

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 10, 2013

TO: Honorable Robert Nichols, Chair, Senate Committee on Transportation

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1747 by Uresti (Relating to a fund for certain county transportation infrastructure projects and the creation of County Energy Transportation Reinvestment Zones.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1747, As Introduced: 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 (CETZRZ) in order to help facilitate transportation projects in

areas affected by oil and gas exploration and production facilities. The bill would allow counties to use revenue from taxes designated to a CETRZ to finance certain transportation projects.

The bill would establish a Transportation Infrastructure Fund (TIF) as a dedicated account inside the Treasury outside the General Revenue Fund to be administered by the Texas Department of Transportation (TxDOT), consisting of money appropriated or transferred to the credit of the fund or other law, interest earned on fund balances, or other returns from the investment of money in the fund.

The bill would establish a grant program for CETRZ financed by the TIF. To be eligible for a grant, the CETRZ would be required to provide matching funds in an amount equal to at least ten percent of the value of the grant. The bill would require TxDOT to administer the grant program and conduct annual audits to ensure the funds granted are used in accordance with the terms of the grant. The bill would limit administrative costs to one percent of the total amount deposited to the TIF in the previous fiscal year.

The bill would take effect on September 1, 2013.

Methodology

The number of CETRZs that would be established under the provisions of the bill is unknown. 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 one percent administrative allowance provide by the bill and within the agency's existing resources.

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 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: 304 Comptroller of Public Accounts, 601 Department of Transportation

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