

BILL ANALYSIS

S.J.R. 2
By: Nichols
Appropriations
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The state highway system requires constant maintenance, and congestion on Texas highways remains a growing problem. Without adequate resources, the Texas Department of Transportation will continue to face challenges in constructing and maintaining our vital highway infrastructure. Moreover, Texas is paying millions of dollars a year in debt service for transportation-related debt.

In light of these circumstances, interested parties have raised concerns about both the inadequacy of the current gas tax, which has diminishing purchase power because it does not adjust with inflation, and the effect of increasingly fuel-efficient automobiles, which continue to reduce the amount of fuel taxes drivers pay to travel the same distance on the highway system. S.J.R. 2 seeks to provide a predictable revenue stream that is specifically and constitutionally dedicated for the construction and maintenance of the state highway system by proposing a constitutional amendment to reallocate a portion of the oil and gas severance taxes currently transferred to the economic stabilization fund to the state highway fund. The resolution also would allow the state highway fund, other than the oil and gas tax revenue allocated to the fund, to be used to repay principal and interest on bonds issued by the Texas Transportation Commission.

RULEMAKING AUTHORITY

It is the committee's opinion that this resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.J.R. 2 proposes an amendment to the Texas Constitution, in provisions that provide for the disposition of general revenue from certain excess state oil and gas production taxes whenever such tax revenue collected in the previous year exceeds the amount of those taxes collected in fiscal year 1987, to require the comptroller of public accounts, after retaining 25 percent of the difference between the previous year's revenue from oil and gas production tax collections and the oil and gas production tax revenue received in fiscal year 1987 as general revenue, to allocate the remaining 75 percent of that difference in equal portions to the economic stabilization fund and the state highway fund, unless the anticipated balance of the economic stabilization fund after any transfer of an unencumbered positive balance from general revenue and any transfer and allocation of oil and gas production tax revenue that may be made as provided under the resolution's provisions would be less than \$6 billion.

S.J.R. 2 requires the comptroller, if the economic stabilization fund's balance falls below that specified level, to reduce the amount that otherwise would be allocated to the state highway fund by the lesser of the total amount of the allocation to that fund or the amount necessary for the anticipated balance of the economic stabilization fund to equal \$6 billion and to allocate to the economic stabilization fund the amount by which the allocation to the state highway fund is reduced. The resolution restricts the use of oil and gas production tax revenue transferred to the state highway fund under the resolution's provisions solely to public road construction and

maintenance and acquisition of rights-of-way for public roadways. The resolution adds a temporary provision, set to expire January 1, 2015, making its provisions applicable only to a transfer of revenue by the comptroller on or after January 1, 2014.

S.J.R. 2 authorizes money deposited to the credit of the state highway fund, except for oil and gas production tax revenue transferred to the fund under the resolution's provisions, to be appropriated to repay the principal and interest on general obligation bonds issued by the Texas Transportation Commission to finance certain highway improvement projects.

ELECTION DATE

The constitutional amendment proposed by this joint resolution will be submitted to the voters at an election to be held November 5, 2013.