

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**April 25, 2021**

**TO:** Honorable Brooks Landgraf, Chair, House Committee on Environmental Regulation

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB4472** by Landgraf (Relating to the Texas emissions reduction plan fund and account.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

**A negative fiscal impact is anticipated to the Texas Emissions Reduction Plan Trust Fund outside the Treasury of \$23,225,000 in fiscal year 2022 and \$23,922,000 each subsequent fiscal year due to reduced surcharges.**

The bill would amend the Transportation Code to change deposit of remitted title fees from the Texas Mobility Fund (TMF) to the Texas Emission Reduction Plan Fund (TERP) and the bill would direct the Texas Department of Transportation to transfer an equal amount from the State Highway Fund (SHF) to the TMF.

Under current law, beginning September 1, 2021, title fees are deposited to the TMF, and the TERP Fund located outside of the treasury is credited, through legislative appropriation, an equal amount from the SHF each month. This estimate assumes motor vehicle title fees would be deposited directly to the TERP fund outside the treasury and the transfer from the SHF to TMF would remain entirely within the treasury. Since the bill would just adjust transfers that are pre-existing, no significant fiscal impact to the state is anticipated.

In addition, the bill would reduce the surcharge imposed on the retail sale, lease, or rental of certain new or used equipment from 1.5 to 1.0 percent of the sale price or the lease of the rental amount. Under current law, revenues from this surcharge would be deposited to the credit of the TERP Fund beginning September 1, 2021, due to the enactment of House Bill 3745, Eighty-sixth Legislature, Regular Session, 2019.

Based on information provided by the Comptroller of Public Accounts, the Comptroller does not have projections for the fiscal impact that the reduction of the surcharge imposed under Section 151.0515 of the Tax Code would have on TERP revenues because those revenues would be deposited to the TERP Fund. Due to this account being held outside the Treasury beginning September 1, 2021, this bill's provisions would not have a significant fiscal impact to the state.

The bill would have no net fiscal effect between the TMF, SHF, and TERP fund.

Based on the analysis of TCEQ, the surcharge reduction would result in an estimated revenue decrease of \$23,225,000 in fiscal year 2022 and \$23,922,000 in each subsequent fiscal year to the TERP Trust Fund.

For informational purposes, the Comptroller's Biennial Revenue Estimate anticipates that title fees will generate \$154,946,000 in FY 2022 and \$157,270,000 in FY 2023.

**Local Government Impact**

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

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

**LBB Staff:** JMc, AJL, MW, GDZ