

LEGISLATIVEBUDGETBOARD
Austin,Texas

FISCALNOTE,78THLEGISLATURE3rdCALLEDSESSION -2003

September18,2003

TO: HonorableSteveOgden,Chair,SenateCommitteeonInfrastructureDevelopmentand Security

FROM: JohnKeel,Director,LegislativeBudgetBoard

INRE: HB2byKrusee(Relatingtotheconstruction,acquisition,financing,maintenance, management,operation,ownership,andcontroloftransportationfacilitiesandtheprocess, improvement,policing,andsafetyoftransportationinthestate;makingappropriations.), As Engrossed

EstimatedTwo -yearNetImpacttoGeneralRevenueRelatedFunds forHB2,AsEngrossed:animpactof \$0throughthebienniumendingAugust31,2005.

Appropriations:

FiscalYear	Appropriationoutof GENERALREVENUEFUND 1	Appropriationoutof STATEHIGHWAYFUND 6
2004	\$1,198,760	\$13,680,000
2005	\$233,927,029	\$17,102,000

GeneralRevenue -RelatedFunds,Five -YearImpact:

FiscalYear	ProbableNetPositive/(Negative) ImpacttoGeneralRevenueRelated Funds
2004	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$0

AllFunds,Five -YearImpact:

FiscalYear	ProbableRevenue Gain/(Loss)from GENERALREVENUE FUND 1	ProbableSavings/ (Cost)from GENERALREVENUE FUND 1	ProbableRevenue Gain/(Loss)from TEXASMOBILITY FUND 365	ProbableRevenue Gain/(Loss)from STATEHIGHWAY FUND 6
2004	\$1,198,760	(\$1,198,760)	\$0	\$2,331,000
2005	\$233,927,029	(\$233,927,029)	(\$132,852,000)	\$3,611,000
2006	\$0	\$0	\$0	\$3,647,000
2007	\$0	\$0	\$0	\$3,683,000
2008	\$0	\$0	\$0	\$3,720,000

Fiscal Year	Probable Savings/ (Cost) from STATE HIGHWAY FUND 6	Change in Number of State Employees from FY 2003
2004	(\$13,680,000)	39.0
2005	(\$17,102,000)	39.0
2006	\$0	
2007	\$0	
2008	\$0	

Fiscal Analysis

The bill would amend changes made to the Transportation Code made by House Bills 2971, 3184, and 3588, and Senate Bills 631 and 1904, Acts of the 78th Legislature, Regular Session, 2003, relating to the financing, construction, improvement, maintenance, and operation of toll facilities by the Texas Department of Transportation (TxDOT) and the disposition of money generated by the driver responsibility program, fines imposed for certain traffic offenses, and certain fees collected by the Department of Public Safety (DPS).

House Bill 3588 would have created the Texas Mobility Fund Debt Service Account (TMFDSA). Under the provisions of House Bill 2, the TMFDSA would not be created. The bill would also amend House Bill 3588 to change the dedication of certain DPS fees for fiscal 2005, including driver's license fees and inspection fees, from the Texas Mobility Fund (TMF) to the General Revenue fund. The bill would also extend the county authorization to file a declaration of taking, under certain circumstances, to include a county with a population of 3.3 million or more.

The bill would establish a new state traffic fine of \$30, to replace the \$30 court cost established in House Bill 3588, and identify those situations in which the fine would apply. The bill would require the \$30 fine to be deposited in either municipal or county treasuries and then subsequently be remitted to the Comptroller in accordance with the bill. The bill would retain the provision established in House Bill 3588 allowing a municipality or county to retain 5 percent of the money collected. The bill would require the Comptroller to deposit 67 percent of the revenues received to the credit of the General Revenue fund and 33 percent to the credit of General Revenue Dedicated Trauma Facility and Emergency Medical Services Account. The bill would amend House Bill 3588 to require a portion of revenues generated in fiscal years 2004 and 2005 in excess of \$250 million from an aggregate total of all fines imposed for certain traffic offenses and Driver Responsibility Program fees to be deposited to the credit of the TMF instead of the TMFDSA and the General Revenue fund.

The bill would direct certain fees and penalties collected by DPS to the credit of the General Revenue fund instead of the TMF in fiscal year 2005, and would appropriate an estimated amount of \$231,700,000 out of the General Revenue fund in the same year to replace block grants for undedicated federal fiscal relief funds utilized to certify general revenue appropriations for the 2004-05 biennium. The federal fiscal relief funds replaced would be appropriated to the Comptroller, for the biennium beginning September 1, 2003, for the purposes described by the Article IX, Section 11.28, of the General Appropriations Act, 78th Regular Session (House Bill 1). In addition, the bill would amend Article IX, Section 11.28(a) of House Bill 1, to remove the reference to implementation of Article IX, Section 11.15, Contingency Appropriation Reduction and Contingency Appropriation, and add language to make the funds appropriated as directed by the Governor and Legislative Budget Board acting under Chapter 317, Government Code, and in accordance with the provisions of the bill.

The bill would add exemptions to the \$12.5 million cap for disbursements related to acquisition, construction, maintenance, and operation of a rail facility or system. The bill would also require the TxDOT to report certain expenditures specified in the bill to the Legislature by December 1 of each year.

The bill would remove the \$15 fee for each additional set of Disabled Veterans specialty license plates established under House Bill 2971, 78th Regular Session, so that only registration fees are required for each additional set.

