

BILL ANALYSIS

Senate Research Center
84R3130 CJC-D

S.J.R. 5
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Transportation
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The purpose of S.J.R. 5 and S.B. 5 is to help cover the shortfall in the state highway funding program. A constitutional amendment is needed to dedicate these funds so that the Texas Department of Transportation (TxDOT) can reasonably predict and plan projects six to 10 years into the future, to replace congestion and to preserve our system.

S.J.R. 5 and its enabling legislation, S.B. 5, in each fiscal year beginning September 1, 2017, dedicates the first \$2.5 billion in revenues from the existing sales tax on new and used vehicles as well as the existing rental tax on vehicles to the general revenue.

The second \$2.5 billion is dedicated to the State Highway Fund with the restriction that it could only be appropriated to construct, maintain, or acquire rights-of ways for public roadways other than toll roads. The funds could also be used to repay Proposition 12 bonds that currently are paid with general revenues funds, costing approximately \$335 million per year.

Any additional revenue in the same fiscal year that is collected above the \$2.5 billion for general revenue and the \$2.5 billion for the State Highway Fund would be divided equally between these two funds.

This method protects general revenue for the first approximately \$2.835 billion per year in the early years but also allows growth in general revenue in later years as the motor vehicle sales tax grows.

S.J.R. 5 proposes a constitutional amendment to dedicate certain revenue derived from the tax imposed on the sale of motor vehicles 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 that, subject to Subsection (b) of this section, all 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 of a motor vehicle sold in this state that exceeds the first \$2.5 billion of that revenue coming into the treasury for a state fiscal year be deposited to the credit of the state highway fund and authorizes it to be appropriated only to construct, maintain, or acquire rights-of-way for public roadways other than toll roads, or repay the principal 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.

(b) Provides that 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 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 \$2.5 billion coming into the treasury for purposes of Subsection (a) of this section, and is not subject to the requirements applicable to the deposit of money in excess of \$2.5 billion prescribed by Subsection (a) of this section, 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. Adds a temporary provision to the Texas constitution, as follows:

TEMPORARY PROVISION. (a) Provides that 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 of a motor vehicle sold in this state to the state highway fund.

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

(c) Prohibits the legislature from appropriating any revenue to which Section 7-c (a), Article VIII, of this constitution applies for any purpose other than a purpose described by Section 7-c(a), Article VIII, of this constitution.

(d) Provides that this temporary provision expires September 1, 2018.

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.