

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 18, 2009

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

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

IN RE: SB505 by Ogden (Relating to authorizing the designation of an area adjacent to a state highway project as a transportation finance zone, and authorizing the revenue from the state sales and use taxes imposed in the zone to be deposited in a revolving fund and used to repay financial assistance provided from the fund for highway projects.), **As Engrossed**

Depending upon the timing and number of transportation finance zones approved by the LBB, there could be an annual revenue loss of \$250 million per year to General Revenue and a corresponding revenue gain per year to the new Texas Transportation Revolving Fund beginning in fiscal year 2013.

The bill would amend Chapter 222 of the Transportation Code to allow the Texas Transportation Commission (TTC) to designate transportation finance zones as areas adjacent to the right-of-way of an existing or proposed state highway project and within two miles on either side of the center line of the state highway. The designation of transportation finance zones would be subject to approval by the Legislative Budget Board (LBB).

The proceeds from the state sales and use tax imposed in a transportation finance zone, up to \$250 million per fiscal year, would be deposited to the new Texas Transportation Revolving Fund or a similar revolving fund. These proceeds could be used only for the repayment of financial assistance provided to the Texas Department of Transportation for tolled or non-tolled highway projects within the zone in which the taxes were collected. The proceeds could not be used to provide financial assistance for a project developed, constructed, or operated by a private entity under a comprehensive development agreement.

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 financial assistance secured by proceeds from the collection of taxes imposed within the zone were repaid.

The bill would take effect January 1, 2010, but only if the constitutional amendment authorizing the Legislature to permit the TTC to designate transportation finance zones and dedicating the proceeds of the state sales and use tax imposed in a transportation zone to a revolving fund were approved by voters.

The Comptroller could not deposit any funds to the credit of a revolving fund until September 1, 2012.

This analysis assumes that the constitutional amendment authorizing transportation finance zones would be approved by the voters, with zones designated by the TTC and approved by the LBB before fiscal 2012. Assuming the maximum amount was deposited each year, there would be annual loss of \$250 million to the General Revenue Fund 0001 and an offsetting gain to the Texas Transportation Revolving Fund beginning in 2012.

Note: This bill does not specifically provide for the creation of the Texas Transportation Revolving Fund. This analysis assumes this fund would be created as a separate fund in the Treasury, outside of the General Revenue Fund.

The legislation 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. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

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

LBB Staff: JOB, KJG, MN, SD