

## Department of Planning and Budget 2012 Fiscal Impact Statement

**1. Bill Number:** HB898

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Albo

**3. Committee:** House Appropriations

**4. Title:** Transportation funding.

**5. Summary:** The proposed legislation would dedicate two current general fund revenue sources to the Highway Maintenance and Operating Fund (HMOF): (i) the amount of current state sales and use tax revenue attributable to a 0.25 percent sales and use tax rate and (ii) one-third of the total revenue from the insurance license tax. The additional funding would be used for highway maintenance activities. The transfer of the sales and use tax to the HMOF is to begin in FY 2013 and the transfer of the insurance license tax is to begin in FY 2014.

**6. Budget Amendment Necessary:** Yes, a budget amendment would be required to reduce general fund appropriation to some programs and agencies, as well as increase nongeneral fund appropriation in Item 446.

**7. Fiscal Impact Estimates:**

**7a. Revenue Impact:**

Fiscal Year	General Fund	Highway Maintenance and Operating Fund
2012	\$0	\$0
2013	(\$217,600,000)	\$217,600,000
2014	(\$372,400,000)	\$372,400,000
2015	(\$330,000,000)	\$330,000,000
2016	(\$347,500,000)	\$347,500,000
2017	(\$298,900,000)	\$298,900,000
2018	(\$312,700,000)	\$312,700,000

**8. Fiscal Implications:** The Governor's introduced budget assumes an increase of .005 percent in the Transportation Trust Fund (TTF) share of the sales and use tax for the biennium and deposits the funding in the HMOF. Therefore, the introduced budget includes a general fund reduction and an HMOF increase of \$54.4 million in FY13 and \$56.6 million in FY14. This proposed legislation would redirect an additional .02 percent of the sales and use tax from the general fund to the HMOF for FY 2013 and FY 2014, in addition to the proceeds from the insurance license tax in FY 2014. This proposed legislation's net impact to the introduced

budget is an additional transfer of \$163.2 million from the general fund to the HMOF in FY13 and an additional \$315.8 million transfer in FY14. The table above reflects the full amount of the transfer required by this bill, including the amounts already adjusted in the introduced budget for the Governor's proposed legislation.

Currently, the HMOF does not generate sufficient revenue to cover all necessary maintenance and operating activities. A transfer from the highway construction portion of the TTF is necessary to cover the shortfall. In FY 2011, the amount necessary for maintenance activities exceeded available funding by \$511.0 million. The maintenance shortfall is projected to be \$477.8 million in FY 2012. The additional revenue to the HMOF would reduce and potentially eliminate the need to transfer funds from the TTF in the future.

**9. Specific Agency or Political Subdivisions Affected:** Department of Transportation, general fund agencies

**10. Technical Amendment Necessary:** None.

**11. Other Comments:** Similar to the sales and use tax provisions of HB 1248 and SB 639.

**Date:** 2/3/12 dpb/smc

**Document:** G:\GA\FIS 2012\HB898.doc