

SENATE JOINT RESOLUTION

1
2 proposing a constitutional amendment dedicating a portion of the
3 revenue derived from the state sales and use tax and the tax imposed
4 on the sale, use, or rental of a motor vehicle to the state highway
5 fund.

6 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. Article VIII, Texas Constitution, is amended by
8 adding Section 7-c to read as follows:

9 Sec. 7-c. (a) Subject to Subsections (d) and (e) of this
10 section, in each state fiscal year, the comptroller of public
11 accounts shall deposit to the credit of the state highway fund \$2.5
12 billion of the net revenue derived from the imposition of the state
13 sales and use tax on the sale, storage, use, or other consumption in
14 this state of taxable items under Chapter 151, Tax Code, or its
15 successor, that exceeds the first \$28 billion of that revenue
16 coming into the treasury in that state fiscal year.

17 (b) Subject to Subsections (d) and (e) of this section, in
18 each state fiscal year, the comptroller of public accounts shall
19 deposit to the credit of the state highway fund an amount equal to
20 35 percent of the net revenue derived from the tax authorized by
21 Chapter 152, Tax Code, or its successor, and imposed on the sale,
22 use, or rental of a motor vehicle that exceeds the first \$5 billion
23 of that revenue coming into the treasury in that state fiscal year.

24 (c) Money deposited to the credit of the state highway fund

1 under this section may be appropriated only to:

2 (1) construct, maintain, or acquire rights-of-way for
3 public roadways other than toll roads; or

4 (2) repay the principal of and interest on general
5 obligation bonds issued as authorized by Section 49-p, Article III,
6 of this constitution.

7 (d) The legislature by adoption of a resolution approved by
8 a record vote of two-thirds of the members of each house of the
9 legislature may direct the comptroller of public accounts to reduce
10 the amount of money deposited to the credit of the state highway
11 fund under Subsection (a) or (b) of this section. The comptroller
12 may be directed to make that reduction only:

13 (1) in the state fiscal year in which the resolution is
14 adopted, or in either of the following two state fiscal years; and

15 (2) by an amount or percentage that does not result in
16 a reduction of more than 50 percent of the amount that would
17 otherwise be deposited to the fund in the affected state fiscal year
18 under the applicable subsection of this section.

19 (e) Subject to Subsection (f) of this section, the duty of
20 the comptroller of public accounts to make a deposit under this
21 section expires:

22 (1) August 31, 2032, for a deposit required by
23 Subsection (a) of this section; and

24 (2) August 31, 2029, for a deposit required by
25 Subsection (b) of this section.

26 (f) The legislature by adoption of a resolution approved by
27 a record vote of a majority of the members of each house of the

1 legislature may extend, in 10-year increments, the duty of the
2 comptroller of public accounts to make a deposit under Subsection
3 (a) or (b) of this section beyond the applicable date prescribed by
4 Subsection (e) of this section.

5 SECTION 2. The following temporary provision is added to
6 the Texas Constitution:

7 TEMPORARY PROVISION. (a) This temporary provision applies
8 to the constitutional amendment proposed by the 84th Legislature,
9 Regular Session, 2015, dedicating a portion of the revenue derived
10 from the state sales and use tax and the tax imposed on the sale,
11 use, or rental of a motor vehicle to the state highway fund.

12 (b) Section 7-c(a), Article VIII, of this constitution
13 takes effect September 1, 2017.

14 (c) Section 7-c(b), Article VIII, of this constitution
15 takes effect September 1, 2019.

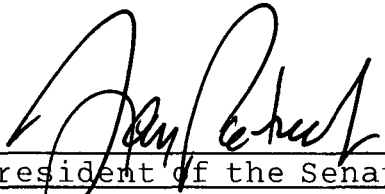
16 (d) Beginning on the dates prescribed by Subsections (b) and
17 (c) of this section, the legislature may not appropriate any
18 revenue to which Section 7-c(a) or (b), Article VIII, of this
19 constitution applies that is deposited to the credit of the state
20 highway fund for any purpose other than a purpose described by
21 Section 7-c(c), Article VIII, of this constitution.

