

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 83rd LEGISLATURE 2nd CALLED SESSION - 2013

July 11, 2013

TO: Honorable Jim Pitts, Chair, House Committee on Appropriations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HJR2** by Pickett (proposing a constitutional amendment to provide for certain 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 economic stabilization fund and the available school fund.),  
**Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HJR2, Committee Report 1st House, Substituted: a positive impact of \$306,157,079 through the biennium ending August 31, 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
2014	\$320,040,079
2015	(\$13,883,000)
2016	(\$14,447,000)
2017	(\$8,327,000)
2018	(\$16,314,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Economic Stabilization Fund</i> 599	Probable Revenue Gain from <i>State Highway Fund</i> 6	Probable Revenue Gain from <i>Available School Fund</i> 2
2014	(\$108,921)	(\$794,552,000)	\$469,652,000	\$789,801,000
2015	\$0	(\$826,222,000)	\$819,001,000	\$805,118,000
2016	\$0	(\$864,083,000)	\$833,448,000	\$819,001,000
2017	\$0	(\$912,044,000)	\$841,775,000	\$833,448,000
2018	\$0	(\$964,225,000)	\$858,089,000	\$841,775,000

<b>Fiscal Year</b>	<b>Probable Revenue (Loss) from Available School Fund 2</b>
2014	(\$469,652,000)
2015	(\$819,001,000)
2016	(\$833,448,000)
2017	(\$841,775,000)
2018	(\$858,089,000)

**Fiscal Analysis**

The proposed constitutional amendment would amend the method by which dollars are transferred from General Revenue (GR) to the Economic Stabilization Fund (ESF). The proposed constitutional amendment would also change the dedication and allocation of motor fuel taxes.

Under current law one-fourth of the net revenue (after payment of all refunds allowed by law and expenses of collection) from motor fuel taxes is allocated to the Available School Fund (ASF) and the remaining three-fourths of the net revenue is constitutionally dedicated for the purpose of acquiring right of way, constructing, maintaining, and policing public roadways. The proposed resolution would dedicate all of the net revenue from motor fuel taxes for constructing, maintaining, and acquiring rights of way for public roadways other than toll roads.

Under current law, at the end of each fiscal year, the Comptroller calculates the amount by which both oil and natural gas tax collections exceed the 1987 collection levels (\$532 million and \$600 million, respectively) and then transfers an amount of GR equal to 75% of this excess to the ESF. The proposed constitutional amendment would divide this transfer between the ESF and Available School Fund.

The amended transfer to the ASF would equal the amount the fund would have received in the prior fiscal year from the current law motor fuels tax allocation, and the amended transfer to the ESF would equal the current law ESF transfer less the amount transferred to the ASF.

In any year when the current law ESF transfer is less than the current law allocation of motor fuels taxes to the ASF, the ESF would receive no transfer and the entire current law ESF transfer would be allocated to the ASF.

If approved by voters the proposed amendment regarding the transfer to the ESF and the ASF would take immediately after the November 2013 election. As such, the first transfer affected by this proposed amendment would be the fall 2013 (fiscal year 2014) transfer.

The proposed amendment regarding motor fuel taxes would take effect January 1, 2014.

**Methodology**

The amounts transferred to the Available School Fund and the State Highway Fund are based upon motor fuel, oil production, and natural gas production tax collections forecast in the Comptroller of Public Account's 2014-15 Biennial Revenue Estimate.

The allocation change of motor fuel tax revenue from the Available School Fund to the State

Highway Fund would begin in the 5th month of fiscal year 2014, so the ASF would lose 7/12 of the current law ASF allocation in fiscal year 2014. However, the 2014 transfer to the ASF from General Revenue would be based on the entire amount of motor fuels tax revenue the fund received in fiscal year 2013; therefore the ASF would receive a \$320 million gain in the first year of the proposed allocation.

The net annual revenue loss to the ASF that begins in FY 2015 is entirely due to the one year lag between the basis for the General Revenue transfer into the ASF (based on prior year motor fuel tax) and the current-year transfer of motor fuel tax into Fund 6 which under current law would have been deposited to the ASF.

Revenue loss estimates from the Economic Stabilization Fund include both the loss of the amount that would be transferred to the Available School Fund and a corresponding loss of interest earnings on that amount. It is assumed that the revenue transferred to the Available School Fund would be used in the same fiscal year the transfer is made, thus there would not be a corresponding gain of interest revenue to the Available School Fund.

The cost to the state for publication of the resolution is \$108,921.

### **Local Government Impact**

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

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

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