

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 20, 2015

TO: Honorable Joseph Pickett, Chair, House 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, use, or rental of a motor vehicle to the state highway fund and the available school fund.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SJR5, As Engrossed: a negative impact of (\$118,681) through the biennium ending August 31, 2017. The resolution would result in a General Revenue Related Funds loss of (\$5,676,883,000) 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	(\$2,744,415,000)
2019	(\$2,932,468,000)
2020	(\$3,101,511,000)

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 Available School Fund 2	Probable Revenue Gain from State Highway Fund 6
2016	(\$118,681)	\$0	\$0	\$0
2017	\$0	\$0	\$0	\$0
2018	\$0	(\$2,845,338,000)	\$100,923,000	\$2,752,308,000
2019	\$0	(\$3,108,644,000)	\$176,176,000	\$2,940,440,000
2020	\$0	(\$3,345,335,000)	\$243,824,000	\$3,109,562,000

Fiscal Year	Probable Revenue (Loss) from Texas Emissions Reduction Plan 5071
2016	\$0
2017	\$0
2018	(\$15,786,000)
2019	(\$15,944,000)
2020	(\$16,103,000)

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, the motor vehicle rental tax, and the motor vehicle sales and use tax from seller-financed sales to the credit of the State Highway Fund (SHF) and the Available School Fund (ASF).

Beginning in fiscal 2018, the amendment would direct the Comptroller to deposit the total revenue from the motor vehicle sales and use tax, the motor vehicle rental 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. The deposits would continue until a total of \$2,500,000,000 has been deposited to the SHF in that state fiscal year. Any tax revenue generated in excess of the \$2,500,000,000 deposited to the SHF would be allocated as follows: 50 percent to the SHF, 30 percent to the General Revenue (GR) Fund, and 20 percent to the ASF. Under current law net revenue collections from these taxes are deposited to GR.

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 proposed amendment would be submitted to voters at an election to be held November 8, 2016.

Methodology

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*, projected forward, and reduced by the amounts to be transferred to the PTRF. The allocations to the SHF

beginning in fiscal 2018 (and the resulting losses to GR) were then calculated by allocating the first \$2,500,000,000 from the net amounts forecasted to be received from the affected taxes to GR, the second \$2,500,000,000 to the SHF, and the excess being divided between GR, the ASF, and the SHF.

This analysis interprets the amendment to include all revenues from the taxes received under Chapter 152 that involve the sale, use, or rental of a motor vehicle. This would include revenue collections from the surcharge on certain diesel vehicles currently allocated to GR Account 5071 - Emission Reduction Plan, and collections currently deposited to GR from the \$5 tax on the even exchange of vehicles, the \$10 tax on the gift of a motor vehicle, and the \$25 tax on metal dealer plates. Excluded from the amendment's effects would be allocations to the PTRF.

The resolution is self-enacting and the described re-allocation of revenue would occur without any associated enabling legislation.

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