

## **RESOLUTION ANALYSIS**

C.S.S.J.R. 5  
By: Nichols  
Transportation  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Informed observers explain there is a need to cover the shortfall in the state highway funding program by proposing a constitutional amendment to dedicate certain funds so that the Texas Department of Transportation can reasonably predict and plan projects 6 to 10 years into the future for the purpose of reducing congestion and preserving the highway system. To achieve this goal in concert with its enabling legislation, C.S.S.J.R. 5 proposes such an amendment to dedicate certain revenue derived from the sales and use tax imposed on the sale, storage, use, or other consumption of certain taxable items to the state highway fund.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this resolution does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.S.J.R. 5 proposes an amendment to the Texas Constitution to require the comptroller of public accounts, in each state fiscal year, to deposit to the credit of the state highway fund \$3 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 Texas of taxable items under the Limited Sales, Excise, and Use Tax Act, or its successor. The resolution requires the comptroller to additionally deposit to the credit of the state highway fund, in each state fiscal year, two percent of the net revenue derived from the imposition of the state sales and use tax under the Limited Sales, Excise, and Use Tax Act that is not deposited as part of that \$3 billion dedication. The resolution limits the appropriation of the dedicated revenue to the construction, maintenance, or acquisition of rights-of-way for public roadways other than toll roads; the repayment of the principal of and interest on certain bonds, public securities, and bond enhancement agreements; or the repayment of the principal of and interest on general obligation bonds. These resolution provisions relating to the dedications to the state highway fund expire September 1, 2026.

C.S.S.J.R. 5 adds a temporary provision, set to expire September 1, 2018, to establish that the resolution's \$3 billion dedication to the state highway fund takes effect September 1, 2017, and the resolution's additional dedication of certain revenue derived from state sales and use taxes to the state highway fund takes effect September 1, 2016.

### **ELECTION DATE**

The constitutional amendment proposed by this joint resolution will be submitted to the voters at an election to be held November 3, 2015.

## COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.J.R. 5 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the resolution.

### SENATE ENGROSSED

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

Sec. 7-c. (a) Subject to Subsection (c) of this section, 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 \$2.5 billion of that revenue coming into the treasury in a state fiscal year shall be deposited as follows:

(1) the next \$2.5 billion of that revenue coming into the treasury in that state fiscal year shall be deposited to the credit of the state highway fund; and

(2) any additional revenue to which this subsection applies that comes into the treasury in that state fiscal year shall be deposited:

(A) fifty percent to the credit of the state highway fund;

(B) thirty percent to the credit of the general revenue fund; and

(C) twenty percent to the available school fund.

(b) Money deposited to the credit of the state highway fund under this section may be appropriated only to:

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

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

(c) Revenue described by Subsection (a) of this section that, under general law in effect on January 1, 2015, was required to be deposited to the credit of a fund outside the

### HOUSE COMMITTEE SUBSTITUTE

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

Sec. 7-c. (a) In each state fiscal year, the comptroller of public accounts shall deposit to the credit of the state highway fund \$3 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.

(b) In addition to any deposit made under Subsection (a) of this section, in each state fiscal year the comptroller of public accounts shall deposit to the credit of the state highway fund an amount equal to two percent of the net revenue described by that subsection that is not deposited as provided by that subsection.

(c) Money deposited to the credit of the state highway fund under this section may be appropriated only to:

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

(2) repay the principal of and interest on:

(A) bonds and other public securities issued, and bond enhancement agreements entered into, as authorized by Section 49-n, Article III, of this constitution, as proposed by H.J.R. 28, 78th Legislature, Regular Session, 2003; and

(B) general obligation bonds issued as authorized by Section 49-p, Article III, of this constitution.

general revenue fund from which money could be appropriated only for a purpose that decreases the rates of, or reduces reliance on, ad valorem taxes imposed to fund public schools is not included as part of the first \$5 billion coming into the treasury for purposes of Subsection (a) of this section, and the requirements applicable to the deposit of money in excess of \$2.5 billion prescribed by Subsection (a) of this section do not apply to that revenue to the extent general law continues to require the deposit of that revenue as described by this subsection and limit the appropriation of that revenue to the purpose described by this subsection.

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

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

(b) The changes to Article VIII of this constitution made by the amendment take effect September 1, 2017.

(c) Beginning with the state fiscal year beginning on September 1, 2017, the legislature may not appropriate any revenue to which Section 7-c(a)(1) or (2)(A), Article VIII, of this constitution applies for any purpose other than a purpose described by Section 7-c(b), Article VIII, of this constitution.

(d) This temporary provision expires September 1, 2018.

SECTION 3. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 8, 2016. The ballot shall be printed to permit voting for or against the proposition: "The 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."

(d) This section expires September 1, 2026.

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

TEMPORARY PROVISION. (a) This temporary provision applies to the constitutional amendment proposed by the 84th Legislature, Regular Session, 2015, temporarily dedicating a portion of the revenue derived from the state sales and use tax to the state highway fund.

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

(c) Section 7-c(b), Article VIII, of this constitution takes effect September 1, 2016.

(d) This temporary provision expires September 1, 2018.

SECTION 3. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 3, 2015. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment temporarily dedicating a portion of state sales and use tax revenue to increase transportation funding."