

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 13, 2013

TO: Honorable Dennis Bonnen, Chair, House Committee On Special Purpose Districts

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HJR63 by Guillen (Proposing a constitutional amendment dedicating a portion of the state's oil and gas tax revenue to construction, reconstruction, acquisition, and expansion of roads in counties in which a shale formation is located.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HJR63, As Introduced: a negative impact of (\$1,949,549,921) through the biennium ending August 31, 2015.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$930,743,921)
2015	(\$1,018,806,000)
2016	(\$1,054,658,000)
2017	(\$1,090,509,000)
2018	(\$1,177,024,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) 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	(\$108,921)	(\$930,635,000)	(\$1,690,509,000)	\$2,621,144,000
2015	\$0	(\$1,018,806,000)	(\$1,757,292,000)	\$2,776,098,000
2016	\$0	(\$1,054,658,000)	(\$1,864,848,000)	\$2,919,506,000
2017	\$0	(\$1,090,509,000)	(\$1,972,400,000)	\$3,062,909,000
2018	\$0	(\$1,177,024,000)	(\$2,231,948,000)	\$3,408,972,000

Fiscal Analysis

The bill would amend Article III of the constitution to dedicate a portion of the state's oil and gas tax revenue to fund construction, reconstruction, acquisition, and expansion of roads in certain counties.

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

Methodology

The bill would allocate all of the excess oil and natural gas production taxes collected from the previous fiscal year from the General Revenue Fund to the State Highway Fund. For the purposes of this fiscal note it is assumed the allocation method would begin immediately upon approval by the voters and formal adoption - by the end of November 2013.

A net amount of the preceding fiscal year's oil and gas production taxes in excess of the net amount of fiscal 1999 production taxes (\$210 million in oil production taxes and \$489 million in natural gas production taxes) would be transferred to the State Highway Fund. This bill would abolish the transfers of the seventy five percent of the excess amount above the fiscal 1987 oil and gas production taxes to the Economic Stabilization Fund.

The transfers of the seventy five percent of that excess amount to the Economic Stabilization Fund would cease concurrently.

The bill would create a conflict with the Article 7, Section 3 of the Texas Constitution that requires setting aside one-fourth of the revenue derived from the occupation taxes inclusive of oil and gas production taxes for the benefit of the public free schools. In addition, the bill fails to make necessary changes to Article 3, Section 49g(c) regarding the transfers to the Economic Stabilization Fund to match the intent of the bill.

The cost 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, SD, KK