

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**February 24, 2015**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB5** by Nichols (Relating to the allocation of certain motor vehicle sales tax revenue to the state highway fund and to the uses of that revenue.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB5, As Introduced: an impact of \$0 through the biennium ending August 31, 2017. However, the bill would result in a General Revenue Related Funds loss of (\$5,776,675,000) in the subsequent biennium ending August 31, 2019.

The bill would have a negative effect on the state's cash flow and may require additional Tax Revenue Anticipation Notes to be issued to meet the state's annual cash flow needs.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	\$0
2017	\$0
2018	(\$2,705,724,000)
2019	(\$3,070,951,000)
2020	(\$3,397,499,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>State Highway Fund</i> 6
2016	\$0	\$0
2017	\$0	\$0
2018	(\$2,705,724,000)	\$2,705,724,000
2019	(\$3,070,951,000)	\$3,070,951,000
2020	(\$3,397,499,000)	\$3,397,499,000

**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 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. Under current law net revenue collections from these taxes are deposited the General Revenue (GR) Fund.

### **Methodology**

Future annual net revenue collections from the taxes imposed by Chapter 152 of the Tax Code 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 year 2018 (and the resulting losses to GR) were then calculated by subtracting \$2,500,000,000 from the net amounts forecasted to be deposited to GR.

### **Local Government Impact**

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

**Source Agencies:** 304 Comptroller of Public Accounts

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