

BILL ANALYSIS

C.S.H.B. 16
By: Pickett
Appropriations
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties observe that Texas faces a substantial gap between funding currently available for highway improvements and the amount that is needed over the next 25 years to maintain current levels of service. At current levels of funding, it is projected that there will be significant increases in congestion and declines in pavement quality, bridge conditions, and intercity connectivity. The parties also note that certain tax revenue generated from the motor vehicle sales, use, and rental tax is currently not used for transportation-related activities.

C.S.H.B. 16 seeks to address the transportation funding gap, in part, by providing for the allocation of certain fuel-related tax revenue and certain motor vehicles sales, use, and rental tax revenue to the state highway fund and limiting the use of that revenue to transportation-related purposes.

RULEMAKING AUTHORITY

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

ANALYSIS

C.S.H.B. 16 amends the Tax Code to remove the requirement that one-fourth of the revenue based on unclaimed refunds of taxes paid on motor fuel used in motorboats and from the gasoline tax, diesel fuel tax, liquefied gas tax, and compressed and liquefied natural gas tax be allocated, following certain deductions, to the credit of the available school fund. The bill instead requires that all of the amounts based on the unclaimed refunds of motor boat fuel taxes be deposited to the credit of the general revenue fund and that the portion of the gasoline, diesel fuel, liquefied gas, and compressed and liquefied natural gas taxes previously allocated to the available school fund under the removed requirement be deposited to the credit of the state highway fund. The bill restricts the use of such money deposited to the credit of the state highway solely to public road construction and maintenance and acquisition of rights-of-way for public roadways. The bill makes these provisions effective January 1, 2014, if the constitutional amendment providing for revenue from motor fuel taxes to be used solely for constructing, maintaining, and acquiring rights-of-way for certain public roadways and providing for the transfer of certain general revenue to the available school fund and the economic stabilization fund is approved by the voters.

C.S.H.B. 16 requires the comptroller of public accounts, in each state fiscal year beginning on or after September 1, 2015, to deposit to the credit of the state highway fund an amount of money that is equal to 33-1/3 percent of the money that is received from the collection of motor vehicle sales, use, and rental tax on motor vehicles operated by nonresidents, on gross rental receipts, on a seller-financed sale, and of motor vehicle sales, use, and rental tax retained by a county and sent to the comptroller and that is remaining after the comptroller makes the required allocation to the property tax relief fund and that exceeds the first \$2.8 billion of such money received in that fiscal year. The bill limits the appropriation of such money deposited to the credit of the

state highway fund to the following purposes:

- the acquisition of rights-of-way, construction, maintenance, and policing of public roadways; administration of laws pertaining to the supervision of traffic and safety on such roads; and the payment of the principal and interest on certain county and road district bonds or warrants;
- the repayment of the principal and interest on general obligation bonds issued by the Texas Transportation Commission to finance highway improvement projects; and
- the payment for a function performed by or under the supervision of the Texas Department of Transportation.

C.S.H.B. 16 amends the Education Code to make a conforming change.

EFFECTIVE DATE

Except as otherwise provided, the 91st day after the last day of the legislative session.

COMPARISON OF ORIGINAL AND SUBSTITUTE

INTRODUCED

SECTION 1. Section 43.001(b), Education Code, is amended to read as follows:

(b) The available school fund, which shall be apportioned annually to each county according to its scholastic population, consists of:

(1) the distributions to the fund from the permanent school fund as provided by Section 5(a), Article VII, Texas Constitution;

(2) one-fourth of all revenue derived from all state occupation taxes, exclusive of delinquencies and cost of collection;

(3) the amounts transferred to the fund from the general revenue fund under Sections 49-g(c), (d), and (e), Article III, Texas Constitution ~~[one-fourth of revenue derived from state gasoline and special fuels excise taxes as provided by law];~~ and

(4) all other appropriations to the available school fund made by the legislature for public school purposes.

SECTION 2. Sections 162.502(b) and (c), Tax Code, are amended to read as follows:

(b) The comptroller shall allocate and deposit these unclaimed refunds ~~[as follows:~~

~~[(1) 25 percent of the revenues based on unclaimed refunds of taxes paid on motor fuel used in motorboats shall be deposited to the credit of the available school fund; and~~

~~[(2) the remaining 75 percent of the revenue shall be deposited]~~ to the credit of the

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. (a) Same as introduced version.

SECTION 1. (b) Same as introduced version.

general revenue fund.

(c) Money deposited to the credit of the general revenue fund under Subsection (b) ~~[(b)(2)]~~ may be appropriated only to the Parks and Wildlife Department for any lawful purpose.

SECTION 3. Section 162.503, Tax Code, as amended by S.B. No. 559, Acts of the 83rd Legislature, Regular Session, 2013, is amended to read as follows:

Sec. 162.503. ALLOCATION OF GASOLINE TAX. (a) On or before the fifth workday after the end of each month, the comptroller, after making all deductions for refund purposes and for the amounts allocated under Sections 162.502 and 162.5025, shall allocate the net remainder of the taxes collected under Subchapter B as follows:

(1) three-fourths ~~[one-fourth of the tax shall be deposited to the credit of the available school fund;~~

~~[(2) one-half]~~ of the tax shall be deposited to the credit of the state highway fund ~~[for the construction and maintenance of the state road system under existing law];~~ and

(2) ~~[(3)]~~ from the remaining one-fourth of the tax the comptroller shall:

(A) deposit to the credit of the county and road district highway fund all the remaining tax receipts until a total of \$7,300,000 has been credited to the fund each fiscal year; and

(B) after the amount required to be deposited to the county and road district highway fund has been deposited, deposit to the credit of the state highway fund the remainder of the one-fourth of the tax, the amount to be provided on the basis of allocations made each month of the fiscal year, which sum shall be used by the Texas Department of Transportation for the construction, improvement, and maintenance of farm-to-market roads.

