

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 13, 2003

TO: Honorable Mike Krusee, Chair, House Committee on Transportation

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2709 by Gutierrez (Relating to nonrepairable and salvage motor vehicles and salvage vehicle dealers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2709, As Introduced: a negative impact of (\$557,000) 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	(\$374,000)
2005	(\$183,000)
2006	(\$116,000)
2007	(\$48,000)
2008	\$23,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/ (Loss) from <i>STATE HIGHWAY FUND</i> 6	Probable Revenue Gain/ (Loss) from <i>County Road and Bridge Funds</i>
2004	(\$374,000)	\$3,945,000	(\$257,000)
2005	(\$183,000)	\$4,853,000	(\$317,000)
2006	(\$116,000)	\$4,974,000	(\$325,000)
2007	(\$48,000)	\$5,099,000	(\$333,000)
2008	\$23,000	\$5,226,000	(\$341,000)

Fiscal Analysis

The bill would redefine the criteria for determining if a vehicle is a salvage or nonrepairable motor vehicle; provide titling requirements and procedures for salvage and nonrepairable motor vehicles; eliminate the requirement for a DPS salvage vehicle inspection upon rebuilding the vehicle; eliminate many sale restrictions on salvage and nonrepairable vehicles; establish offenses for retitling a nonrepairable vehicle and for refusal or failure to surrender the title; and establish fees related to salvage and nonrepairable vehicles.

Methodology

TxDOT identified approximately 123,600 salvage certificates, 37,600 salvage certificates of title, and 28,300 non-repairable certificates of title, that would be eligible to pay the \$15 application fee for a salvage certificate of title. Because TxDOT noted that about 40 percent of the requests for salvage certificates come from out-of-state, and the salvage certificates are currently issued at no cost, about 82,400 salvage certificates were removed from the calculation subject to the \$15 fee, which would be deposited to the credit of the General Revenue Fund 0001.

TxDOT issued approximately 71,000 regular titles in fiscal 2002, in exchange for salvage certificates of title and non-repairable certificates of title. These exchanges would be subject to the \$65 rebuilder fee to be deposited to the credit of Fund 0006. For fiscal 2004, the number of eligible exchanges for a regular title is estimated to be 74,600.

TxDOT estimates that two percent of the current salvage certificates issued that would no longer be issued under the bill, would represent the number of salvage certificates of title issued without the original title returned resulting in the collection of a \$100 non-surrender fee. These fees would be retained by TxDOT and deposited to Fund 0006.

TxDOT estimates that approximately 2,000 out-of-state purchasers licenses would be issued annually at \$200 each, along with 2,000 annual renewals at \$200 each. The number of \$25 Internet licenses that would be issued annually is unknown and cannot be estimated.

Currently, before a regular certificate of title can be issued for salvage motor vehicle, DPS must conduct a salvage inspection, for which a fee of about \$150 is charged and deposited to Fund 0001. This bill would eliminate the inspection and the fee, resulting in a general revenue loss. In fiscal 2002, approximately \$3.7 million was deposited to Fund 0001 from this source.

Counties receive approximately \$20 for each motor vehicle registration processed, and \$5 for each certificate of title processed. Beginning in fiscal 2004, it is estimated that 12,360 of these transactions would be lost because some non-repairable titles would no longer be eligible for titling or registration in the state.

It is anticipated that TXDOT could absorb any costs associated with the bill within current resources.

The Department of Public Safety indicates it could absorb any costs associated with the bill within current resources.

Local Government Impact

Other than the costs indicated above, No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety, 454 Department of Insurance, 601 Department of Transportation

LBB Staff: JK, JO, RR, RT, RB