

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 22, 2015

TO: Honorable Joseph Pickett, Chair, House Committee on Transportation

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HJR13 by Pickett (Proposing a constitutional amendment temporarily dedicating a portion of the revenue derived from the state sales and use tax to the state highway fund.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HJR13, Committee Report 1st House, Substituted: a negative impact of (\$632,518,681) through the biennium ending August 31, 2017.

The net impact to General Revenue Related Funds would increase to a negative impact of (\$7,269,700,000) in the biennium ending August 31, 2019.

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	(\$632,400,000)
2018	(\$3,613,400,000)
2019	(\$3,656,300,000)
2020	(\$3,701,800,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>State Highway Fund</i> 6	Probable (Cost) from <i>General Revenue Fund</i> 1
2016	\$0	\$0	(\$118,681)
2017	(\$632,400,000)	\$632,400,000	\$0
2018	(\$3,613,400,000)	\$3,613,400,000	\$0
2019	(\$3,656,300,000)	\$3,656,300,000	\$0
2020	(\$3,701,800,000)	\$3,701,800,000	\$0

Fiscal Analysis

The resolution would propose an amendment to Article VIII of the Texas Constitution to provide for the dedication of a portion of revenues derived from state sales and use taxes to the State Highway Fund (SHF).

A new Section 7-c would be added to Article VIII to provide that in each fiscal year an amount equal to \$3 billion out of the net revenue derived from the state sales and use tax under Chapter 151 of the Tax Code, plus 2 percent of the remaining net revenue from the tax after deposit of the \$3 billion, would be deposited to the credit of the SHF.

The revenue deposited to the SHF under this new section would be limited to appropriation only to: 1) construct, maintain, or acquire rights-of-way for public roadways other than toll roads; 2) repayment of debt issued pursuant to Section 49-n, Article III; or 3) repayment of debt issued pursuant to Section 49-p, Article III.

The new section's provisions would expire September 1, 2026.

A temporary provision would effect the \$3 billion deposit to the SHF beginning September 1, 2017 (fiscal 2018), and the deposit of an amount equal to 2 percent of the remaining net sales tax revenue to the SHF beginning September 1, 2016 (fiscal 2017).

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 computed based on the forecast of state sales and use tax on an all funds basis as adopted for the Comptroller's 2016-17 Biennial Revenue Estimate. The offsetting amount of reduction in sales tax revenues available for other purposes is charged entirely to the unrestricted portion of the General Revenue Fund, as provisions of law requiring allocations of sales tax revenue to other funds or accounts are not affected by the proposed constitutional amendment.

The amendment is self-enacting and would have effect regardless of whether a conforming amendment to Section 151.801 of the Tax Code is enacted.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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