

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 1, 2009

TO: Honorable John Carona, Chair, Senate Committee on Transportation & Homeland Security

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

IN RE: SB855 by Carona (Relating to local options regarding transportation and mobility improvement projects in certain counties and municipalities; providing authority to impose a tax, issue bonds, and impose penalties.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB855, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2011.

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General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Clean Air Account</i> 151
2010	(\$750,000)
2011	\$0
2012	\$0
2013	\$0
2014	\$0

Fiscal Analysis

The bill would create Chapter 446 as part of Subtitle B, Title 14, Local Government Code, regarding local options for funding transportation projects.

SUBCHAPTER A of Chapter 446 would prohibit a reduction in state or federal transportation funding, including funding from the State Highway Fund, the Texas Mobility Fund, the Texas Highway Beautification

Fund, general obligation bonds, or any other method of state or federal transportation financing to a county, municipality, or metropolitan planning organization because that entity imposes local option funding to fund local transportation projects as provided under the chapter. The Texas Department of Transportation (TxDOT) would also be prohibited from reducing any allocation of state or federal transportation funding to a TxDOT district because the district contains a county that imposes a method of local option funding under the chapter. Chapter 446 would expire January 1, 2019.

SUBCHAPTER B would authorize a county to include on a ballot proposition any combination of local funding options for transportation projects, and describes each method and requirements associated with each method: (1) a tax on the retail sale of gasoline or diesel fuel; (2) a mobility improvement fee of between \$1 and \$60; (3) a parking management fee in an amount not to exceed \$2 per day per vehicle use of a parking space; an (4) annual motor vehicle emissions fee of \$1 to \$15 on vehicles registered in the county; (5) a driver's license renewal fee between \$1 and the state renewal fee amount; and (6) a Texas new resident roadway impact fee between \$1 and \$250.

A county would be required to adopt rules and forms for collecting taxes and fees and could impose a monetary penalty for noncompliance. The county attorney, county district attorney, or district attorney could bring an action to collect the taxes, fees, and penalties. The bill provides how the local option funds may be used. Except for the motor fuel tax or parking management fee, the county would be required to hold a public hearing then issuing an order before January 10, 2010 to establish exemptions for persons of low or moderate income who could demonstrate significant financial hardship.

Money collected under Chapter 446, Local Government Code, would be exempt from the provisions of Sections 502.102, 502.1025, and 502.108, Transportation Code.

The Comptroller of Public Accounts (Comptroller) would be required to adopt rules and prescribe forms for collection of county motor fuel taxes. The taxes must be submitted to the county using those forms only. Money under a county driver's license renewal fee would be collected by the Department of Public Safety (DPS), deposited into trust in a separate suspense account of the county, and monthly the Comptroller would be required to send to the county the county's share of fees. The Comptroller would be authorized to retain a portion.

The county would be required to submit an annual report and audit of local option funds to the Comptroller and to the State Auditor's Office.

SUBCHAPTER C would apply to the North Texas Region (Dallas-Fort Worth Metroplex) with specific additional requirements related to adopting local funding options in the region, including forming a project selection and ballot committee; creation of a Local Option Transportation Fund and the authorized uses of the fund; and authorizing the use of employees of TxDOT, the county, a municipality, a regional metropolitan organization, airport, or transit or transportation authority located in the county to provide staff support services to a committee. The bill would provide for the use of sales tax by a subregion of the Dallas Transportation Authority.

SUBCHAPTER D would apply to the Alamo Region (Bexar County) to specify authority and requirements applicable to establishing and using local option funding. In addition to similar requirements as imposed on other regions, Bexar County could not impose a vehicle registration fee that exceeds \$10. The bill provides specific dates for actions to occur related to a vehicle registration fee. TxDOT would collect the additional fee and develop rules and forms related to the fee. The county would be authorized to hold an election on an additional ad valorem tax, not to exceed 15 cents on the \$100 valuation of property.

SUBCHAPTER E would apply to the Capital Region with requirements specific to Travis County and local option funding for transportation projects and associated elections. The county would be required to obtain certification of the region's list of mobility improvement projects from the area metropolitan planning organization. The county would be required to establish a Selection Advisory Committee. The county would be prohibited from directly operating or providing passenger rail service.

SUBCHAPTER F would apply to the West Texas Border Region (El Paso County), providing similar stipulations as for other regions regarding establishing and enforcing local option funding for transportation projects. The county would also be prohibited from directly operating or providing passenger rail service.

SECTION 3 of the bill provides for three options on the use and distribution of money collected from a county motor fuel tax, depending on requirements of the state constitution, including the possibility that one-fourth of the tax be allocated to the Available School Fund.

The bill would take effect immediately if it were to receive the required two-thirds vote in each house; otherwise, it would take effect September 1, 2009.

Methodology

TxDOT assumes the agency would need to provide support to the ballot committees in the regions, but anticipates that any costs related to those activities could be absorbed within existing resources.

DPS reports that the agency would have to make changes to the driver license system and associated applications. The agency would also have to modify the Revenue Processing/Imaging System to capture additional fees due to the counties. Based on the analysis of the agency, it is assumed those costs could be absorbed within existing resources.

If a county imposes an additional fee for vehicles receiving an emissions test, the fee would be collected by the inspection stations and remitted to the county. The Texas Commission on Environmental Quality (TCEQ) reports that to track the fee information and print the receipt as part of the vehicle inspection report printed by the vehicle emissions analyzer, software changes would be required, as would a redesign of the communications protocol. The agency estimates the costs for making those changes would be \$750,000. The agency also anticipates having to make rules revisions to allow applicable counties to collect additional fees.

It is assumed that costs to the Comptroller related to adopting rules and prescribing forms for the county motor fuel tax and the optional county driver license fee could be absorbed within existing resources. In addition, although it is unknown how many counties would impose the optional driver's license fees, and therefore the amount of revenue it would generate is unknown, it is assumed that the authorized retention of a portion of the fees would offset the costs to the Comptroller.

Technology

As indicated in Methodology, DPS and TCEQ would incur programming costs.

Local Government Impact

The fiscal impact to units of local government would vary depending on whether they choose to hold an election concerning local option funding, the options pursued, and the decisions of the voters. At a minimum, there would be election costs. If funding options are approved, there would be revenue gains that would vary depending on the options implemented.

Using current vehicle registration records, assuming an annual increase of 2.6 percent, and assuming each region imposed all the fees authorized by the bill (mobility improvement fee, vehicle registration fee, new resident roadway impact fee, and roadway impact fee), TxDOT provided estimates for the revenue gain by region for the five-year period of fiscal year 2010 through fiscal year 2014:

North Texas Region -- \$985.2 million

Alamo Region -- \$82.5 million

Capital Region -- \$226.5 million

West Texas Border Region -- \$101.5 million

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety, 582 Commission on Environmental Quality, 601 Department of Transportation

LBB Staff: JOB, KJG, SD, DB