

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION
Revision 2

May 14, 2009

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

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

IN RE: SB855 by Carona (Relating to a county motor fuels tax in certain counties for mobility improvement projects; providing authority to impose the tax, issue bonds, and impose penalties.), **Committee Report 2nd House, Substituted**

Depending on the number of counties that elected to impose a county motor fuels tax, there would be an indeterminate amount of revenue gain to the state and units of local government.

Due to the provisions of the bill, the Comptroller's office would incur costs of \$17,556,000 for the biennium ending August 31, 2011 for administration of county motor fuels taxes. However, due to Section 57 of the bill, these costs are specifically contingent upon an interlocal agreement with one or more local entities that the Comptroller receive sufficient funding in advance of the effective date of any motor fuels tax imposed by a county to adequately cover these costs. If the Comptroller does not receive funding in a timely manner as determined by the Comptroller, the Comptroller is not required to enforce the provisions of this Act. Therefore, there would be no effect on the state budget.

The table below reflects administrative costs to the Comptroller. The bill allows the Comptroller to retain a portion of the collections to cover their administrative costs.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$15,028,000)
2011	(\$2,528,000)
2012	(\$2,528,000)
2013	(\$2,528,000)
2014	(\$2,528,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2009
2010	(\$15,028,000)	37.0
2011	(\$2,528,000)	37.0
2012	(\$2,528,000)	37.0
2013	(\$2,528,000)	37.0
2014	(\$2,528,000)	37.0

Fiscal Analysis

The bill would add Chapter 616 to the Local Government Code, regarding the funding of

transportation and mobility improvement projects in counties and municipalities. The Chapter would expire January 1, 2019.

The bill would allow certain counties to call elections to impose a county motor fuels tax of 10 cents per gallon to provide local revenue for mobility improvement projects. All of the county commissioners courts that are wholly or partly located within the boundaries of the same metropolitan planning organization (MPO) could call an election on the issue of imposing the county motor fuels tax. After the called elections, the county motor fuels tax would be imposed in only those counties that voted favorably on the tax question.

Unless otherwise authorized by the Texas Constitution, the revenues from the county motor fuels tax could only be used for acquiring rights-of-way, constructing, maintaining, and policing of public roads, and those revenues could not be used to construct or operate a toll project, to reallocate other revenue to a toll project or to hold or promote a county motor fuels tax revenue election.

The Comptroller would administer, collect, and enforce county motor fuels taxes in the same manner as the current state motor fuels taxes. The Comptroller would adopt rules and prescribe necessary forms and deduct any costs incurred related to the administration, collection, and enforcement of those taxes. The Comptroller would deposit the county taxes collected to a new County Motor Fuel Tax Trust Fund for remittance back to the county. The Comptroller would also deduct 2 percent of net collections for deposit to the General Revenue Fund as the state's charge for its services.

Article 8, Sec. 7-a of the Texas Constitution requires that one-fourth of the net revenue derived from the motor fuels tax shall be allocated to the Available School Fund. Should this be interpreted as applying to the county motor fuel tax, one-fourth of the county motor fuels tax revenues would be allocated to the Available School Fund, therefore the county would allocate the appropriate amount to the Comptroller for deposit in the ASF.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2009.

Methodology

The Comptroller has indicated it will incur costs to administer the new county motor fuels tax. The administrative cost estimate in the table above reflects the funds necessary to hire 37 additional full-time-equivalent positions (FTEs), additional professional staff personnel, and resources to administer, collect, and enforce a new county motor fuels tax from fiscal year 2010 to 2014. The administrative cost estimate also reflects a one-time technology cost of \$12,500,000 in fiscal year 2010 for programming/project management. The Comptroller would deduct 2 percent of the net collections of the county motor fuels tax. This allowance would, to some extent, offset the administrative costs.

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.

Technology

There would be a one-time technology cost of \$12,500,000 in fiscal year 2010 for programming/project management.

Local Government Impact

The fiscal impact to units of local government would vary depending on whether an election for implementing a county motor fuels tax is held, and the decision of the voters. At a minimum, there would be election costs. If a county motor fuels tax is approved, there would be revenue gains that would vary by county.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 308 State Auditor's Office, 601 Department of Transportation

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