

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 27, 2015

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate  
Honorable Joe Straus, Speaker of the House, House of Representatives

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

**IN RE:** **SJR5** by Nichols (Proposing a constitutional amendment dedicating a portion of the revenue derived from the state sales and use tax and the tax imposed on the sale, use, or rental of a motor vehicle to the state highway fund.), **Conference Committee Report**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SJR5, Conference Committee Report: a negative impact of **(\$118,681)** through the biennium ending August 31, 2017. The net impact to General Revenue Related Funds would increase to a negative impact of **(\$5,000,000,000)** in the biennium ending August 31, 2019 and grow further in future biennia.

The cost to the State for publication of the resolution is \$118,681. The bill would have a negative effect on the state's cash flow and may require additional Tax and 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	(\$118,681)
2017	\$0
2018	(\$2,500,000,000)
2019	(\$2,500,000,000)
2020	(\$2,932,104,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue Gain from State Highway Fund 6	Probable (Cost) from General Revenue Fund 1
2016	\$0	\$0	(\$118,681)
2017	\$0	\$0	\$0
2018	(\$2,500,000,000)	\$2,500,000,000	\$0
2019	(\$2,500,000,000)	\$2,500,000,000	\$0
2020	(\$2,932,104,000)	\$2,932,104,000	\$0

## **Fiscal Analysis**

This resolution would propose an amendment to Article VIII of the Texas Constitution to add new Section 7-c to provide for the dedication to the State Highway Fund (SHF) of a portion of revenues derived from state sales and use tax and the tax imposed on the sale, use, or rental of a motor vehicle.

Beginning in fiscal year 2018, Section 7-c(a) would direct the Comptroller to deposit to the credit of the SHF \$2.5 billion of the net revenue derived from the state sales and use tax under Chapter 151 of the Tax Code in excess of \$28 billion. Under current law, these funds would be deposited to the credit of the General Revenue Fund (GR).

Beginning in fiscal year 2020, Section 7-c(b) would direct the Comptroller to deposit to the credit of the SHF 35 percent of the revenues collected from the tax imposed on the sale, use, or rental of a motor vehicle under Chapter 152 of the Tax Code that exceed \$5 billion. Under current law, these funds would be deposited to the credit of GR.

Sections 7-c(a) and 7-c(b) would expire August 31, 2032 and August 31, 2029, respectively. However, the bill would allow the legislature to extend the allocations prescribed by those Sections in ten year increments by adopting a resolution approved by a record vote of a majority of the members of each house.

Section 7-c(c) would require that money deposited to the SHF under Section 7-c would be limited to appropriation only 1) to construct, maintain, or acquire rights-of-way for public roadways other than toll roads; 2) for repayment of debt issued pursuant to Section 49-n, Article III; or 3) for repayment of debt issued pursuant to Section 49-p, Article III.

The proposed constitutional amendment would be submitted to the voters at an election to be held November 3, 2015.

## **Methodology**

The amounts estimated due for deposit to the SHF were based on the Comptroller's *2016-17 Biennial Revenue Estimate*. The first \$2.5 billion in excess of \$28 billion projected to be collected from the sales and use tax imposed under Chapter 151 of the Tax Code was shown as a gain to the SHF and a loss to GR.

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* and projected forward. The allocations to the SHF (and the resulting losses to GR) were then calculated by subtracting \$5 billion from the projected total and multiplying the difference by 35 percent.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

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