

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 20, 2011

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

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

IN RE: HJR64 by Pickett (Proposing a constitutional amendment limiting the uses of revenue from motor vehicle registration fees, taxes on motor fuels and lubricants, and certain revenue received from the federal government.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HJR64, As Introduced: a negative impact of (\$105,495) through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	(\$105,495)
2013	\$0
2014	(\$108,783,841)
2015	(\$108,783,841)
2016	(\$199,250,282)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1
2012	(\$105,495)
2013	\$0
2014	(\$108,783,841)
2015	(\$108,783,841)
2016	(\$199,250,282)

Fiscal Analysis

The resolution would propose an amendment to Section 7-a, Article VIII, of the Texas Constitution, to limit the purposes for which revenues from motor vehicle registration fees, taxes on motor fuels and lubricants, and certain revenues received from the federal government could be used.

The proposed amendment would eliminate the use of the net revenue from these fees and taxes for the payment of principal and interest on certain county and road district bonds or warrants.

The proposed amendment would prohibit the Legislature from appropriating net revenue from these fees and taxes, or federal government reimbursements for state expenditures using these revenues, for a purpose other than acquiring rights-of-way or constructing or maintaining public roadways in an

amount that exceeded the lesser of: 1) the total amount of those specified revenues appropriated for a purpose other than acquiring rights-of-way or constructing or maintaining public roadways in the preceding biennium; or 2) an amount 20 percent less than the amount appropriated in the preceding biennium if the Comptroller's Biennial Revenue Estimate of the anticipated revenue from all sources for the next biennium exceeds the total amount of revenue from all sources for the current biennium by more than three times the amount of the reduction.

The proposed amendment would be submitted to voters at an election to be held November 8, 2011.

Methodology

The cost to the state for publication of the resolution is \$105,495 in fiscal year 2012.

The proposed amendment would have no effect on revenue collections from the specified fees and taxes. However, beginning in fiscal 2014, the amendment's provisions would place limits on the uses of the revenues deposited to State Highway Fund 6 for the purposes other than acquiring rights-of-way or constructing or maintaining public roadways.

The amendment's limitations on the uses of the specified revenues would affect funding of the policing and supervision of traffic and safety on public roadways, which is the responsibility of the Texas Department of Public Safety (DPS). DPS State Highway Fund 6 appropriations (including employee benefits) total \$1,132,819,975, in the 2010-11 biennium.

The resolution would allow DPS to use Fund 6 in the 2012-13 biennium, but the agency would not be able to access these funds beginning in fiscal year 2014. This analysis assumes that the BRE will grow more than three times the amount of the reduction, so the 20 percent reduction (option 2 above) of funds available was used. This analysis assumes that General Revenue would be used to fund DPS using fiscal year 2011 as a base for funding levels for fiscal years 2014 and beyond. DPS appropriations at 2010-11 funding levels were used and stair stepped down according to the provisions in the resolution.

The Administrative License Revocation (ALR) Program of the State Office of Administrative Hearings is currently funded through the State Highway Fund. In the 2012-13 biennium, SOAH received appropriations of \$7,958,160 (including employee benefits) from the fund to administer the program. Because the resolution would prohibit this method of financing the ALR Program, and because that program would remain in place, this analysis assumes that General Revenue Funds would be used to fund ALR using fiscal year 2011 funding levels as a base and going through the same 20 percent reduction as above.

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, 608 Department of Motor Vehicles

LBB Staff: JOB, KK, MW, AG