

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 17, 2003

TO: Honorable Joe Driver, Chair, House Committee on Law Enforcement

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1310 by Pitts (Relating to authorizing the Texas Department of Public Safety to enter into contracts for the periodic reporting of certain information in the department's driver's license files to certain other persons.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1310, As Introduced: a negative impact of (\$76,310,278) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2004 | (\$38,218,499) |
| 2005 | (\$38,091,779) |
| 2006 | (\$38,091,779) |
| 2007 | (\$38,091,779) |
| 2008 | (\$38,091,779) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue (Loss) from GENERAL REVENUE FUND 1 | Probable (Cost) from GENERAL REVENUE FUND 1 |
|-------------|---|---|
| 2004 | (\$38,091,779) | (\$126,720) |
| 2005 | (\$38,091,779) | \$0 |
| 2006 | (\$38,091,779) | \$0 |
| 2007 | (\$38,091,779) | \$0 |
| 2008 | (\$38,091,779) | \$0 |

Fiscal Analysis

The bill would amend the Transportation Code to allow the Department of Public Safety to enter into contracts with motor vehicle insurance companies, motor vehicle insurance support organizations, or entities that self-insure their motor vehicles for the periodic reporting of certain information in the department's driver's license files for a fee of \$6 for each group of 100 individual records.

Methodology

The Comptroller of Public Accountant estimates the state will receive \$50,737,000 in driver record information fees which cost \$6.50 per record. It is estimated there would be a \$38.1 million loss to

General Revenue Funds per year under the provisions of the bill which would provide partial records for \$6.00 per 100. The loss in revenue is calculated by taking the \$50,737,000 in driver record information fees and dividing it by the individual record costs to determine a projected number of records (7,805,692). Multiplying by \$6 per 100 records would equal \$468,342. Assuming the persons purchasing the bulk records would then purchase only 24% (the portion of drivers who had conviction, suspension, or revocation activity added to their driving record) of the complete records at \$6.50 per record gives an estimated revenue of \$12.2 million per year ($7,805,692 \times 24\% = 1,873,366 \times \$6.50 = \$12,176,879$). These two figures generate \$12,645,221 in revenue ($\$468,342 + \$12,176,879$). Subtracting \$12,645,221 from the \$50,737,000 estimated revenue under the current process, gives an estimated revenue loss of \$38,091,779 per year to General Revenue Funds.

Additionally, DPS reports that it would need to modify the automated Driver License System to accept the list of names and numbers submitted and maintain the lists for the specified periods of the contracts. The agency estimates a cost of \$126,720, which is equal to 1,056 hours of programming at \$120 per hour.

Technology

Technology costs totaling \$126,720 are outlined above.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 405 Department Of Public Safety

LBB Staff: JK, JO, WK, VDS, AR