LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 22, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB1778** by Zaffirini (Relating to funding for certain county transportation infrastructure projects.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1778, As Introduced: a negative impact of ($1,149,867,000) 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	($563,803,000)
2015	($586,064,000)
2016	($621,916,000)
2017	($657,767,000)
2018	($744,283,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from *General Revenue Fund* 1	Probable Revenue Gain/(Loss) from *New General Revenue Dedicated Transportation Infrastructure Fund*	Probable Savings/(Cost) from *General Revenue Fund* 1
2014	($563,503,000)	$563,503,000	($300,000)
2015	($585,764,000)	$585,764,000	($300,000)
2016	($621,616,000)	$621,616,000	($300,000)
2017	($657,467,000)	$657,467,000	($300,000)
2018	($743,983,000)	$743,983,000	($300,000)

Fiscal Year	Change in Number of State Employees from FY 2013
2014	4.0
2015	4.0
2016	4.0
2017	4.0
2018	4.0

Fiscal Analysis

The bill would create a new General Revenue Dedicated Transportation Infrastructure Fund (Fund) to fund grants to counties for certain transportation infrastructure projects. The Fund would consist of transfers of an amount equal to 25 percent of the net revenues from oil and gas productions taxes in excess of the amount of net revenues received from the taxes in the fiscal year ending August 31, 1987, as well as the interest earned on those amounts. The Comptroller of Public Accounts (CPA) would be required to make the transfers not later than the 90th day after the date of the end of a fiscal year for which a transfer is required.

The CPA would be required to establish and administer a program to make grants from the Fund to counties for transportation infrastructure projects, which are defined by the bill as the construction, reconstruction, or maintenance of transportation infrastructure intended to alleviate degradation caused by the exploration, development or production of oil or gas. The county would deposit proceeds from the grant to the county's road and bridge fund. The amount of a grant award to a county in a given fiscal year would be proportional to the number of oil and gas well completions in the county during the preceding three calendar years as compared to the total number of oil and gas well completions in the state during the same period as certified by the Railroad Commission. In applying for the grant, a county would be required to submit a transportation infrastructure plan, including a budget for the plan; obtain approval for the plan by the Transportation Commission; describe the scope of transportation infrastructure projects to be funded; and state the amount of funding that the county would provide for the projects.

Methodology

Based on the 2014-15 Biennial Revenue Estimate, the CPA estimates losses to the General Revenue Fund between $563,503,000 in fiscal year 2014 and $743,983,000 in fiscal year 2018 and corresponding gains to the new General Revenue Dedicated Transportation Infrastructure Fund. The CPA's analysis assumes that the bill's provisions are not in conflict with the provisions of Article 3, Section 49-g, of the Texas Constitution, regarding dedications from the oil and gas production taxes to the Economic Stabilization Fund.

The amount of grants available for award by the CPA would be determined by the Legislature through the appropriations process.

CPA and TxDOT estimate costs would be incurred, respectively, for administration of the grant program and review of transportation infrastructure plans. TxDOT reports that their costs cannot be determined. The CPA estimates a cost of $300,000 per year and 4 FTEs; those amounts are reflected in the tables above.

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 within 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

Counties receiving grant funds under the bill would see a positive fiscal impact from the bill.

Source Agencies: 304 Comptroller of Public Accounts, 601 Department of Transportation
LBB Staff: UP, EP, LCO, KKR