

LEGISLATIVE BUDGET BOARD
Austin, Texas

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

July 8, 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 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.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HJR2, As Introduced: a negative impact of (\$543,181,921) through the biennium ending August 31, 2015.

However, the bill would have a positive impact to General Revenue Related Funds beginning in fiscal year 2016.

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	(\$518,256,921)
2015	(\$24,925,000)
2016	\$12,915,000
2017	\$57,504,000
2018	\$169,280,000

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)	\$0	\$518,148,000	\$0
2015	\$0	(\$888,580,000)	\$903,571,000	\$878,646,000
2016	\$0	(\$964,439,000)	\$919,509,000	\$932,424,000
2017	\$0	(\$1,051,706,000)	\$928,696,000	\$986,200,000
2018	\$0	(\$1,229,686,000)	\$946,694,000	\$1,115,974,000

Fiscal Year	Probable Revenue (Loss) from <i>Available School Fund</i> 2
2014	(\$518,148,000)
2015	(\$903,571,000)
2016	(\$919,509,000)
2017	(\$928,696,000)
2018	(\$946,694,000)

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.

Currently, 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 require the Comptroller to transfer half of the 75 percent over the 1987 threshold collection levels to the ESF and the other half to the Available School Fund.

Currently 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 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.

The proposed amendment regarding the ESF transfer would take effect January 1, 2014 and apply to transfers on or after that date. As such, the first transfer affected by this proposed amendment would be the fall 2014 (fiscal year 2015) transfer, occurring after the close of fiscal year 2014.

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, however there would be no transfer to the ASF in 2014 of revenue currently allocated to the ESF to offset the loss of motor fuel tax revenue.

After fiscal year 2014 (when the modified ESF/ASF transfer and the modified motor fuel tax allocation are both in effect) there would be a loss of revenue available for certification in years when one-half of the current law ESF transfer is less than one-fourth of net motor fuel tax collections (fiscal year 2015). Conversely there would be a gain of revenue available for certification in years when one-half of the current law ESF transfer is greater than one-fourth of net motor fuel tax collections (fiscal years 2016-18).

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 fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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