(b) Money deposited to the credit of the state highway fund under Subsection (a)(1) may be appropriated only for a purpose authorized by Section 7-a(b), Article VIII, Texas Constitution.

SECTION 4. Section 162.504, Tax Code, as amended by S.B. No. 559, Acts of the 83rd Legislature, Regular Session, 2013, is amended to read as follows:

SECTION 1. (c) Same as introduced version.

SECTION 1. (d) Same as introduced version.

Sec. 162.504. ALLOCATION OF DIESEL FUEL TAX. (a) On or before the fifth workday after the end of each month, the comptroller, after making deductions for refund purposes, for the administration and enforcement of this chapter, and for the amounts allocated under Section 162.5025, shall deposit ~~allocate~~ the remainder of the taxes collected under Subchapter C [as follows:

~~[(1) one fourth of the taxes shall be deposited to the credit of the available school fund; and~~

~~[(2) three fourths of the taxes shall be deposited]~~ to the credit of the state highway fund.

(b) Money deposited to the credit of the state highway fund under Subsection (a) may be appropriated only for a purpose authorized by Section 7-a(b), Article VIII, Texas Constitution.

SECTION 5. Section 162.505, Tax Code, is amended to read as follows:

Sec. 162.505. ALLOCATION OF LIQUEFIED GAS TAX. (a) On or before the fifth workday after the end of each month, the comptroller, after making deductions for refund purposes and for the administration and enforcement of this chapter, shall deposit ~~allocate~~ the remainder of the taxes collected under Subchapter D [as follows:

~~[(1) one fourth of the taxes shall be deposited to the credit of the available school fund; and~~

~~[(2) three fourths of the taxes shall be deposited]~~ to the credit of the state highway fund.

(b) Money deposited to the credit of the state highway fund under Subsection (a) may be appropriated only for a purpose authorized by Section 7-a(b), Article VIII, Texas Constitution.

SECTION 6. Section 162.506, Tax Code, as effective September 1, 2013, is amended to read as follows:

Sec. 162.506. ALLOCATION OF COMPRESSED NATURAL GAS AND LIQUEFIED NATURAL GAS TAX. (a) On or before the fifth workday after the end of each month, the comptroller, after making deductions for refund purposes and for the administration and enforcement of this

SECTION 1. (e) Same as introduced version.

SECTION 1. (f) Same as introduced version.

chapter, shall deposit ~~[allocate]~~ the remainder of the taxes collected under Subchapter D-1 [as follows:

~~[(1) one fourth of the taxes shall be deposited to the credit of the available school fund; and~~

~~[(2) three fourths of the taxes shall be deposited]~~ to the credit of the state highway fund.

(b) Money deposited to the credit of the state highway fund under Subsection (a) may be appropriated only for a purpose authorized by Section 7-a(b), Article VIII, Texas Constitution.

No equivalent provision.

SECTION 7. The changes in law made by this Act do not affect tax liability accruing before the effective date of this Act. That liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection and allocation of the revenue from those taxes.

SECTION 2. Subchapter G, Chapter 152, Tax Code, is amended by adding Section 152.1223 to read as follows:

Sec. 152.1223. ALLOCATION OF CERTAIN TAX REVENUE TO STATE HIGHWAY FUND. (a) Notwithstanding Section 152.122, in each state fiscal year beginning on or after September 1, 2015, the comptroller shall deposit to the credit of the state highway fund an amount of money that is equal to 33-1/3 percent of the money that: (1) is received under Sections 152.043, 152.045, 152.047, and 152.121 and is remaining after the comptroller makes the allocation required by Section 152.1222; and

(2) exceeds the first \$2.8 billion of money described by Subdivision (1) that is received in that fiscal year.

(b) Money deposited to the credit of the state highway fund under this section may be appropriated only:

(1) for a purpose authorized by Section 7-a, Article VIII, Texas Constitution;

(2) to repay the principal and interest on general obligation bonds issued as authorized by Section 49-p, Article III, Texas Constitution; or

(3) to pay for a function performed by or under the supervision of the Texas Department of Transportation.

SECTION 3. Same as introduced version.

SECTION 8.

This Act takes effect January 1, 2014, if the constitutional amendment proposed by the 83rd Legislature, 2nd Called Session, 2013, to provide for revenue from motor fuel taxes to be used solely for constructing, maintaining, and acquiring rights-of-way for certain public roadways and to provide for the transfer of certain general revenue to the available school fund and the economic stabilization fund takes effect. If that amendment is not approved by the voters, this Act has no effect.

SECTION 4. (a) Except as provided by Subsection (b) of this section, this Act takes effect on the 91st day after the last day of the legislative session.

(b) Section 1 of this Act takes effect January 1, 2014, only if the constitutional amendment proposed by the 83rd Legislature, 2nd Called Session, 2013, to provide for revenue from motor fuel taxes to be used solely for constructing, maintaining, and acquiring rights-of-way for certain public roadways and to provide for the transfer of certain general revenue to the available school fund and the economic stabilization fund is approved by the voters. If that amendment is not approved by the voters, Section 1 of this Act has no effect.