

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 24, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3664 by Darby (relating to the amount and use of certain money deposited in the state highway fund and Texas mobility fund; increasing certain motor vehicle registration fees.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3664, Committee Report 1st House, Substituted: an impact of \$0 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	\$0
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from State Highway Fund 6
2014	\$609,547,000
2015	\$700,112,000
2016	\$710,061,000
2017	\$720,069,000
2018	\$730,135,000

Fiscal Analysis

The bill would amend the Transportation Code to specify uses of money deposited to the State Highway Fund (Fund 6) from all proceeds from the collection of registration fees for certain classes of vehicles and trailers that is attributable to the portion of the applicable rates for those

fees that exceeds the rates in effect on August 31, 2013. The bill would dedicate one-third of the excess revenue to the payment of existing voter authorized transportation debt until that debt is retired and specify that the remainder may only be used for acquiring rights-of-way and planning, designing, and constructing nontolled improvements to the state highway system. The bill would increase the registration fees for a motorcycle or moped for a registration year to \$60 from the current fee of \$30 per year; increase the registration fee for vehicles that weigh 6,000 pounds or less to \$80.75 from the current fee of \$50.75 per year; increase the tiered registration fees based on weight classification for vehicles that weigh more than 6,000 pounds; and increase the registration fee for for a trailer, travel trailer, or semitrailer with a gross weight of 6,000 pounds or less to \$75 from the current fee of \$45 per year.

The bill would amend the Transportation Code to prohibit the Texas Department of Transportation (TxDOT) from committing certain funds during a fiscal year to pay the costs under comprehensive development agreements unless TxDOT has a plans in the fiscal year to (1) contract for at least \$4 billion in TxDOT projects with the private sector; (2) spend at least \$400 million for private sector engineering services to advance TxDOT let projects; and (3) spend at least \$250 million for right-of-way acquisition for TxDOT let projects.

The bill would take effect on September 1, 2013.

Methodology

Based on the information regarding the number of registered vehicles provided by the DMV, the Comptroller's office estimates the increases in registration fees provided by the bill would result in a revenue gain of \$609.5 million to Fund 6 beginning in fiscal year 2014. Future base-line estimates for motor vehicle registration revenue growth were derived from the Comptroller's *2014-15 Biennial Revenue Estimate*.

The bill would dedicate one-third of the Fund 6 revenue gain (\$203,182,333 for fiscal year 2014) to the payment of voter authorized transportation debt until that debt is retired. The current total outstanding principal amount of TxDOT voter approved debt is estimated to be \$11,656 million for Texas Mobility Fund bonds, State Highway Fund Revenue bonds, and Highway Improvement General Obligation bonds with the latest series of bonds maturing in fiscal year 2042. The cumulative annual debt service expense on those bonds payable from state funds is estimated to be \$722 million in fiscal year 2014.

The remaining two-thirds of the Fund 6 revenue gain (\$406,364,667) would be dedicated for acquiring rights-of-way and planning, designing, and construction nontolled highway improvements.

The bill would prohibit TxDOT from committing funds for the payment of costs to participate in a CDA unless the department has a plan to meet the contract letting, contracted engineering, and right-of-way expenditure levels required by the bill for that fiscal year. TxDOT indicates that current revenues plus the additional registration fee revenue dedicated by the bill would not be sufficient to attain the targets established by the bill, which would prohibit TxDOT from making payments under current CDA contract obligations. TxDOT reports that payments under current CDAs for fiscal 2014 to 2018 total \$434.1 million. TxDOT also indicates that costs associated with terminating those existing agreements could be incurred as a result of prolonged nonpayment. Because the costs would vary by agreement and by the timing of the termination, the potential cost cannot be determined at this time; however, TxDOT indicates the costs could be significant.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 601 Department of Transportation,
608 Department of Motor Vehicles

LBB Staff: UP, KK, MW, TG