The bill would assess a \$1 fee on each applicant for registration of a motor vehicle at the time of registration or renewal by a person who sells at the first or a subsequent sale of a motor vehicle and who holds a general distinguishing number issued under Chapter 503 of the Transportation Code or the Texas Motor Vehicle Commission Code. The bill would require the fee to be paid by persons buying a motor vehicle from a licensed dealer in Texas, collected by the dealer, and submitted to a county tax assessor-collector along with other registration fees and documents for registration and titling.

The bill would appropriate certain fees and surcharge revenue, generated by implementation of HB 3588, 78th Legislature, Regular Session, 2003, to DPS for fiscal years 2004 and 2005. One percent of the surcharge revenue from the Driver Responsibility Program and all fee revenues from the Motor Vehicle Financial Responsibility Verification Program would be appropriated to DPS for the 2004 biennium to implement and administer an engineering of the driver's license system, fund the liability insurance feasibility study, and make Master Lease Purchase Program payments. -05

The bill would take effect immediately upon receiving a two-thirds majority vote in both houses; otherwise, the bill would take effect on the 91st day after the last day of the legislative session. Changes with a measurable fiscal impact are discussed below.

Methodology

This analysis includes the latest certification findings provided by the Comptroller of Public Accounts.

The bill would require 49.5 percent of the revenues generated from the Driver Responsibility Program and 67 percent of revenues received by the Comptroller from fines imposed for certain traffic offenses to be deposited to the credit of the TMF instead of the TMFDSA and the General Revenue fund in fiscal years 2004 and 2005. Although the Comptroller has determined that the estimated General Revenue gains of \$98.8 million in fiscal years 2006 and 2007 from fines imposed for certain traffic offenses would be available for general purpose expenditures upon enactment of the bill, no General Revenue impacts are reflected in the table above for these fiscal years because similar General Revenue gains were previously reflected in the cost estimate for House Bill 3588, which required such revenues to be deposited to the credit of the General Revenue fund.

No gains to the TMF are reflected from Driver Responsibility Program generated revenues based on certification findings; however, approximate gains of \$98.8 million in fiscal year 2005 from fines imposed for certain traffic offenses are reflected in accordance with amounts identified by the Comptroller and the requirements of the bill. Based on the Comptroller's interpretation and certification findings, this analysis also assumes that a transfer of approximately \$82.3 million would have been made under the provisions of House Bill 3588 from the TMFDSA to the TMF in fiscal year 2004 pursuant to a payment requirement for obligations assumed to be issued from the TMF during that year. Since the revenue would have been available to the TMF in 2004 through the anticipated transfer under the provisions of House Bill 3588, it is not reflected in the table above. Any revenues generated from the Driver Responsibility Program during fiscal years 2004 and 2005 would result in a corresponding increase to the TMF in accordance with the bill.

Gains to the State Highway Fund are reflected above according to estimates made by the Comptroller of Public Accounts. This analysis includes adjustments for initial implementation delays and a growth rate of approximately 1 percent in fees that would be collected under the provisions of the bill for each year after fiscal year 2005. With immediate effect, it is assumed that revenue gains of approximately \$2.3 million would be realized in fiscal year 2004 and \$3.6 million in fiscal year 2005. It is also assumed that in subsequent years revenue gains of approximately \$3.6 million would be realized in fiscal year 2006 and that this amount would increase to approximately \$3.7 million during fiscal years 2007 and 2008.

The Texas Department of Transportation estimates that approximately 11,500 Disabled Veteran specialty license plates would be sold during each year for the next 5 years. However, no related revenue loss is reflected in the table above for the required \$15 reduction in fees based on the Comptroller's estimate that no significant fiscal impact would be realized with the reduction.

Based on data from the Comptroller's 2004 -05 Biennial Revenue Estimate, the bill would direct approximately \$231.6 million in fiscal year 2005 to be deposited to the credit of the General Revenue fund instead of the TMF. The bill would appropriate the estimated \$231.6 million deposited to the credit of the General Revenue fund in fiscal 2005, out of the General Revenue fund, to replace block granted or undedicated federal fiscal relief funds utilized to certify general revenue appropriations for the 2004 -05 biennium. The bill would also appropriate federal fiscal relief funds already appropriated in the General Appropriations Act, 78th Regular Session, House Bill 1, which would have no fiscal effect according to the Comptroller.

According to the Comptroller of Public Accounts, the bill would appropriate approximately \$30.8 million from the State Highway Fund to DPS for the purpose of supporting the engineering of the driver's license system and the liability insurance feasibility study. The table above does not reflect a revenue gain to the State Highway Fund for the \$1 motor vehicle registration fee that became current law with the enactment of HB 3588, 78th Legislature, Regular Session, 2003.

The bill would increase the number of full -time equivalent positions for DPS by 39 each year and would also appropriate approximately \$3.5 million from the General Revenue fund to the DPS for the purpose of administering the Driver Responsibility Program during the 2004 -05 biennium. The Comptroller of Public Accounts did not include the revenue gain from the Driver Responsibility Program in House Bill 3588, 78th Legislature, Regular Session, in the certification of House Bill 1, the General Appropriations Act. Therefore, the appropriation and costs shown above from the General Revenue fund for the Driver Responsibility Program would not count against any amount estimated to be available for certification for the 78th Legislature, Third Called Session.

Technology

Approximately \$30.8 million would be appropriated from the State Highway Fund to DPS for the purpose of supporting the engineering of the driver's license system and the liability insurance feasibility study.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 405 Department of Public Safety, 601 Department of Transportation, 304 Comptroller of Public Accounts

LBB Staff: JK, JO, RR, RT, SD, MW