

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

February 28, 2009

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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 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.), **As Introduced**

Depending upon the timing and number of transportation finance zones approved by the legislature, there could be an annual loss of \$250 million per year to General Revenue beginning in fiscal year 2012.

The bill would amend Chapter 201 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 Legislature.

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 a separate account in the Texas Mobility Fund 0365. These proceeds could be used only for the purpose of paying the principal of and interest on obligations issued in connection with the state highway project located in the transportation finance zone in which the taxes were collected.

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 state sales and use tax collections from transportation finance zones designated by TTC and approved by the Legislature to be deposited to an account within Fund 0365. The Comptroller could not deposit more than \$250 million to Fund 0365 in a fiscal year.

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 Legislature during the 2011 Legislative Session. Deposits of state sales tax from transportation finance zones to Fund 0365 would begin in 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 Fund 0365 beginning in 2012.

Note: This 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.

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

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 Fund 0365 were approved by voters.

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

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