

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 25, 2013

TO: Honorable David Dewhurst, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1747 by Uresti (Relating to funding and donations for transportation projects, including projects of county energy transportation reinvestment zones.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1747, Conference Committee Report: a negative impact of (\$2,000,000) 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	(\$1,000,000)
2015	(\$1,000,000)
2016	(\$1,000,000)
2017	(\$1,000,000)
2018	(\$1,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>Transportation Infrastructure Fund</i>	Probable Savings/(Cost) from <i>Transportation Infrastructure Fund</i>
2014	(\$1,000,000)	\$1,000,000	(\$1,000,000)
2015	(\$1,000,000)	\$1,000,000	(\$1,000,000)
2016	(\$1,000,000)	\$1,000,000	(\$1,000,000)
2017	(\$1,000,000)	\$1,000,000	(\$1,000,000)
2018	(\$1,000,000)	\$1,000,000	(\$1,000,000)

Fiscal Analysis

The bill would amend the Transportation Code to allow counties to designate County Energy Transportation Reinvestment Zones (CETRZ) in order to promote transportation infrastructure projects in areas affected by oil and gas exploration and production activities. The bill would allow counties to use revenue from taxes designated to a CETRZ to finance certain transportation projects. The bill would authorize a road utility district, if approved by the Transportation Commission as provided by Chapter 441, to be formed that has the same boundaries as a CETRZ. The district would be authorized to issue bonds to pay for the costs of a transportation infrastructure project.

The bill would establish a Transportation Infrastructure Fund (TIF) as a dedicated fund inside the Treasury outside the General Revenue Fund consisting of any federal funds received by the state deposited to the credit of the fund and any required state matching funds, money appropriated to the credit of the fund by the Legislature, any fees paid into the fund, or other revenue or returns from the investment of money in the fund. Money in the TIF could only be appropriated to the Texas Department of Transportation (TxDOT) to implement the provisions of the bill.

The bill would require TxDOT to develop policies and procedures to administer a grant program for transportation infrastructure projects located in areas of the state affected by increased oil and gas production. To be eligible for a grant, a county would be required to provide matching funds in an amount equal to at least 20 percent of the amount of the grant. A county that TxDOT determines is economically disadvantaged would be required to provide matching funds in an amount equal to at least ten percent of the amount of the grant. The bill would require TxDOT to administer the grant program and authorize TxDOT to use up to one-half of one percent of the total amount deposited to the TIF in the previous fiscal year, not to exceed \$500,000 in a state fiscal biennium, for administrative costs.

The bill would take effect on September 1, 2013.

Methodology

The number of CETRZs that would be established under the provisions of the bill and number and scope of eligible transportation projects is unknown. The bill does not identify a specific funding source or amount of funds to be deposited to the new TIF but would require the TIF to have a positive fund balance before TxDOT could implement the new grant program. For the purposes of this analysis, it is assumed the Legislature would appropriate \$1 million each year from the General Revenue Fund to capitalize the TIF for the purpose providing grants. This analysis also assumes that CETRZs would be established in fiscal year 2014; that CETRZs would apply for and receive grant funds from the TIF beginning in fiscal year 2014; and that appropriations and grants of the same amount would continue in subsequent years. Based on the information provided by TxDOT, it is assumed that any costs associated with implementing the program could be accommodated within the administrative allowance provided by the bill and within the agency's existing resources.

Note: This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

A county containing a county energy transportation reinvestment zone would be eligible for new grants established by the bill, which would provide a positive fiscal impact. Grant funding, however, would vary depending on a county's oil and gas development, and the number and scope of eligible transportation projects, and amount of funding available for grants; fiscal impact to local governments cannot be determined at this time.

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

LBB Staff: UP, SZ, MW, TG, AG, KKR