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## Texas Sen. Ken Paxton eyes sales tax on car parts and other transportation revenue to boost highway fund

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Texas highways are funded in large part by a motor fuels tax, and top lawmakers are looking to boost the state's road fund with the sales tax collected on new and used vehicle purchases.

So should it be any surprise that one lawmaker hoping to bolster the Texas Department of Transportation's \$10 billion annual budget wants to also use revenue from the state sales tax on tires, mufflers and other car parts?

That's exactly what state Sen. Ken Paxton, R-McKinney, is proposing in a bill filed last month. The broader idea, seen in other transit-related bills, is that revenue generated from transportation-related activities should be used for transportation-related purposes.

"To provide for certainty and adequacy in long-term transportation funding, we must ensure that transportation revenues are actually used for the purposes for which they were intended," said Paxton, vice chairman of the Senate Transportation Committee.

Transportation is a hot topic this legislative session, as TxDOT officials say the agency needs an additional \$1 billion annually for maintenance and \$3 billion more annually to grow the state's road system.

The state's 20-cent-a-gallon motor fuels tax — a fourth of which goes to fund education — hasn't been raised since 1991. Even though it brings in more than \$2 billion a year, its purchasing power has been reduced by inflation and by improved vehicle fuel efficiency.

And that doesn't take into account the more than \$600 million each year that's diverted from the highway fund to other state agencies, such as the Texas Department of Public Safety.

The big item in Paxton's bill, which would require a constitutional amendment, is addressing diversions. Gov. Rick Perry and others have called for diversions to end, even though much of that money goes to the DPS for policing highways.

But Paxton's bill, which echoes a growing mantra in Austin for more intuitive budgeting, also calls for the sales tax revenue on tires and car parts to go to the highway fund.

The chairmen of the House and Senate transportation committees have already said they want to rededicate the 6.25 percent sales tax on new and used vehicle purchases to the highway fund. That would eventually give \$3 billion annually to TxDOT.

The sales tax revenue on tires and other car parts would amount to only \$20 million to \$25 million a year, according to some early projections. But Paxton's bill, which would also look at taxes paid on diesel fuel, nonetheless dovetails with the vehicle sales tax's approach.

Other top ideas to boost the highway fund — such as raising the annual vehicle registration fee by \$50 and applying all of the gas tax to TxDOT — likewise focus on transportation-related revenue.

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With the Texas Department of Transportation's budget getting increasingly tight, state lawmakers are proposing several ideas bolster the highway fund:

**Ending diversions:** More than \$600 million gets diverted each year from the state highway fund to other agencies.

**Rededicating the 6.25 percent state sales tax on new and used vehicle purchases:** A favorite idea of Senate and House transportation committee chairmen. Billions now sent to the state's general revenue fund could be moved to TxDOT.

**Other transportation-related revenue:** Sen. Ken Paxton, R-McKinney, wants to give the highway fund the sales tax collected on tires and other car parts. That could amount to upward of \$20 million annually. Others, such as the Texas Association of Business, have proposed adding \$50 to the annual vehicle registration fee.

**Raising the 20-cent-a-gallon state motor fuels tax:** It won't happen, especially in a GOP-dominated, anti-tax Legislature. But that doesn't stop some transportation planners from clamoring for the tax to be raised for the first time since 1991.

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