

## **BILL ANALYSIS**

Senate Research Center  
83S10498 KLA-D

C.S.S.J.R. 2  
By: Nichols; Williams  
Finance  
6/14/2013  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Congestion is a growing problem on Texas's highway system. Additionally, the existing system is in continued need of maintenance. Without adequate resources the Texas Department of Transportation (TxDOT) will continue to face challenges in constructing and maintaining Texas's highway infrastructure. Texas is also paying millions of dollars a year in debt service for transportation related debt.

The current gas tax is inadequate and has diminishing purchase power because it does not adjust with inflation. Additionally, as automobiles become more fuel efficient, drivers will continue to travel on the highway system yet pay less in fuel taxes. The legislature should authorize the use of a predictable, constitutionally protected, transportation-related revenue stream to construct and maintain the state highway system. The revenue should not be unit based and should be able to adjust with inflation.

C.S.S.J.R. 2 proposes a constitutional amendment which will dedicate 50 percent of all oil and gas severance taxes currently transferred to the Economic Stabilization Fund to the state highway fund. Use of these funds will be limited to the construction, maintenance, and acquisition of right of way for public roadways. C.S.S.J.R. 2 also allows the state highway fund to repay principal and interest on bonds issued under Section 49-p of the Texas Constitution.

Approval of this constitutional amendment will give TxDOT a predictable revenue stream which TxDOT can use to implement the state's long-range transportation plan.

C.S.S.J.R. 2 proposes a constitutional amendment to provide for the transfer of certain general revenue to the economic stabilization fund, to provide for the transfer of certain general revenue to the state highway fund and the dedication of that revenue, and to authorize the payment of the principal and interest on certain highway improvement bonds from other money deposited to the state highway fund.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 49-g, Article III, Texas Constitution, by amending Subsections (c), (d), and (e) and adding Subsections (c-1) and (c-2), as follows:

(c) Requires the comptroller of public accounts of the State of Texas (comptroller), not later than the 90th day of each fiscal year, to transfer from the general revenue fund to the economic stabilization fund and to the state highway fund the sum of the amounts described, rather than prescribed, by Subsections (d) and (e) of this section, to be allocated as provided by Subsections (c-1) and (c-2) of this section. Requires the comptroller, however, if necessary and notwithstanding the allocations prescribed by Subsections (c-1) and (c-2) of this section, to reduce proportionately the amounts described by Subsections (d) and (e) of this section to be transferred and allocated to the economic stabilization fund to prevent the amount in that fund from exceeding the limit

in effect for that biennium under Subsection (g) (relating to prohibiting the economic stabilization fund from exceeding an amount equal to 10 percent of the total amount, excluding certain funds deposited in general revenue in the preceding biennium) of this section. Authorizes revenue transferred to the state highway funds under this subsection to be used only for constructing, maintaining, and acquiring rights-of-way for public roadways.

(c-1) Requires the comptroller to, of the sum of the amounts described by Subsections (d) and (e) of this section and required to be transferred from the general revenue fund under Subsection (c) of this section, allocate one-half to the economic stabilization fund and the remainder to the state highway fund, except as provided by Subsection (c-2) of this section.

(c-2) Requires the comptroller, if the anticipated balance of the economic stabilization fund after any transfer that may be made under Subsection (b) of this section and any transfer and allocation of money that may be made as provided by Subsections (c) and (c-1) of this section would be less than \$6 billion, to reduce the amount that would otherwise be allocated to the state highway fund as provided by Subsection (c-1) of this section 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, after any transfer that may be made under Subsection (b) of this section and the transfer and allocation to be made as provided by Subsections (c) and (c-1) of this section, to equal \$6 billion. Requires the comptroller to allocate to the economic stabilization fund the amount by which the allocation to the state highway fund is reduced under this subsection.

(d) Requires the comptroller, if in the preceding year the state received from oil production taxes a net amount greater than the net amount of oil production taxes received by the state in the fiscal year ending August 31, 1987, to transfer under Subsection (c) of this section and allocate in accordance with Subsections (c-1) and (c-2) of this section, rather than to transfer to the economic stabilization fund, an amount equal to 75 percent of the difference between those amounts.

(e) Requires the comptroller, if in the preceding year the state received from gas production taxes a net amount greater than the net amount of gas production taxes received by the state in the fiscal year ending August 31, 1987, to transfer under Subsection (c) of this section and allocate in accordance with Subsections (c-1) and (c-2) of this section, rather than to transfer to the economic stabilization fund, an amount equal to 75 percent of the difference between those amounts. Makes nonsubstantive changes.

**SECTION 2.** Amends Section 49-p, Article III, Texas Constitution, by adding Subsection (e), to authorize money deposited to the credit of the state highway fund, including money dedicated by Section 7-a (Revenues From Motor Vehicle Registration Fees and Taxes on Motor Fuels and Lubricants; Purposes For Which Used), Article VIII (Taxation and Revenue), of this constitution and deposited to that fund, except for revenue transferred to that fund under Section 49-g(c) of this article, to be appropriated to repay the principal and interest on bonds issued under this section.

**SECTION 3.** Provides that the following temporary provision is added to the Texas Constitution:

**TEMPORARY PROVISION.** (a) Provides that this temporary provision applies to the constitutional amendment proposed by the 83rd Legislature, 1st Called Session, 2013, to provide for the transfer of certain general revenue to the economic stabilization fund, to provide for the transfer of certain general revenue to the state highway fund and the dedication of that revenue, and to authorize the payment of the principal and interest on certain highway improvement bonds from other money deposited to the state highway fund.

(b) Effective date, the amendment to Section 49-g (Economic Stabilization Fund), Article III, of this constitution: January 1, 2014, and applies only to a transfer of

revenue made by the comptroller as provided by Subsection (c) of that section on or after January 1, 2014.

(c) Provides that this temporary provision expires January 1, 2015.

SECTION 4. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 5, 2013. Sets forth the required language of the ballot.