

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 10, 2013**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2278** by Phillips (Relating to the state highway fund.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2278, As Introduced: an impact of \$0 through the biennium ending August 31, 2015.

However, the bill would result in a negative impact of (\$1,581,717,132) beginning in FY 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	\$0
2015	\$0
2016	(\$1,581,717,132)
2017	(\$1,623,917,132)
2018	(\$1,668,217,132)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> <b>1</b>	Probable Savings/(Cost) from <i>General Revenue Fund</i> <b>1</b>	Probable Revenue Gain/(Loss) from <i>State Highway Fund</i> <b>6</b>	Probable Savings/(Cost) from <i>State Highway Fund</i> <b>6</b>
2014	\$0	\$0	\$0	\$0
2015	\$0	\$0	\$0	\$0
2016	(\$843,700,000)	(\$738,017,132)	\$843,700,000	\$738,017,132
2017	(\$885,900,000)	(\$738,017,132)	\$885,900,000	\$738,017,132
2018	(\$930,200,000)	(\$738,017,132)	\$930,200,000	\$738,017,132

**Fiscal Analysis**

The bill would amend the Tax Code to require proceeds from the collection of taxes on the sale,

storage, or use of new or used motor vehicle tires and parts to be deposited to the State Highway Fund (Fund 6) in an amount to be determined by the Comptroller. The bill would amend the Transportation Code to repeal provisions authorizing the use of certain revenues deposited to Fund 6 that are constitutionally dedicated for public roadways by the Department of Public Safety (DPS) to police the state highway system and to administer state traffic and safety laws on public roads. The bill would repeal provisions in the Transportation Code that authorize the Texas Department of Transportation (TxDOT) to use money in Fund 6 that is not dedicated for use on public roadways by the Texas Constitution or federal law for any function performed by TxDOT. The bill would specify that, unless otherwise provided by the Transportation Code, money in Fund 6 may be used only for improvement of the state highway system.

The bill would take effect on September 1, 2015, only if the voters approve the constitutional amendment proposed by the Eighty-third Legislature, Regular Session, 2013, prescribing the purpose for which revenue from motor vehicle registration fees, taxes on motor fuels and lubricants and motor vehicle tires and parts, and certain federal revenues may be used.

### **Methodology**

For the purposes of this analysis, it is assumed the associated constitutional amendment would be approved by the voters, and the bill would take effect in fiscal year 2016.

Based on the information provided by the Comptroller's office, the provisions of the bill directing the deposit of taxes on the sale, storage, or use of new or used motor vehicle tires and parts to Fund 6 instead of the General Revenue Fund would result in a revenue loss of \$843.7 million to the General Revenue Fund and a corresponding gain to Fund 6 beginning in fiscal year 2016. Based on the analysis of the Comptroller's office, it is assumed the revenue impact to the General Revenue Fund and Fund 6 would continue each year thereafter at an annual growth rate of approximately five percent.

The bill would prohibit the use of Fund 6 by DPS and by other agencies for certain non-highway functions, unless otherwise authorized by the Transportation Code beginning in fiscal year 2016.

Fund 6 appropriations for DPS (including employee benefits) for fiscal year 2013 total \$663,974,381. This analysis assumes that General Revenue Funds would be used to fund DPS at fiscal year 2013 funding levels for fiscal years 2016 and beyond resulting in a cost to the General Revenue Fund and a savings to Fund 6.

DPS also refers administrative license revocation (ALR) cases to the State Office of Administrative Hearings (SOAH), for which SOAH is appropriated \$3,436,823 from Fund 6 in fiscal year 2013. Because the bill would prohibit this method of financing, this analysis assumes that General Revenue Funds would be used to fund ALR hearings at fiscal year 2013 funding levels for fiscal years 2016 and beyond.

The bill would repeal the authority to use non-constitutionally dedicated Fund 6 money for any function carried out by the TxDOT other than to improve the state highway system, unless otherwise authorized by the Transportation Code. Therefore, it is assumed the provisions of the bill would prohibit the use of Fund 6 for certain non-highway improvement programs carried out by TxDOT, including general aviation, state support of the Gulf Intracoastal Waterway, rail, and traffic safety. The total Fund 6 appropriations for these TxDOT non-highway programs for fiscal 2013 total \$44,067,313. This analysis assumes that General Revenue Funds would be used to fund TxDOT at fiscal year 2013 funding levels for certain non-highway improvement programs for fiscal years 2016 and beyond.

The Department of Motor Vehicles (DMV) also receives appropriations from Fund 6, which total \$109,283,883 for fiscal year 2013 for vehicle titling and registration, motor carrier credentialing and permitting, motor vehicle dealer regulation, and indirect administration. The Transportation Code establishes or authorizes certain fees to be collected by or on behalf of the DMV that are deposited to Fund 6 for the administration of certain DMV functions, which may be appropriated to cover the DMV's program costs. The DMV reports that approximately \$82,745,268 was collected from such fees in fiscal year 2012. This analysis assumes revenue from these fees would continue at similar levels in subsequent fiscal years and could be appropriated to DMV. It is assumed that total state appropriations to the DMV would continue at fiscal year 2013 levels, and any amount of appropriation in excess of the agency's Fund 6 fee revenue would be appropriated from the General Revenue Fund in fiscal years 2016 and beyond. This analysis assumes fees collected by the DMV and deposited to Fund 6 pursuant to Chapter 2301 of the Occupations Code (relating to the sale or lease of motor vehicles) could only be used to improve the state highway system under the provisions of the bill.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 327 Employees Retirement System, 360 State Office of Administrative Hearings, 405 Department of Public Safety, 454 Department of Insurance, 727 Texas A&M Transportation Institute, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 320 Texas Workforce Commission, 601 Department of Transportation, 608 Department of Motor Vehicles

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