

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 3, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

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

IN RE: **HJR111** by Smith, Todd (Proposing a constitutional amendment limiting the purposes for which revenue from motor vehicle registration fees, 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 fuels taxes.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HJR111, As Introduced: a negative impact of (\$90,882) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

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

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Probable Revenue Gain from State Highway Fund 6	Probable Revenue (Loss) from Co & Rd District Hwy Fund 57
2010	(\$90,882)	\$0	\$0
2011	\$0	\$0	\$0
2012	(\$625,011,935)	\$7,300,000	(\$7,300,000)
2013	(\$625,011,935)	\$7,300,000	(\$7,300,000)
2014	(\$625,011,935)	\$7,300,000	(\$7,300,000)

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-c 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 that the changes to Sections 7-a and 7-b would apply only to a state fiscal biennium that began on or after September 1, 2011.

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 states that upon voter approval, the provisions would take effect on September 1, 2011, which is the beginning of state fiscal year 2012. This resolution would allow DPS to use State Highway Fund money in fiscal year 2010 and 2011, but the agency would not be able to access these funds beginning in 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.

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 (...performed by, or under the supervision of, the state agency...) 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 2012.

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 2012, 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, MN, SD, KK