

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 12, 2011

TO: Honorable Larry Phillips, Chair, House Committee on Transportation

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

IN RE: HB3518 by Rodriguez, Eddie (Relating to local funding for mobility improvement and transportation projects; providing authority to impose a tax, issue bonds, and impose penalties.), **As Introduced**

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 \$17,052,000 for the biennium ending August 31, 2013 for administration of county motor fuels taxes. However, due to Section 65 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.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	(\$14,816,000)
2013	(\$2,236,000)
2014	(\$2,236,000)
2015	(\$2,236,000)
2016	(\$2,236,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2011
2012	(\$14,816,000)	31.0
2013	(\$2,236,000)	31.0
2014	(\$2,236,000)	31.0
2015	(\$2,236,000)	31.0
2016	(\$2,236,000)	31.0

Fiscal Analysis

The bill would add new Chapter 616 to the Local Government Code, regarding the funding of mobility improvements and transportation projects in counties and municipalities. The Chapter would expire January 1, 2021.

Under the provisions of the bill, a county could impose, with voter approval, a method of local option funding to include a tax on the retail sale of gasoline or diesel fuel in the county, or a mobility improvement fee in an amount not less than \$1 or more than \$60, due at the time of registration of a motor vehicle in the county. The fee would not be imposed on any vehicle registered by a person with a general distinguishing number (a licensed dealer).

The bill would allow certain counties to call elections to impose a county motor fuels tax which would be imposed at rates of 4, 6, and 8 cents per gallon the first three years respectively, and then at 10 cents per gallon beginning with the fourth year. The motor fuel tax revenue would be used for mobility improvements and transportation projects. All of the county commissioner's 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.

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 in trust in the separate suspense account of the county for which the taxes had been collected. The Comptroller would also deduct 2 percent of net collections for deposit to General Revenue Fund 0001 as the state's charge for its services.

The bill outlines restrictions that would be imposed on the use of local option funding.

The bill would make conforming amendment to the Government Code, Tax Code, and Transportation Code.

The bill would take effect on the date on which its related constitutional amendment passes. If the amendment is not passed the bill would not take effect.

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 31 additional full-time-equivalent positions (FTEs) to administer, collect, and enforce a new county motor fuels tax from fiscal year 2012 to 2016. The administrative cost estimate also reflects a one-time technology cost of \$12,580,000 in fiscal year 2012 for programming, project management and security control assessments. 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 \$12,580,000 in fiscal year 2012 for programming, project management and security control assessments.

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

LBB Staff: JOB, KJG, SD, AG