

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 16, 2011

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: SB135 by Wentworth (Relating to the permissible uses of the state highway fund.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB135, As Introduced: an impact of \$0 through the biennium ending August 31, 2013.

However, there would be a significant fiscal impact to the state in the 2014-15 biennium.

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 | \$0 |
| 2013 | \$0 |
| 2014 | (\$714,428,492) |
| 2015 | (\$714,428,492) |
| 2016 | (\$714,428,492) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from <i>General Revenue Fund</i> 1 | Probable Savings/(Cost) from <i>State Highway Fund</i> 6 |
|-------------|--|--|
| 2012 | \$0 | \$0 |
| 2013 | \$0 | \$0 |
| 2014 | (\$714,428,492) | \$714,428,492 |
| 2015 | (\$714,428,492) | \$714,428,492 |
| 2016 | (\$714,428,492) | \$714,428,492 |

Fiscal Analysis

The bill would amend the Transportation Code relating to the permissible uses of the state highway fund. The bill would remove policing public roadways from the constitutionally-dedicated uses of the State Highway Fund. The bill also states the money in the State Highway Fund may only be used to improve the state highway system.

The bill would repeal Transportation Code, Section 222.002, which allows the money in the State Highway Fund that is not required to be spent on public roadways by the Texas Constitution or federal law to be used for any function performed by the department.

If the constitutional amendment to limit the purposes for which revenues from motor fuel taxes, the motor lubricant sales tax, vehicle registration fees, and certain revenues received from the federal government is approved by the voters, the bill would be effective on September 1, 2013.

Methodology

The Department of Public Safety's (DPS) State Highway Fund 6 appropriations (including employee benefits) total \$561,116,021, in fiscal year 2011. The resolution states that upon voter approval, the provisions would take effect on September 1, 2013, which would be the beginning of state fiscal year 2014. This resolution would allow DPS to use Fund 6 in fiscal years 2012 and 2013, but the agency would not be able to access these funds beginning in fiscal year 2014. This analysis assumes that General Revenue Funds would be used to fund DPS at fiscal year 2011 funding levels for fiscal years 2014 and beyond.

The bill would repeal the authority to use non-constitutionally dedicated State Highway Fund (Fund 6) money for any function carried out by the Department of Transportation (TxDOT) other than to improve the state highway system. Therefore, it is assumed the provisions of the bill would prohibit the use of Fund 6 for certain non-highway improvement programs carried out by TxDOT, including general aviation, state support of the Gulf Intracoastal Waterway, and traffic safety. This analysis assumes the total Fund 6 appropriations for these TxDOT non-highway programs for fiscal 2011 is \$42,409,113. This analysis assumes that General Revenue Funds would be used to fund TxDOT at fiscal year 2011 funding levels for certain non-highway improvement programs for fiscal years 2014 and beyond.

The Department of Motor Vehicles (DMV) also receives appropriations from Fund 6. Appropriations for the DMV for purposes not authorized by the bill total \$106,924,278 in fiscal year 2011. These programs include vehicle titling and registration, motor vehicle dealer regulation, and indirect administration. This analysis assumes that General Revenue Funds would be used to fund DMV at fiscal year 2011 funding levels for certain non-highway improvement programs for fiscal years 2014 and beyond. This analysis assumes fees collected by the DMV and deposited to Fund 6 pursuant to Chapter 2301 of the Occupations Code (relating to the sale or lease of motor vehicles) could only be used to improve the state highway system under the provisions of the bill.

The Administrative License Revocation (ALR) Program of the State Office of Administrative Hearings is currently funded through the State Highway Fund. In fiscal year 2011, SOAH received appropriations of \$3,979,080 (including employee benefits) from the fund to administer the program. Because the bill 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 at fiscal year 2011 funding levels for fiscal years 2014 and beyond.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 405 Department of Public Safety, 601 Department of Transportation

LBB Staff: JOB, KK, SD, AG, TG, ESi