

BILL ANALYSIS

Senate Research Center

S.J.R. 5
By: Nichols et al.
Transportation
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Enrolled

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 S.J.R. 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.
- Provide that use of these dedicated funds in the SHF would be limited to the acquisition of right of way, construction and maintenance of non-toll roads and bridges, and to pay off general revenue Proposition 12 transportation debt (estimated around \$300 million per year).
- Provide that this dedication would not begin until the 2018-19 biennium, if approved by the voters in November 2016.

If the legislature is determined to find additional revenue for transportation, approval of this proposal will give TxDOT a predictable revenue stream that they can use to implement long-range transportation plans. It 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.

S.J.R. 5 proposes 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.

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 7-c, as follows:

Sec. 7-c. (a) Requires the comptroller of public accounts of the State of Texas (comptroller), subject to Subsections (d) and (e) of this section, in each state fiscal year, to deposit to the credit of the state highway fund \$2.5 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 (Limited Sales, Excise, and Use Tax), Tax Code, or its successor, that exceeds the first \$28 billion of that revenue coming into the treasury in that state fiscal year.

(b) Requires the comptroller, subject to Subsections (d) and (e) of this section, in each state fiscal year, to deposit to the credit of the state highway fund an amount equal to 35 percent of the net revenue derived from the tax authorized by Chapter 152 (Taxes on Sale, Rental, and Use of Motor Vehicles), Tax Code, or its successor, and imposed on the sale, use, or rental of a motor vehicle that exceeds the first \$5 billion of that revenue coming into the treasury in that state fiscal year.

(c) Provides that 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 (Texas Transportation Commission; Texas Highway Improvement Funds), Article III, of this constitution.

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

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

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

(e) Provides that, subject to Subsection (f) of this section, the duty of the comptroller to make a deposit under this section expires:

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

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

(f) Authorizes the legislature by adoption of a resolution approved by a record vote of a majority of the members of each house of the legislature to extend, in 10-year increments, the duty of the comptroller to make a deposit under Subsection (a) or (b) of this section beyond the applicable date prescribed by Subsection (e) of this section.

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

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by the 84th Legislature, Regular Session, 2015, 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.

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

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

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

(e) Provides that this temporary provision expires September 1, 2020.

SECTION 3. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 3, 2015. Sets forth the required language of the ballot.