

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83rd LEGISLATURE 3rd CALLED SESSION - 2013

July 31, 2013

TO: Honorable Larry Phillips, Chair, House Committee on Transportation Funding, Select

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HJR1 by Pickett (Proposing a constitutional amendment to provide for the transfer of certain general revenue to the economic stabilization fund and to the state highway fund and for the dedication of the revenue transferred to the state highway fund.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HJR1, As Introduced: a negative impact of (\$108,921) 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	\$0
2015	(\$108,921)
2016	\$0
2017	\$0
2018	\$0

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
2014	\$0	\$0	\$0
2015	(\$108,921)	(\$888,580,000)	\$878,646,000
2016	\$0	(\$964,439,000)	\$932,424,000
2017	\$0	(\$1,051,706,000)	\$986,200,000
2018	\$0	(\$1,229,686,000)	\$1,115,974,000

Fiscal Analysis

The proposed constitutional amendment would amend the method by which dollars are moved from General Revenue (GR) to the Economic Stabilization Fund (ESF). The proposed amendment would only address the transfers based on oil and natural gas production taxes; other methods currently provided constitutionally to place funds into the ESF, which include one-half of the unencumbered GR balance and legislative appropriation, would not be affected.

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 State Highway Fund.

The proposed amendment directs the legislature to establish a mechanism in general law by which distributions to the Economic Stablization Fund could be greater than the allocation provided by the amendment.

Revenue transferred to the State Highway Fund as a result of this constitutional amendment may only be used for constructing, maintaining, and acquiring rights-of-way for public roadways other than toll roads.

The amendment would take effect immediately after the final canvass of the election on the amendment; the election is to be held on November 4, 2014. The first transfer affected by this proposed amendment would be the fall 2014 (fiscal 2015) transfer.

Methodology

The amounts transferred to the State Highway Fund under the provisions of the resolution are based upon oil and natural gas tax collections forecast in the Comptroller of Public Accounts' 2014-15 Biennial Revenue Estimate.

Revenue loss estimates from the Economic Stabilization Fund include both the loss of the amount that would be transferred to the State Highway Fund and a corresponding loss of interest earnings on that amount. Although the resolution does not specify what the money transferred to the State Highway Fund would be used for, it is assumed that the revenue would be used for constructing, maintaining, and acquiring rights-of-way for public roadways. Thus, there would not be a corresponding gain of interest revenue to the State Highway 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

LBB Staff: UP, AG, SD, SJS, KK, CL