015, the County Road and District Fund would no longer receive the \$7.3 million allocation from the gasoline tax.

**Source Agencies:** 304 Comptroller of Public Accounts, 405 Department of Public Safety

**LBB Staff:** JOB, KJG, MW, TG, MN, SD, KK