



LEGISLATIVE BUDGET BOARD

Overview of Major Transportation Funding Actions by the 84th Legislature and Selected Alternative Funding Options

**PRESENTED TO THE HOUSE TRANSPORTATION COMMITTEE –
SUBCOMMITTEE ON LONG-TERM INFRASTRUCTURE
PLANNING**

LEGISLATIVE BUDGET BOARD STAFF

SEPTEMBER 2015

Overview of Presentation

Major Funding Actions, 84th Legislature:

- State Highway Fund (SHF) Appropriations to TxDOT
- Proposition 7 (SJR 5)

Alternative Funding Options:

- Driver Responsibility Program Fee and State Traffic Fine
- Comptroller's Motor Fuels Tax Administrative Allowance
- Supplier/Distributor Motor Fuels Tax Collection Allowance

SHF Appropriations to TxDOT

- HB 1, 84th Legislature, Regular Session (2016-17 General Appropriations Act) discontinues SHF appropriations to agencies other than TxDOT.
- Approximately \$1.3 billion in additional SHF revenue is made available to TxDOT for the 2016-17 biennium based on the estimated/budgeted SHF expenditures for agencies other than TxDOT during the 2014-15 biennium.
- \$8.8 billion in traditional SHF tax and fee revenue is appropriated for the 2016-17 biennium, including \$8.2 billion in direct TxDOT appropriations and \$0.6 billion for employee benefits on behalf of TxDOT.

Proposition 7, 2015

- Proposition 7 to be submitted to voters in November 2015 would add Sec. 7-c to Article 8 of the Texas Constitution.
- If approved by voters, Sec. 7-c would direct the Comptroller to deposit the following to the SHF:
 - Beginning in FY 2018, \$2.5 billion of the net revenue derived from the state sales and use tax that exceeds the first \$28 billion collected in each fiscal year through FY 2032.
 - Beginning in FY 2020, 35 percent of the revenues collected from the state motor vehicle sales and rental taxes that exceed \$5 billion in each fiscal year through FY 2029.

Proposition 7, 2015 (continued)

- Revenue allocated to the SHF could only be used to:
 - Construct, maintain, or acquire rights-of-way for non-tolled public roadways.
 - Repay principal and interest on Highway Improvement General Obligation bonds issued under Texas Constitution, Article 3, Sec. 49-p (Proposition 12).
- Sec. 7-c would authorize the Legislature to do the following by adoption of a resolution:
 - Reduce the SHF allocation from either revenue source by an amount or percentage not to exceed 50 percent of the amount that would have been allocated to the SHF from that source in the affected fiscal year.
 - Extend the SHF allocations in 10 year increments.

Proposition 7, 2015 (continued)

Estimated Proposition 7 Allocations to the SHF (GR Fund Loss)

Revenue Source (in Millions)	2016	2017	2018	2019	2020
Sales and Use Tax	\$0	\$0	\$2,500	\$2,500	\$2,500
Motor Vehicle Sales and Rental Tax	\$0	\$0	\$0	\$0	\$432.1
Total, Proposition 7 Allocations	\$0	\$0	\$2,500	\$2,500	\$2,932.1

SOURCES: Comptroller of Public Accounts; Legislative Budget Board.

Funding Option: Shift General Revenue Allocations from Driver Responsibility Program and State Traffic Fine to the State Highway Fund

Revenue Allocation – Current Law

Driver Responsibility Program (DRP)

1.0% General Revenue Fund (DPS)