22 (e) This temporary provision expires September 1, 2020.


23 SECTION 3. This proposed constitutional amendment shall be
24 submitted to the voters at an election to be held November 3, 2015.
25 The ballot shall be printed to permit voting for or against the
26 proposition: "The constitutional amendment dedicating certain
27 sales and use tax revenue and motor vehicle sales, use, and rental

S.J.R. No. 5

1 tax revenue to the state highway fund to provide funding for
2 nontolled roads and the reduction of certain
3 transportation-related debt."



President of the Senate



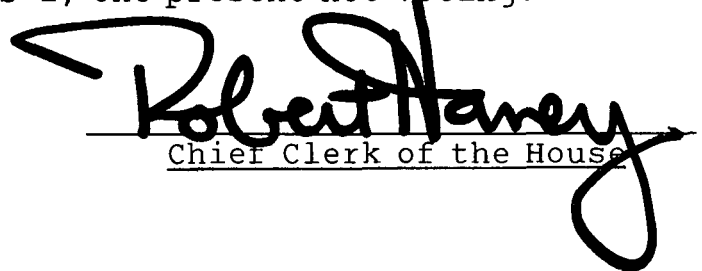
Speaker of the House

I hereby certify that S.J.R. No. 5 passed the Senate on March 4, 2015, by the following vote: Yeas 28, Nays 2; May 4, 2015, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 6, 2015, House granted request of the Senate; May 29, 2015, Senate adopted Conference Committee Report by the following vote: Yeas 31, Nays 0.



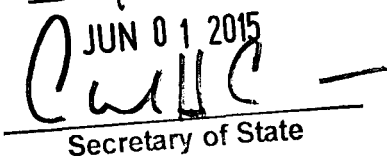
Secretary of the Senate

I hereby certify that S.J.R. No. 5 passed the House, with amendments, on April 30, 2015, by the following vote: Yeas 138, Nays 3, one present not voting; May 6, 2015, House granted request of the Senate for appointment of Conference Committee; May 30, 2015, House adopted Conference Committee Report by the following vote: Yeas 142, Nays 1, one present not voting.



Chief Clerk of the House

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
3:23 pm O'CLOCK

JUN 01 2015

Secretary of State

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 27, 2015

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SJR5 by Nichols (Proposing a constitutional amendment dedicating a portion of the revenue derived from the state sales and use tax and the tax imposed on the sale, use, or rental of a motor vehicle to the state highway fund.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for SJR5, Conference Committee Report: a negative impact of **(\$118,681)** through the biennium ending August 31, 2017. The net impact to General Revenue Related Funds would increase to a negative impact of **(\$5,000,000,000)** in the biennium ending August 31, 2019 and grow further in future biennia.

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	\$0
2018	(\$2,500,000,000)
2019	(\$2,500,000,000)
2020	(\$2,932,104,000)

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	\$0	\$0	\$0
2018	(\$2,500,000,000)	\$2,500,000,000	\$0
2019	(\$2,500,000,000)	\$2,500,000,000	\$0
2020	(\$2,932,104,000)	\$2,932,104,000	\$0

Fiscal Analysis

This resolution would propose an amendment to Article VIII of the Texas Constitution to add new Section 7-c to provide for the dedication to the State Highway Fund (SHF) of a portion of revenues derived from state sales and use tax and the tax imposed on the sale, use, or rental of a motor vehicle.

Beginning in fiscal year 2018, Section 7-c(a) would direct the Comptroller to deposit to the credit of the SHF \$2.5 billion of the net revenue derived from the state sales and use tax under Chapter 151 of the Tax Code in excess of \$28 billion. Under current law, these funds would be deposited to the credit of the General Revenue Fund (GR).

Beginning in fiscal year 2020, Section 7-c(b) would direct the Comptroller to deposit to the credit of the SHF 35 percent of the revenues collected from the tax imposed on the sale, use, or rental of a motor vehicle under Chapter 152 of the Tax Code that exceed \$5 billion. Under current law, these funds would be deposited to the credit of GR.

