

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 1, 2015

TO: Honorable Joseph Pickett, Chair, House Committee on Transportation

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB457 by McClendon (Relating to the allocation of certain revenue to the Texas emissions reduction plan fund and the Texas rail relocation and improvement fund.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB457, As Introduced: an impact of \$0 through the biennium ending August 31, 2017.

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
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from Texas Emissions Reduction Plan 5071	Probable Savings/(Cost) from Texas Emissions Reduction Plan 5071	Probable Revenue Gain/(Loss) from State Highway Fund 6	Probable Revenue Gain/(Loss) from Texas Rail Relocation and Improvement Fund 306
2016	(\$119,200,000)	\$0	\$0	\$119,200,000
2017	(\$121,584,000)	\$0	\$0	\$121,584,000
2018	(\$124,016,000)	\$0	\$0	\$124,016,000
2019	(\$126,496,000)	\$0	\$0	\$126,496,000
2020	\$0	(\$78,618,427)	(\$129,046,000)	\$129,046,000

Fiscal Analysis

The bill would amend the Health and Safety Code to extend the expiration date of Chapter 386, relating to the Texas Emissions Reduction Plan (TERP), from August 31, 2019, to August 31, 2025.

The bill would amend Section 501.138 of the Transportation Code, regarding the collection and disposition of motor vehicle title fee revenue, to require the Comptroller to deposit to the credit of the Texas Rail Relocation and Improvement Fund (TRRIF) \$250 million each fiscal year from money that is currently remitted to the Comptroller by the Texas Department of Transportation (TxDOT) out of the State Highway Fund (SHF) based on the amount of vehicle title fee collections deposited to the credit of the Texas Mobility Fund (TMF). Any amount of the remittance remaining after the deposit to the TRRIF would be deposited to the TERP Account No. 5071. The bill would extend the expiration date for the provision requiring the remittance of money from the SHF to the Comptroller from August 31, 2019, to August 31, 2025.

The bill would take effect on September 1, 2015.

Methodology

The bill would extend the expiration date of Health and Safety Code, Chapter 386, from August 31, 2019, to August 31, 2025. This chapter establishes the Texas Emissions Reduction Plan (TERP). The extension would only apply to two programs established under Chapter 386, including the Diesel Emissions Reduction Incentive Program and the Drayage Truck Incentive Program. Other programs within the TERP each have their own expiration date that would not be affected by the provisions of the bill. For the purposes of this analysis, it is assumed that TERP Account No. 5071 appropriations would continue at 2014-15 levels to fund Diesel Emissions Reduction Incentive Program and the Drayage Truck Incentive Program, resulting in a cost of \$77.6 million per year, plus \$0.1 million each year for related employee benefits costs, in fiscal years 2020 through 2025.

Pursuant to current provisions in Transportation Code, Section 501.138 (b-2), TxDOT is required to remit to the Comptroller for deposit to TERP Account No. 5071 an amount of revenue from the non-constitutionally dedicated portion of the SHF equal to the amount of title fee revenue deposited to the TMF. This provision is set to expire at the end of fiscal year 2019. The bill would extend the expiration date to the end of fiscal year 2025 and require the Comptroller to deposit the first \$250 million out of the remittance from TxDOT to the credit of the TRRIF. Based on the analysis provided by the Comptroller's Office, this provision of the bill would result in a revenue gain of \$119.2 million to the TRRIF and a corresponding revenue loss to TERP Account No. 5071 beginning in fiscal year 2016. The revenue gains to the TRRIF would continue through fiscal year 2025. The revenue loss to TERP Account No. 5071 would continue through fiscal year 2019. Because the bill would require TxDOT to continue to remit to the Comptroller an amount of revenue from the SHF equal to the amount of title fee revenue deposited to the TMF beyond the fiscal year 2019 expiration date set in current law, it is assumed the bill would result in a revenue loss to the SHF in fiscal years 2020 through 2025.

Local Government Impact

Local governments could experience a positive fiscal impact depending on whether a local government entity would qualify for grants from any of the TERP programs that would be extended beyond fiscal year 2019 by the bill.

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality, 601 Department of Transportation

LBB Staff: UP, AG, NV, TG, TL