

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: SJR5 by Nichols (Proposing a constitutional amendment dedicating certain revenue derived from the tax imposed on the sale of motor vehicles to the state highway fund.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SJR5, As Introduced: a negative impact of (\$118,681) through the biennium ending August 31, 2017. In addition, the resolution would result in a General Revenue Related Funds loss of (\$5,776,675,000) in the subsequent biennium ending August 31, 2019.

The resolution would constitutionally dedicate a portion of motor vehicle sales tax revenue; therefore appropriations from this revenue would not be restricted by the Article VIII, Section 22 spending limit. 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	(\$118,681)
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 Savings/(Cost) from General Revenue Fund 1	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue Gain from State Highway Fund 6
2016	(\$118,681)	\$0	\$0
2017	\$0	\$0	\$0
2018	\$0	(\$2,705,724,000)	\$2,705,724,000
2019	\$0	(\$3,070,951,000)	\$3,070,951,000
2020	\$0	(\$3,397,499,000)	\$3,397,499,000

Fiscal Analysis

The resolution would propose an amendment to Article VIII of the Texas Constitution to add new Section 7-c requiring the dedication of certain revenues derived from the motor vehicle sales tax to the credit of the State Highway Fund (SHF).

The proposed amendment would require that beginning in fiscal 2018 the net revenue in excess of \$2,500,000,000 derived from the tax authorized by Chapter 152 of the Tax Code imposed on the sale of a motor vehicle sold in Texas to be deposited to the credit of the SHF. Under the current provisions of Chapter 152 those net revenue collections are deposited the General Revenue (GR) Fund.

The amendment 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 amendment would not apply to the revenues derived from the taxes authorized in Chapter 152 that as of January 1, 2015 were deposited outside of GR and appropriated for certain purposes.

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

Methodology

The amendment would affect the net allocations from motor vehicle sales and use tax and motor vehicle sales and use tax from seller-financed sales collections to GR. 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 Property Tax Relief Fund. The new allocations to the SHF beginning in fiscal 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.

The cost to the state for publication of the resolution is \$118,681.

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