49.5% Trauma Account 5111

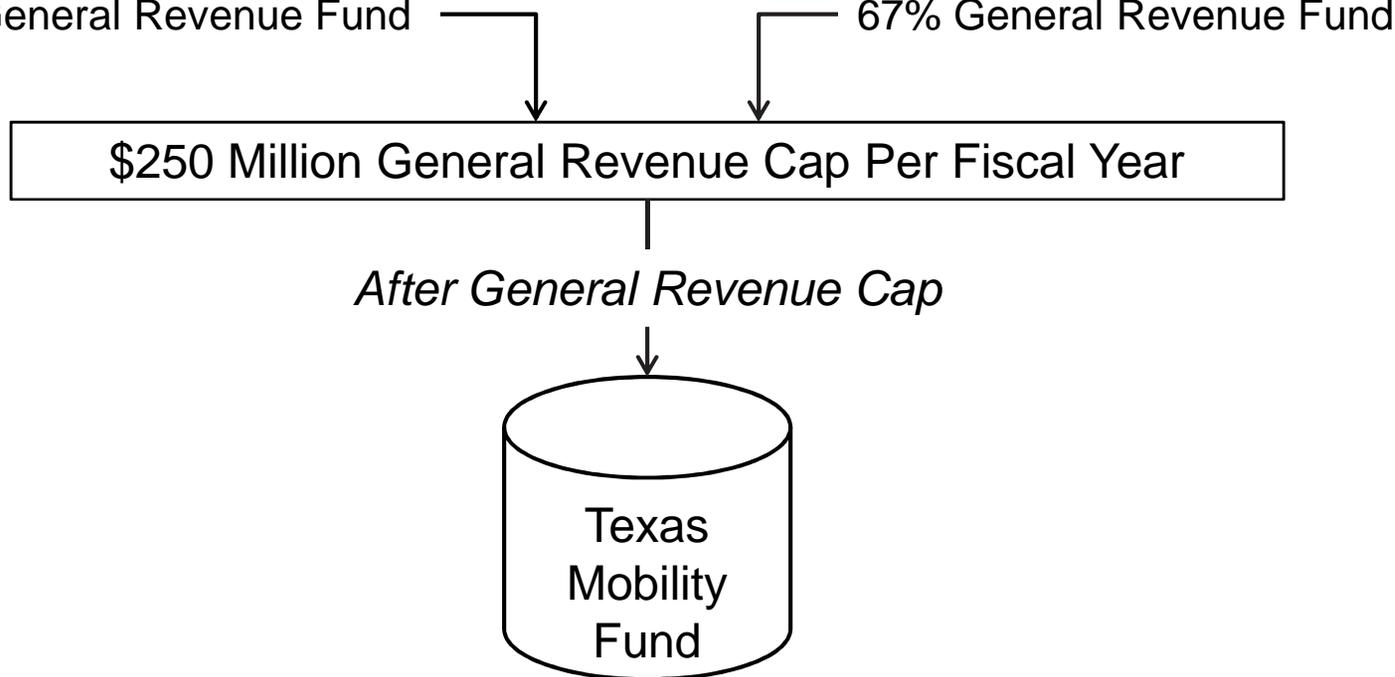
49.5% General Revenue Fund

\$30 State Traffic Fine

(5% retained by locals)

33% Trauma Account 5111

67% General Revenue Fund



Funding Option: Shift General Revenue Allocations from Driver Responsibility Program and State Traffic Fine to the State Highway Fund (continued)

Current Law – General Revenue Fund Allocations

(in Millions)	2014	2015	2016*	2017*
1% DRP for DPS Administration	\$1.4	\$1.5	\$1.5	\$1.5
49.5% DRP to GR Fund (non-dedicated)	\$71.5	\$74.9	\$71.5	\$71.5
Subtotal, DRP Allocations to GR	\$72.9	\$76.4	\$73.0	\$73.0
67% State Traffic Fine	\$58.7	\$54.9	\$58.9	\$58.9
Total, DRP and State Traffic Fine Allocations to GR Fund	\$131.6	\$131.2	\$131.8	\$131.8

*Estimated

SOURCES: Comptroller of Public Accounts; Legislative Budget Board.

Funding Option: Shift General Revenue Allocations from Driver Responsibility Program and State Traffic Fine to the State Highway Fund (continued)

Option: Shift General Revenue Allocations to State Highway Fund

Potential Impact per Fiscal Year – SHF Gain (GR Fund Loss) (in Millions)	
Option 1: Shift Total GR Fund Allocations to SHF	\$131.8
Option 2: Shift GR Fund Allocations to SHF Excluding 1% DRP Allocation for DPS	\$130.3

SOURCE: Legislative Budget Board.

Funding Option: Eliminate Statutory Allowance for Comptroller's Motor Fuels Tax Administration and Enforcement

Current Law: One percent of the gross amount of motor fuels tax revenue is retained in the General Revenue Fund for the Comptroller's administration and enforcement of motor fuel tax laws (subject to appropriation).

1% of Gross Motor Fuels Taxes

(in Millions)	2014	2015	2016*	2017*
General Revenue Fund	\$33.2	\$34.5	\$34.8	\$35.4

*Estimated

SOURCES: Comptroller of Public Accounts; Legislative Budget Board.

Funding Option: Eliminate Statutory Allowance for Comptroller's Motor Fuels Tax Administration and Enforcement (continued)

Option: Eliminate the One Percent Allowance

Potential Impact per Fiscal Year (in Millions)	
Available School Fund (25%)	\$8.8
State Highway Fund (75%)	\$26.5
Total SHF/ASF Gain (GR Fund Loss)	\$35.3

NOTE: The Comptroller's Office reports that a portion of the one percent administrative allowance is transferred from the General Revenue Fund to the ASF and SHF at the end of the fiscal year based on its calculation of the amount of funds used for administration in that fiscal year. The Comptroller's Office reports that approximately 40 percent of the allowance has been allocated to the ASF and SHF after the completion of fiscal years 2011–2014.

SOURCES: Comptroller of Public Accounts; Legislative Budget Board.

Funding Option: Reduce Motor Fuel Tax Collection Allowance

Current Law: Suppliers who timely pay motor fuels taxes to the state are allowed to retain 2 percent of the tax due. Distributors and importers are allowed to retain 1.75 percent of the taxes remitted to the supplier to cover administrative expenses, leaving the supplier with 0.25 percent of the total 2 percent timely filer allowance.

Current Law – Estimated Value of Collection Allowance

(in Millions)	2016	2017	2018	2019	2020
Motor Fuels Collection Allowances	\$71.5	\$73.1	\$74.8	\$76.5	\$78.3

SOURCE: Comptroller of Public Accounts.

Funding Option: Reduce Motor Fuel Tax Collection Allowance (continued)

Option: Reduce the total timely filer allowance to 0.5 percent (equal to the timely filer discount for the state sales tax), split evenly with supplier retaining 0.25 percent and distributors/importers retaining 0.25 percent.

Potential Revenue Impact – Gain to Available School Fund and State Highway Fund

(in Millions)	2016	2017	2018	2019	2020
Available School Fund (25%)	\$13.4	\$13.7	\$14.0	\$14.3	\$14.7
State Highway Fund (75%)	\$40.2	\$41.1	\$42.1	\$43.0	\$44.0
Total SHF/ASF Gain	\$53.6	\$54.8	\$56.1	\$57.3	\$58.7

SOURCE: Comptroller of Public Accounts.

Resources

- Reports available at <http://www.lbb.state.tx.us/> :
 - Transportation Funding Options – LBB Legislative Policy Report, February 2015
 - Texas Highway Funding – Legislative Primer, March 2013



LEGISLATIVE BUDGET BOARD

Contact the LBB

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