

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 2, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB287** by Nichols (Relating to the allocation of certain motor vehicle sales tax revenue to the state highway fund and to the uses of that revenue.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB287, As Introduced: an impact of \$0 through the biennium ending August 31, 2015.

However, there will be a negative impact of (\$373,020,000) beginning in FY 2016.

General Revenue-Related Funds, Twelve-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	\$0
2015	\$0
2016	(\$373,020,000)
2017	(\$776,369,000)
2018	(\$1,211,754,000)
2019	(\$1,696,456,000)
2020	(\$2,206,335,000)
2021	(\$2,754,693,000)
2022	(\$3,343,815,000)
2023	(\$3,976,108,000)
2024	(\$4,654,107,000)
2025	(\$5,380,484,000)

All Funds, Twelve-Year Impact:

Fiscal Year	Probable Revenue (Loss) from	Probable Revenue Gain from
	<i>General Revenue Fund</i>	<i>State Highway Fund</i>
	1	6
2014	\$0	\$0
2015	\$0	\$0
2016	(\$373,020,000)	\$373,020,000
2017	(\$776,369,000)	\$776,369,000
2018	(\$1,211,754,000)	\$1,211,754,000
2019	(\$1,696,456,000)	\$1,696,456,000
2020	(\$2,206,335,000)	\$2,206,335,000
2021	(\$2,754,693,000)	\$2,754,693,000
2022	(\$3,343,815,000)	\$3,343,815,000
2023	(\$3,976,108,000)	\$3,976,108,000
2024	(\$4,654,107,000)	\$4,654,107,000
2025	(\$5,380,484,000)	\$5,380,484,000

Fiscal Analysis

The bill would amend Chapter 152 of the Tax Code, regarding taxes on motor vehicles.

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

Under the bill's provisions, the shift from depositing the tax revenue from the General Revenue Fund to the State Highway Fund would be implemented over ten years beginning in fiscal 2016, at which time the Comptroller would deposit 10 percent of the adjusted balance in the State Highway Fund. Each year the State Highway Fund allocation would increase by 10 percentage points until fiscal 2025 and thereafter, when 100 percent of the tax revenue would be deposited to the credit of the State Highway Fund.

The bill would direct that money deposited to the State Highway Fund under this bill's provisions could only be appropriated for (1) the purposes specified by Section 7-a, Article VIII, of the Texas Constitution, regarding the use of revenues from motor vehicle registration fees and taxes on motor fuels and lubricants; or (2) to repay the principal and interest on general obligation bonds authorized by Section 49-p, Article III, of the Texas Constitution, regarding the Texas Transportation Commission and Texas highway improvement funds.

This bill would take effect September 1, 2013.

Methodology

The annual motor vehicle sales tax collections forecasted in the 2014-15 Biennial Revenue Estimate were gathered and then reduced by amounts transferred to the Property Tax Relief Fund. Deposits to the State Highway Fund, instead of the General Revenue Fund, would begin in fiscal 2016 at 10 percent of the eligible total, increasing by 10 percent each year thereafter (i.e., fiscal 2017 would be at 20 percent, etc), until fiscal 2025 when 100 percent of the eligible funds would

be deposited in the State Highway Fund.

The bill would not change the deposit of motor vehicle sales taxes collected on the 6.25 percent 'use' tax rate due when a Texas resident brings a new or used motor vehicle from out-of-state into the state to be used on Texas highways; the \$90 new resident fee; the \$5 even trade fee; the \$10 gift fee; the \$25 dealer tag fee; and the 2.5 percent or 1.0 percent surcharge due on certain diesel motor vehicles sold or used in the state (currently deposited to General Revenue Account 5071). The revenue from those taxes and fees would continue to be deposited to the General Revenue Fund.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD