

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 31, 2003

TO: Honorable David Dewhurst , Lieutenant Governor, Senate
 Honorable Tom Craddick, Speaker of the House, House of Representatives

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2971 by Harper-Brown (Relating to the registration of vehicles and the issuance of license plates by the Texas Department of Transportation; providing penalties.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2971, Conference Committee Report: a positive impact of \$1,938,000 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	\$969,000
2005	\$969,000
2006	\$969,000
2007	\$969,000
2008	\$969,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>STATE HIGHWAY FUND</i> 6	Probable Savings/(Cost) from <i>STATE HIGHWAY FUND</i> 6	Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE</i> <i>FUND</i> 1
2004	\$3,311,000	(\$4,700,000)	\$969,000
2005	\$3,311,000	(\$2,400,000)	\$969,000
2006	\$3,311,000	(\$2,400,000)	\$969,000
2007	\$3,311,000	(\$2,400,000)	\$969,000
2008	\$3,311,000	(\$2,400,000)	\$969,000

Fiscal Analysis

The bill would amend the Transportation Code to allow the Texas Transportation Commission (TTC) to authorize the Department of Transportation (TxDOT) to enter into a contract with a private vendor to market and sell personalized prestige license plates and other specialized license plates. The bill would require the TTC to create necessary rules and establish fees to implement the provisions of the bill. The bill would establish guidelines for setting, increasing, decreasing, charging, and collecting fees; require a vendor to submit reports; require that money received by TxDOT from a vendor in an amount sufficient to cover its administrative costs for license plates issued under the bill, vendor

payments, and any other amount allocated to the State Highway Fund under current law, be deposited to the credit of the State Highway Fund; and require that any additional amounts received from the vendor be deposited to the credit of the General Revenue Fund. The bill would also require amounts received from vendors governed under other laws to be deposited in accordance with those laws and would clarify that TxDOT may allow or require a vendor to establish an electronic infrastructure that is coordinated and compatible with its registration system.

The bill would amend license plate statutes by replacing sections of the Transportation Code and adding new provisions pertaining to the issuance of personalized and specialty license plates. The bill would allow TxDOT to issue specialty license plates for passenger cars and light trucks based on a request from a sponsor of the license plates or its own initiative. The bill would establish specialty plate fees in addition to other registration fees; require a portion of the fees to defray TxDOT administrative costs; and require that 50 cents of TxDOT's administrative cost portion be paid to counties for each specialty license plate issued through a county tax assessor-collector. The bill would allow TxDOT to issue a souvenir plate of any specialty license plate for a fee of \$20 if not personalized and \$40 if personalized. The bill would require that a souvenir plate may not be used on a vehicle and must be identified in a way that identifies it as a souvenir plate.

The bill would require the amount of fees allocated to TxDOT for administrative costs be reduced to replace any reduction in General Revenue if the provisions of the bill would reduce the amount of General Revenue generated in fiscal years 2004 and 2005 relative to fiscal years 2002 and 2003 as determined by the Legislative Budget Board. The bill would require this provision to expire September 1, 2005.

The bill would create dedicated revenues and dedicated accounts in the General Revenue Fund that would be subject to funds consolidation review by the current legislature and would take effect immediately upon receiving a two-thirds majority vote in both houses; otherwise, the bill would take effect September 1, 2003.

Methodology

Subchapter C fiscal impacts include TxDOT estimates of revenue losses being realized in the amounts of approximately \$289,000 to the State Highway Fund and \$231,000 to the General Revenue Fund each year related to the decrease in fees for additional Disabled Veteran license plates from the regular registration fee amount to \$15.

Subchapter J costs include TxDOT estimates of 20 new sets of 3,000 specialized license plates would be issued during each fiscal year (60,000) under a contract agreement with a private vendor and that vendor payments of \$20 would be realized for each specialized license plate. For the purposes of this cost estimate, the same assumptions are made for personalized prestige license plates. Similarly, the bill would require the specialized license plate fees to be charged in addition to the normal costs of registration and this estimate assumes the same requirement for personalized prestige plates. For the purposes of this analysis, it is assumed that annual fees of \$60 per plate would be established for personalized prestige and specialized license plates. In addition, TxDOT also estimates that \$2,300,800 in implementation costs would be realized during the first year.

This analysis also includes TxDOT's estimated fee for specialized license plates, which includes \$20 for the State Highway Fund; \$20 for the General Revenue Fund; and \$20 for vendor payments. It is presumed that the portion of the fee under subchapter J of the bill deposited to the credit of the General Revenue Fund would not be used to cover vendor payment or agency related license plate issuance costs. This analysis is based on revenues generated for personalized prestige license plate fees, apart from \$20 for vendor payments, being equivalent to amounts under current law as specified in the bill. Currently \$1.25 is deposited to the credit of the State Highway Fund and \$38.75 is deposited to the credit of the General Revenue Fund from each personalized prestige license plate issued.

No significant fiscal implication is anticipated to other sections of the bill related to license plates due to the estimated number of license plate issuances. It is also assumed that duties and responsibilities associated with implementing the provisions of these sections of the bill could be accomplished by

utilizing existing resources based on the analyses provided by TxDOT, the Comptroller of Public Accounts, the Texas Parks and Wildlife Department, the Department of Public Safety, the Veteran's Commission, the Texas A&M University System, the Central Education Agency, the Higher Education Coordinating Board, and the Texas Aerospace Commission on other bills included in this bill.

Technology

TxDOT estimates programming costs of \$2.3 million during the first year under subchapter J of the bill to allow a vendor's system to interface with the agency's Registration and Titling System.

Local Government Impact

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

Under subchapter J of the bill, counties would be required to process the initial issuance of personalized prestige license plates and other specialized license plates. According to TxDOT, operational procedures may impact counties if programming is not completed by September 1, 2003.

Source Agencies: 601 Department of Transportation, 304 Comptroller of Public Accounts, 354 Texas Aerospace Commission, 403 Veterans Commission, 405 Department of Public Safety, 701 Central Education Agency, 710 Texas A&M University System Administrative and General Offices, 781 Higher Education Coordinating Board, 802 Parks and Wildlife Department

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