

BILL ANALYSIS

Senate Research Center
83R12224 KLA-D

S.J.R. 47
By: Eltife
Finance
3/27/2013
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Since 2001, the legislature has proposed and the voters approved three bond programs to fund infrastructure projects by the Texas Department of Transportation. In 2003, Proposition 14 was approved by the voters, authorizing the Texas Transportation Commission (TTC) to issue \$6 billion in bonds to be secured by Fund 6 revenues. Of the \$6 billion, all but \$1.4 billion has been issued. In 2007, Proposition 12 was approved by the voters, authorizing TTC to issue up to \$5 billion in general obligation debt. Of the \$5 billion, approximately \$2.9 billion remains unissued. In 2001, creation of the Texas Mobility Fund (TMF) was authorized by the voters, with revenues identified in 2003 to fund projects. TMF is a perpetual fund that allows more debt to be issued as long as the revenue meets a certain threshold. To date, TTC has issued \$6.3 billion in bonds supported by TMF.

S.J.R. 47 imposes a temporary increase in the sales and use tax of one-half of one percent, dedicating the revenue to repayment of transportation bond debt. This would free-up existing revenue for projects on a "pay-as-you-go" basis. The tax would expire when the debt is paid off, or September 1, 2030, whichever is sooner. If implemented, S.J.R. 47 will provide a mechanism to pay off the bonds years sooner than currently projected and save billions of dollars in interest.

As proposed, S.J.R. 47 proposes a constitutional amendment increasing the rate of the state sales and use tax and dedicating revenue derived from that rate increase to repaying certain transportation bonds.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article VIII, Texas Constitution, by adding Section 32, as follows:

Sec. 32. (a) Provides that the state sales and use tax imposed on the sale, storage, use, or other consumption in this state of a taxable item under Chapter 151 (Limited Sales, Excise, and Use Tax), Tax Code, or its successor is imposed at a rate that is one-half of one percent more than the rates prescribed by general law.

(b) Requires the comptroller of public accounts of the State of Texas to deposit the net revenue derived from the state sales and use tax described by Subsection (a) of this section at a rate of one-half of one percent to the credit of an account in the general revenue fund. Requires that interest earned on the account be credited to the account.

(c) Authorizes that revenue deposited in the account under Subsection (b) of this section and interest credited to the account to be used only to repay the principal of and interest on general obligation bonds issued by or on behalf of the Texas Department of Transportation on or before January 1, 2013, or the principal of and interest on any refunding bonds issued to repay those bonds.

(d) Provides that this section expires on the earlier of September 1, 2030, or the date the principal of and interest on all bonds described by Subsection (c) of this section are paid.

SECTION 2. Adds the following temporary provision to the Texas Constitution:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by the 83rd Legislature, Regular Session, 2013, increasing the rate of the state sales and use tax and dedicating revenue derived from that rate increase to repaying certain transportation bonds.

(b) Effective date, Section 32, Article VIII, of this constitution: January 1, 2014.

(c) Provides that this temporary provision expires September 2, 2015.

SECTION 3. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 5, 2013. Sets forth the required language of the ballot.