

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

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

**April 14, 2013**

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

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

**IN RE: HJR29** by Larson (Proposing a constitutional amendment to limit the purposes for which revenues from motor vehicle registration fees, taxes on motor fuels and lubricants, and certain revenues received from the federal government may be used.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HJR29, As Introduced: a negative impact of (\$108,921) through the biennium ending August 31, 2015.

However, the bill will result in a negative impact of (\$133,482,241) 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	(\$108,921)
2015	\$0
2016	(\$133,482,241)
2017	(\$133,482,241)
2018	(\$240,268,033)

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

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> <b>1</b>	Probable Savings/(Cost) from <i>State Highway Fund</i> <b>6</b>
2014	(\$108,921)	\$0
2015	\$0	\$0
2016	(\$133,482,241)	\$133,482,241
2017	(\$133,482,241)	\$133,482,241
2018	(\$240,268,033)	\$240,268,033

## **Fiscal Analysis**

The resolution would propose an amendment to Section 7-a, Article VIII, of the Texas Constitution, to limit the purposes for which revenues from motor vehicle registration fees, taxes on motor fuels and lubricants, and certain revenues received from the federal government could be used.

The proposed amendment would eliminate the use of the net revenue from these fees and taxes for the payment of principal and interest on certain county and road district bonds or warrants.

The proposed amendment would prohibit the Legislature from appropriating net revenue from these fees and taxes, or federal government reimbursements for state expenditures using these revenues, for a purpose other than acquiring rights-of-way or constructing or maintaining public roadways in an amount that exceeded the lesser of: 1) the total amount of those specified revenues appropriated for a purpose other than acquiring rights-of-way or constructing or maintaining public roadways in the preceding biennium; or 2) an amount 20 percent less than the amount appropriated in the preceding biennium if the Comptroller's Biennial Revenue Estimate (BRE) of the anticipated revenue from all sources for the next biennium exceeds the total amount of revenue from all sources for the current biennium by more than three times the amount of the reduction.

The changes to Section 7-a, Article VIII, made by the proposed amendment would only apply for a state fiscal biennium that begins on or after September 1, 2015.

The proposed amendment would be submitted to voters at an election to be held November 5, 2013.

## **Methodology**

The cost to the state for publication of the resolution is \$108,921 in fiscal year 2014.

The proposed amendment would have no effect on revenue collections from the specified fees and taxes. However, beginning in fiscal 2016, the amendment's provisions would place limits on the uses of the revenues deposited to State Highway Fund 6 for the purposes other than acquiring rights-of-way or constructing or maintaining public roadways.

The amendment's limitations on the uses of the specified revenues would affect funding of the policing and supervision of traffic and safety on public roadways, which is the responsibility of the Department of Public Safety (DPS). State Highway Fund 6 appropriations for DPS (including employee benefits) total \$663,974,381 for fiscal year 2013.

The resolution would allow DPS to use constitutionally dedicated revenue in Fund 6 in the 2014-15 biennium, but the agency would not be able to access these funds beginning in fiscal year 2016. This analysis assumes that the BRE will grow more than three times the amount of the reduction, so the 20 percent reduction (option 2 above) of funds available was used. Using fiscal year 2013 as the base for funding levels for fiscal years 2016 and beyond, this analysis assumes a DPS biennial appropriation of \$1,327,948,762 from Fund 6 for the 2014–15 biennium. Additionally, this analysis assumes (1) the total biennial appropriations to DPS for policing and supervision of traffic and safety on public roadways would remain constant in each subsequent fiscal year, (2) the biennial amount of Fund 6 appropriated would decrease by 20 percent each biennium, and (3) General Revenue Funds would be used to offset the Fund 6 reduction resulting in a cost to the General Revenue Fund and a savings to Fund 6 beginning in fiscal year 2016. 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 total appropriations for ALR cases would remain constant at \$6,873,646 in each biennium and General Revenue Funds would be used to offset reductions from Fund 6 appropriations in a similar manner.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 405 Department of Public Safety, 601 Department of Transportation

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