

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 9, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3157** by Harless (Relating to taxes and fees wholly or partly deposited to the credit of the state highway fund; increasing the rates of the gasoline and diesel fuel taxes, authorizing the increase or decrease of those rates in subsequent years, and increasing motor vehicle registration fees.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3157, As Introduced: a negative impact of (\$1,055,122,000) through the biennium ending August 31, 2015.

General Revenue-Related Funds, Seven-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	\$0
2015	(\$1,055,122,000)
2016	(\$1,255,891,000)
2017	(\$1,525,742,000)
2018	(\$1,815,570,000)
2019	(\$2,126,698,000)
2020	(\$2,460,387,000)

All Funds, Seven-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue Gain from State Highway Fund 6
2014	\$0	\$233,791,000
2015	(\$1,055,122,000)	\$1,625,429,000
2016	(\$1,255,891,000)	\$2,306,137,000
2017	(\$1,525,742,000)	\$2,795,463,000
2018	(\$1,815,570,000)	\$3,117,055,000
2019	(\$2,126,698,000)	\$3,460,740,000
2020	(\$2,460,387,000)	\$3,827,802,000

Fiscal Analysis

This bill would amend the Tax Code relating to taxes and fees wholly or partly deposited to the credit of the state highway fund.

The bill would deposit a portion of the motor vehicle sales tax revenue collected by a county tax assessor-collector and remitted to the Comptroller, after making the required allocation to the Property Tax Relief Fund 0304, to the credit of State Highway Fund 0006. Under current law net revenue collections from this tax are deposited to General Revenue Fund 0001.

Under the bill's provisions, the shift from depositing the tax revenue from Fund 0001 to Fund 0006 would be implemented over five years beginning in fiscal 2016, at which time the Comptroller would deposit 30 percent of the adjusted balance in Fund 0006. Each year the Fund 0006 allocation would increase by 5 percentage points until fiscal 2020 and thereafter, when 50 percent of the tax revenue would be deposited to the credit of Fund 0006.

The bill would increase the tax on gasoline and diesel fuel from 20 cents to 30 cents for each gallon or fractional part on which the taxes are imposed under Sections 162.101 and 162.201, effective January 1, 2016. Effective September 1, 2016, the rate of gasoline and diesel fuel tax would increase or decrease by a percentage equal to the increase or decrease in the highway cost index, as defined by the bill, compiled by the Texas Department of Transportation. The Comptroller would be required to compute the new tax rate no later than December 1 of each year and provide the Secretary of State the new rate for publication in the Texas Register, and notify each license holder under this subchapter of the applicable new tax rate. The new tax rate would take effect on January 1 of each year.

The bill would stipulate that revenues deposited to the credit of fund 0006 under Section 152.222 of the Tax Code; Subchapters B and C, Chapter 162 of the Tax Code attributable to the portion of the tax rate in excess of 20 cents for each net gallon or fractional part of gasoline and diesel; and all proceeds from the collection of the registration fees under Sections 502.251, 502.252, 502.253, 502.254 attributable to the portion of the applicable rates of those fees that exceed the rates in effect on August 31, 2013, be used only for acquiring rights-of-way and planning, designing, and constructing nontolled improvements to the state highway system.

The bill would amend Chapter 502 of the Transportation Code to provide for an increase in the registration fees for certain vehicles. The fee for motorcycles would increase from \$30 to \$60 beginning January 1, 2016. The fee for vehicles with a gross weight of 6,000 pounds or less would be increased from \$50.15 to \$75 on January 1, 2014, and then increased again to \$100 dollars on January 1, 2016. The fee for vehicles with a gross weight of more than 6,000 pounds would double for each weight classification beginning January 1, 2015.

The bill would take effect January 1, 2014, contingent on voter approval of a constitutional amendment proposed by the 83rd Legislature, Regular Session, 2013, limiting the permissible uses of the state highway fund, including further limiting the use of additional tax and fee revenue attributable to changers to certain state taxes and fees, to increase revenue for nontolled public highway purposes is approved by voters. The bill would have no effect if the voters do not approve such an amendment.

Methodology

The annual motor vehicle sales tax collections that would be deposited to Fund 0001 were obtained from the amount forecasted in the 2014-15 Biennial Revenue Estimate, and then reduced by amounts transferred to Fund 0304. The amount that would be deposited to Fund 0006 (instead of Fund 0001) beginning in fiscal 2015 was then calculated by taking 25 percent of the amount forecasted to be deposited to Fund 0001 and extrapolated through the subsequent years until 50 percent would be deposited to Fund 0001 and 50 percent to Fund 0006.

The impact of the changes of the gasoline and diesel tax rates was estimated by taking the amounts forecasted in the 2014-15 Biennial Revenue Estimate and applying the new rate, then adjusting for elasticity and implementation date, subtracting the amount forecast at the current rate, and extrapolated through fiscal 2018. The highway cost index was held constant for the purposes of this estimate.

Data provided by the Texas Department of Motor Vehicle on the estimated fiscal 2014 number of vehicles to be affected by the bill was the initial basis of the fiscal impact estimate as it pertains to vehicle registration fees. Adjustments were made for the effective date of the changes in fee rates. Future base-line estimates for motor vehicle registration revenue growth were derived from the Biennial Revenue Estimate.

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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