

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 17, 2009

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

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

IN RE: SB942 by Wentworth (Relating to local option methods for financing transportation projects and services.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would add Chapter 442 to the Transportation Code to authorize a county commissioner's court to exercise a funding option for funding a transportation project provided under the chapter if the commissioner's court by order imposes the option or calls an election for that purpose and the imposition of the option is approved by a majority of the voters. The option methods for financing transportation projects and services include implementing, abolishing, or changing various fees and taxes: county gasoline and diesel fuel tax; county motor vehicle sales tax; additional county sales and use tax; real estate transfer fee; additional vehicle registration fee; passenger motor vehicle sales fee; and several miscellaneous fees.

The county would be required to deposit money collected under the chapter in a special account in the county general fund to be used only for county transportation purposes. However, if the state constitution does not authorize the use of money collected under certain options, the money shall be deposited into a separate account and used only for certain transportation services or infrastructure. If the state constitution requires that one-fourth of the county gasoline and diesel fuel tax collected under provisions of the bill be allocated to the available school fund, the county would be required to deposit that money into a separate account to be allocated as required by the constitution.

Unless otherwise authorized by the state constitution, the bill would place certain restrictions on the use of money collected from a county gasoline and diesel fuel tax or an additional vehicle registration fee. If the state constitution does not authorize the use of money collected under certain provisions of the bill, the county would be required to deposit that money into a separate account and may be used only for certain transportation services or infrastructure. If the state constitution requires that one-fourth of the county gasoline and diesel fuel tax collected under Subchapter B of the bill be allocated to the Available School Fund, the county would be required to deposit that money into a separate account and to allocate the money as required by the constitution.

The bill establishes procedures for implementing the various types of funding methods, including responsibilities of local government entities. If an additional vehicle registration fee is imposed, the county would be required to notify the Texas Department of Transportation (TxDOT) not later than September 1 of the year preceding the year in which the fee would take effect, and it may take effect only on January 1 of a year.

The bill would also repeal Section 502.1725, Transportation Code, which affects only Hidalgo County regarding an optional county fee for transportation projects.

The bill would take effect September 1, 2009.

Of the proposed funding methods, the only fees that would be collected at time of a retail sale or registration (initial or renewal) would be the county motor vehicle sales tax (not to exceed 1.75 percent of the total consideration), the additional vehicle registration fee, and the passenger motor

vehicle sales fee (not to exceed \$10). Based on analysis provided by TxDOT, it is assumed that these fees would be collected through TxDOT's Registration and Title System. In addition, it is assumed that administrative costs to TxDOT related to implementation could be absorbed within existing resources.

Local Government Impact

For the purpose of this analysis, TxDOT assumed that the counties that collect an additional road and bridge fee would also impose an additional vehicle registration fee in the same amount. TxDOT reports that there are almost 21.2 million vehicles registered in Texas with an annual increase of 2.6 percent (fiscal years 2009–2014). A county road and bridge fee was imposed on approximately 21 million vehicles in fiscal year 2008. Approximately 20.8 million of those vehicles are located in Texas counties that impose an Optional County Road and Bridge Fee of \$10; approximately 99,855 vehicles are located in Texas counties that impose an Optional County Road and Bridge Fee of \$5, and approximately 73,625 vehicles are located in Texas counties that do not impose an Optional County Road and Bridge Fee. Using these figures, TxDOT estimates that if the same number of counties imposed an additional road and bridge fee and an additional vehicle registration fee under provisions of the bill, those counties would experience a revenue gain of \$1,157 million in the aggregate. The gain to each county would depend on the number of vehicles and whether the county voted to impose these particular fees.

As an example, Dallas County provided an estimate of a total revenue gain of \$56 million, if each funding mechanism listed in the bill were to be incorporated, except the passenger motor vehicle sales fee or the miscellaneous fees. Harris County provided estimates for implementing the county gasoline and diesel fuel tax (gain of \$115.9 million, but also cost of \$65,094), the additional vehicle registration fee (gain of between \$3.4 million and \$33.5 million), the passenger motor vehicle sales fee (gain of between \$4.4 million and \$22.1 million), the mileage-based road user fee (gain of between \$50.3 million and \$251.6 million), and the additional inspection fee (gain of \$33.5 million).

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

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