

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 5
By: Nichols et al.
Transportation
2/25/2015
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

As the state's population continues to grow, Texas will add millions of new automobiles to the roads. Our current funding system is inadequate and cannot address the state's growing infrastructure demands. The Texas Department of Transportation (TxDOT) needs a revenue stream that allows for future planning to address the state's growing needs. The legislature should identify a permanent revenue source that is:

- Predictable;
- Constitutionally dedicated;
- Transportation related;
- Independent of fuel source the automobile uses; and
- Able to adjust to inflation.

There is one revenue source that can provide all the qualities necessary to be an effective revenue stream—the state motor vehicle sales tax.

Provisions of C.S.S.B. 5:

- Constitutionally dedicate the first \$2.5 billion of the existing vehicle sales, use, and rental taxes to General Revenue (GR).
- Constitutionally dedicate the next \$2.5 billion each year to the State Highway Fund (SHF).
- Split 50 / 50 between GR and the SHF all additional revenue in excess of \$5 billion each fiscal year.
- Provides that use of these dedicated funds in the SHF would be limited to the acquisition of right of way, construction and maintenance of non-tolled roads and bridges, and to pay off general revenue Proposition 12 transportation debt (estimated around \$300 million per year).
- Provides that this dedication would not begin until the 2018-2019 biennium, if approved by the voters in November 2016.

If the legislature is determined to find additional revenue for transportation, approval of C.S.S.B. 5 will give TxDOT a predictable revenue stream which they can use to implement long-range transportation plans. This bill also protects GR by \$2.8 billion (\$2.5 billion + \$0.3 billion in debt) in case of economic downturns, while still providing growth to GR in the long term.

C.S.S.B. 5 amends current law relating to the allocation of certain motor vehicle sales, use, and rental tax revenue to the state highway fund and to the uses of that revenue.

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 Subchapter G, Chapter 152, Tax Code, by adding Section 152.1223, as follows:

Sec. 152.1223. ALLOCATION OF CERTAIN TAX REVENUE TO STATE HIGHWAY FUND. (a) Provides that this section applies only to money that:

(1) the comptroller of public accounts of the State of Texas (comptroller) receives in a state fiscal year that begins on or after September 1, 2017;

(2) is received under Sections 152.043 (Collection of Tax on Motor Vehicles Operated by Nonresidents), 152.045 (Collection of Tax on Gross Rental Receipts), 152.047 (Collection of Tax on Seller-Financed Sale), and 152.121 (Tax Sent to Comptroller), is derived from the taxes imposed under Sections 152.021 (Retail Sales Tax), 152.022 (Tax on Motor Vehicle Purchased Outside this State), 152.023 (Tax on Motor Vehicle Brought into State by New Texas Resident), 152.026 (Tax on Gross Rental Receipts), and 152.028 (Use Tax on Motor Vehicle Brought Back into State), and is remaining after the comptroller makes the allocation required by Section 152.1222 (Allocation of Certain Tax Revenue to Property Tax Relief Fund); and

(3) exceeds the first \$2.5 billion of the money described by Subdivisions (1) and (2) that is received in that state fiscal year.

(b) Requires the comptroller, notwithstanding Section 152.122 (Allocation of Tax), to deposit the money to which this section applies as follows:

(1) requires the comptroller to deposit all money received to the credit of the state highway fund until a total of \$2.5 billion has been deposited to the fund under this subdivision in the state fiscal year; and

(2) requires the comptroller to deposit any additional money received in the state fiscal year as follows:

(A) one-half to the credit of the state highway fund; and

(B) the remainder to the credit of the general revenue fund.

(c) Authorizes money deposited to the credit of the state highway fund under this section 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 (Texas Transportation Commission; Texas Highway Improvement Funds), Article III (Legislative Department), Texas Constitution.

SECTION 2. Effective date: September 1, 2015.