**BILL ANALYSIS**

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| Senate Research Center | S.C.R. 2 |
|  | By: Nichols |
|  | Transportation |
|  | 7/6/2023 |
|  | Enrolled |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

On November 3, 2015, 83 percent of Texas voters approved the ballot measure known as Proposition 7, which authorized a constitutional amendment for transportation funding.

Proposition 7 requires the Texas Comptroller of Public Accounts (comptroller) to deposit in the State Highway Fund (SHF) in each state fiscal year (FY) $2.5 billion of the net revenue from the state sales and use tax that exceeds the first $28 billion of that revenue coming into the state treasury in that fiscal year, beginning in FY 2018. This provision is set to expire August 31, 2032, unless a future legislature votes to extend it.

Additionally, beginning in September 2019 (FY 2020), if state motor vehicle sales and rental tax revenue exceeds $5 billion in a fiscal year, 35 percent of the amount above $5 billion will be directed to the SHF. This provision takes effect on September 1, 2019 (FY 2020) and is set to expire August 31, 2029, unless a future legislature votes to extend it.

S.C.R. 2 extends both components of Proposition 7 by a 10-year extension.

Section 7-c(f), Article VIII (Taxation and Revenue), Texas Constitution, provides: "The legislature by adoption of a resolution approved by a record vote of a majority of the members of each house of the legislature may extend, in 10-year increments, the duty of the comptroller to make a deposit under Subsection (a) (relating to authorizing the comptroller to deposit to the credit of the SHF $2.5 billion of the net revenue derived from the imposition of the state sales and use tax that exceeds the first $28 billion of that revenue) or (b) (relating to requiring the comptroller to deposit to the credit of the SHF an amount equal to 35 percent of the net revenue derived from a certain tax that exceeds the first $5 billion of that revenue) of Section 7-c (Dedication of Revenue from State Sales and Use Tax and Taxes Imposed on Sale, Use, or Rental of Motor Vehicle to State Highway Fund) beyond the applicable date prescribed by Subsection (e) (relating to providing that the duty of the comptroller to make a deposit under this section expires on certain dates) of this section."

Under Section 7-c(e)(1), Article VIII, Texas Constitution, the duty of the comptroller under Section 7-c(a) of that article to deposit to the credit of the SHF $2.5 billion of the net revenue derived from the imposition of the state sales and use tax on the sale, storage, use, or other consumption in this state of taxable items under Chapter 151 (Limited Sales, Excise, and Use Tax), Tax Code, or its successor, that exceeds the first $28 billion of that revenue coming into the treasury in that state fiscal year expires August 31, 2032.

Under Section 7-c(e)(2), Article VIII, Texas Constitution, the duty of the comptroller under Section 7-c(b) of that article to deposit to the credit of the SHF an amount equal to 35 percent of the net revenue derived from the tax authorized by Chapter 152 (Taxes on Sale, Rental, and Use of Motor Vehicles), Tax Code, or its successor, and imposed on the sale, use, or rental of a motor vehicle that exceeds the first $5 billion of that revenue coming into the treasury in that state fiscal year expires August 31, 2029.

**RESOLVED**

That the duty of the comptroller under Section 7-c(a), Article VIII, Texas Constitution, to deposit to the credit of the SHF $2.5 billion of the net revenue derived from the imposition of the state sales and use tax on the sale, storage, use, or other consumption in this state of taxable items under Chapter 151, Tax Code, or its successor, that exceeds the first $28 billion of that revenue coming into the treasury in that state fiscal year is extended and expires August 31, 2042.

That the duty of the comptroller under Section 7-c(b), Article VIII, Texas Constitution, to deposit to the credit of the SHF an amount equal to 35 percent of the net revenue derived from the tax authorized by Chapter 152, Tax Code, or its successor, and imposed on the sale, use, or rental of a motor vehicle that exceeds the first $5 billion of that revenue coming into the treasury in that state fiscal year is extended and expires August 31, 2039.

That this resolution is adopted only if approved by a record vote of a majority of the members of each house of the legislature.

That the secretary of state forward an official copy of this resolution to the comptroller.