

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 28, 2011

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

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

IN RE: **SB1428** by Ogden (Relating to authorizing the designation of an area adjacent to a state highway project as a transportation finance zone, and authorizing the revenue from the state sales and use taxes imposed in the zone to be deposited in a revolving fund and used to repay financial assistance provided from the fund for highway projects.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1428, As Introduced: an impact of \$0 through the biennium ending August 31, 2013.

However, to the extent tax collections were redirected to the revolving fund for highway financing, Fund 0001 would incur a loss beginning in 2015.

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	\$0
2015	(\$250,000,000)
2016	(\$250,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Probable Revenue Gain from State Infrastructure Bank
2012	\$0	\$0
2013	\$0	\$0
2014	\$0	\$0
2015	(\$250,000,000)	\$250,000,000
2016	(\$250,000,000)	\$250,000,000

Fiscal Analysis

The bill would amend Chapter 222 of the Transportation Code, regarding funding and federal aid.

The bill would allow the Texas Transportation Commission to designate as a transportation finance zone (TFZ) an area adjacent to the right-of-way of an existing or proposed state highway project. The area would extend two miles on either side of the centerline of the state highway. A TFZ would not become effective until reviewed and approved by the Legislature.

Sales and use tax collections from transactions within a TFZ would be deposited in the state infrastructure bank (SIB) or a similar revolving fund to be used for the repayment of financial assistance provided from the revolving fund for highway projects. Revenues collected could only be used for tolled or nontolled highway projects within the TFZ, and could not be used for a project developed, constructed, or operated by a private entity under a comprehensive development agreement.

The Comptroller could not deposit more than \$250 million to the credit of the SIB or a revolving fund in any state fiscal year.

A TFZ would terminate on the earlier of (1) a specified termination date in an order or resolution or (2) the date financial assistance provided from taxes in the TFZ was repaid.

The Comptroller could not deposit any funds to the credit of the revolving fund as added in the bill, until September 1, 2014.

This bill would take effect January 1, 2012, but only if the proposed constitutional amendment authorizing this bill's provisions is approved by the voters. Otherwise this bill would have no effect.

## **Methodology**

The bill would not provide legislative approval for any TFZ, or define what would constitute approval by the Legislature.

State limited sales and use taxes are currently deposited to General Revenue Fund 0001. To the extent these tax collections were redirected to the revolving fund for highway financing, Fund 0001 would incur a loss.

While the proposed constitutional amendment appears to authorize, in addition to limited sales tax, motor vehicle sales and use taxes; hotel occupancy taxes; and cigarette excise taxes to be redirected, this bill is silent on those taxes.

The bill does not address local sales and use taxes authorized in the Tax Code that may or may not exist currently within an area that might be designated as a TFZ.

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.

## **Local Government Impact**

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

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, KK, SD, TG