

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 20, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB5 by Nichols (Relating to the allocation to the state highway fund and the available school fund of certain motor vehicle sales, use, and rental tax revenue and to the uses of the revenue allocated to the state highway fund.), As Engrossed

Estimated Two-year Net Impact to General Revenue Related Funds for SB5, As Engrossed: an impact of \$0 through the biennium ending August 31, 2017. The bill would result in a General Revenue Related Funds loss of (\$5,676,882,000) in the subsequent biennium ending August 31, 2019.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2016 | \$0 |
| 2017 | \$0 |
| 2018 | (\$2,744,414,000) |
| 2019 | (\$2,932,468,000) |
| 2020 | (\$3,101,510,000) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue (Loss) from General Revenue Fund 1 | Probable Revenue Gain from Available School Fund 2 | Probable Revenue Gain from State Highway Fund 6 |
|-------------|---|--|---|
| 2016 | \$0 | \$0 | \$0 |
| 2017 | \$0 | \$0 | \$0 |
| 2018 | (\$2,842,180,000) | \$97,766,000 | \$2,744,415,000 |
| 2019 | (\$3,105,455,000) | \$172,987,000 | \$2,932,468,000 |
| 2020 | (\$3,342,114,000) | \$240,604,000 | \$3,101,510,000 |

Fiscal Analysis

The bill would amend Chapter 152 of the Tax Code, regarding taxes on motor vehicles, to provide for allocations of revenue from those taxes to the State Highway Fund (SHF).

Beginning in fiscal 2018, the bill would direct the Comptroller to deposit the total revenue from the motor vehicle sales and use tax, the motor vehicle rental tax, and the motor vehicle sales and use tax from seller-financed sales in excess of \$2,500,000,000, after making the required allocation to the Property Tax Relief Fund (PTRF), to the credit of the SHF. The deposits would continue until a total of \$2,500,000,000 has been deposited to the SHF in that state fiscal year. Any tax revenue generated in excess of the \$2,500,000,000 deposited to the SHF would be split with 50 percent going to the SHF, 30 percent going to the General Revenue Fund (GR), and 20 percent going to the Available School Fund (ASF). Under current law net revenue collections from these taxes are deposited to GR.

The bill would direct that the funds to be deposited to the SHF be used only to construct, maintain, or acquire rights-of-way for public roadways other than toll roads or to repay the principal and interest on general obligation bonds issued as authorized by Section 49-p, Article III, of the Texas Constitution.

The bill would take effect September 1, 2015.

Methodology

Future annual net revenue collections from the taxes in Chapter 152 that would be deposited to GR were based on the amounts forecasted in the 2016-17 *Biennial Revenue Estimate*, projected forward, and reduced by the amounts to be transferred to the PTRF. The allocations to the SHF beginning in fiscal 2018 (and the resulting losses to GR) were then calculated by allocating the first \$2,500,000,000 from the net amounts forecasted to be received from the affected taxes to GR, the second \$2,500,000,000 to the SHF, and 30 percent of the excess allocated to GR and 20 percent allocated to the ASF.

The bill would not change the deposit to GR of collections from the \$5 tax on the even exchange of vehicles, the \$10 tax on the gift of a motor vehicle, and the \$25 tax on metal dealer plates, and would not change the deposit to GR Account 5071-Emissions Reduction Plan of collections from the 1.0 or 2.5 percent tax surcharge on certain diesel motor vehicles sold or used in the state.

This legislation would 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

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, AG, SD, KK