

BILL ANALYSIS

Senate Research Center
84R10146 CJC-D

C.S.S.J.R. 5
By: Nichols et al.
Transportation
2/23/2015
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.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).
- Provides 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.

C.S.S.J.R. 5 proposes a 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.

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

(1) the next \$2.5 billion of that revenue coming into the treasury in that state fiscal year to 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 to be deposited:

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

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

(b) Authorizes money deposited to the credit of the state highway fund under this section to 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.

(c) 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 \$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. 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, use, or rental of a motor vehicle 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)(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) 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 8, 2016. Sets forth the required language of the ballot.