Sections 7-c(a) and 7-c(b) would expire August 31, 2032 and August 31, 2029, respectively. However, the bill would allow the legislature to extend the allocations prescribed by those Sections in ten year increments by adopting a resolution approved by a record vote of a majority of the members of each house.

Section 7-c(c) would require that money deposited to the SHF under Section 7-c would be limited to appropriation only 1) to construct, maintain, or acquire rights-of-way for public roadways other than toll roads; 2) for repayment of debt issued pursuant to Section 49-n, Article III; or 3) for repayment of debt issued pursuant to Section 49-p, Article III.

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 based on the Comptroller's *2016-17 Biennial Revenue Estimate*. The first \$2.5 billion in excess of \$28 billion projected to be collected from the sales and use tax imposed under Chapter 151 of the Tax Code was shown as a gain to the SHF and a loss to GR.

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* and projected forward. The allocations to the SHF (and the resulting losses to GR) were then calculated by subtracting \$5 billion from the projected total and multiplying the difference by 35 percent.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, SD, KK

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 4, 2015

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SJR5 by Nichols (Proposing a constitutional amendment temporarily dedicating a portion of the revenue derived from the state sales and use tax to the state highway fund.), As Passed 2nd House

Estimated Two-year Net Impact to General Revenue Related Funds for SJR5, As Passed 2nd House: a negative impact of (\$118,681) 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	\$0
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	\$0	\$0	\$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 add new Section 7-c to provide for the dedication of a portion of revenues derived from state sales and use taxes to the State Highway Fund (SHF).

Section 7-c(a) would 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 be deposited to the credit of the SHF.

Section 7-c(b) would provide that in each fiscal year an amount equal to 2 percent of the remaining net revenue from the tax after deposit of the \$3 billion also be deposited to the credit of the SHF. The provisions of Section 7-c(b) would not take effect in a biennium for which the Biennial Revenue Estimate issued by the Comptroller forecasts a decrease in the total amount of anticipated revenue in the coming biennium from the amount forecast in the current biennium.

Section 7-c provisions would expire September 1, 2026. However, if the Biennial Revenue Estimate issued by the Comptroller forecasts a decrease in the total amount of anticipated revenue in the coming biennium from the amount forecast in the current biennium, the Legislature would be permitted to review the deposits required under Section 7-c and determine whether continuing deposits until the section's expiration date of September 1, 2026 is appropriate.

Section 7-c(c) would require that money deposited to the SHF under Section 7-c would be limited to appropriation only 1) to construct, maintain, or acquire rights-of-way for public roadways other than toll roads; 2) for repayment of debt issued pursuant to Section 49-n, Article III; or 3) for repayment of debt issued pursuant to Section 49-p, Article III.

A temporary provision would effect the deposit of the \$3 billion and the 2 percent to the SHF beginning September 1, 2017 (fiscal 2018).

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

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

LBB Staff: UP, AG, SD, KK

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: **SJR5** by Nichols (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 2nd House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for SJR5, Committee Report 2nd 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

LBB Staff: UP, AG, SD, KK

**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

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

February 27, 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, use, or rental of a motor vehicle to the state highway fund.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SJR5, Committee Report 1st House, Substituted: 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 (\$5,661,018,000) 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	(\$2,736,522,000)
2019	(\$2,924,496,000)
2020	(\$3,093,459,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>State Highway Fund</i> 6	Probable Revenue (Loss) from <i>Texas Emissions Reduction Plan</i> 5071
2016	(\$118,681)	\$0	\$0	\$0
2017	\$0	\$0	\$0	\$0
2018	\$0	(\$2,736,522,000)	\$2,752,308,000	(\$15,786,000)
2019	\$0	(\$2,924,496,000)	\$2,940,440,000	(\$15,944,000)
2020	\$0	(\$3,093,459,000)	\$3,109,562,000	(\$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).

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 evenly divided between the SHF and the General Revenue (GR) Fund. 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 evenly divided between GR 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

**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