

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 13, 2003

TO: Honorable Steve Ogden, Chair, Senate Committee on Infrastructure Development and Security

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3292 by Krusee (Relating to the marketing and sale of prestige and specialized license plates.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3292, As Engrossed: a positive impact of \$2,400,000 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	\$1,200,000
2005	\$1,200,000
2006	\$1,200,000
2007	\$1,200,000
2008	\$1,200,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from GENERAL REVENUE FUND 1	Probable Revenue Gain/ (Loss) from STATE HIGHWAY FUND 6	Probable Savings/(Cost) from STATE HIGHWAY FUND 6
2004	\$1,200,000	\$3,600,000	(\$4,700,800)
2005	\$1,200,000	\$3,600,000	(\$2,400,000)
2006	\$1,200,000	\$3,600,000	(\$2,400,000)
2007	\$1,200,000	\$3,600,000	(\$2,400,000)
2008	\$1,200,000	\$3,600,000	(\$2,400,000)

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 rules and establish fees for issuing and renewing such license plates upon authorizing TxDOT to contract with a private vendor. The bill would establish guidelines for setting, increasing, decreasing, charging, and collecting fees; require that the amount charged for license plates could not be less than the amount in effect on January 1, 2003; require that a vendor submit reports supporting collected fees and be paid from those fees; allow the commission to

authorize TxDOT to pay a licensing fee to use a trademark in marketing and selling plates; 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 take effect immediately upon receiving a two-thirds majority vote in both houses; otherwise, the bill would take effect September 1, 2003.

Methodology

TxDOT estimates 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 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 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 also assumes that revenues generated for personalized prestige license plate fees, apart from \$20 for vendor payments, would be equivalent to amounts under current law. 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.

If the TTC determined that agency costs for personalized prestige license plates issued under the bill exceeded \$1.25 under the same fee and same vendor cost, then a General Revenue loss equivalent to the cost increase per license plate would be realized. Similarly, any determined agency cost reductions, or fee increases, would result in an increase in revenue deposited to the credit of the General Revenue Fund by the same amount.

Technology

TxDOT estimates programming costs of \$2.3 million during the first year 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. 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: 304 Comptroller of Public Accounts, 601 Department of Transportation

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