

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**February 24, 2003**

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

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: SB425** by Carona (Relating to the marketing and sale of prestige and specialized license plates.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB425, As Introduced: a negative impact of (\$4,650,000) 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	(\$2,325,000)
2005	(\$2,325,000)
2006	(\$2,325,000)
2007	(\$2,325,000)
2008	(\$2,325,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>STATE HIGHWAY FUND</i> 6	Probable Revenue Gain/ (Loss) from <i>STATE HIGHWAY FUND</i> 6	Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND</i> 1
2004	(\$4,700,800)	\$6,000,000	(\$2,325,000)
2005	(\$2,400,000)	\$6,000,000	(\$2,325,000)
2006	(\$2,400,000)	\$6,000,000	(\$2,325,000)
2007	(\$2,400,000)	\$6,000,000	(\$2,325,000)
2008	(\$2,400,000)	\$6,000,000	(\$2,325,000)

**Fiscal Analysis**

The bill would amend the Transportation Code to allow the Texas Transportation Commission to authorize the Texas 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 commission 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 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; and require

that all money received by TxDOT from a vendor be deposited to the credit of the State Highway Fund. The bill would also 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. TxDOT estimates annual fees of \$40 per plate for personalized prestige license plates and \$60 per specialized license plate. The bill would require the specialized license plate fees to be charged in addition to the normal costs of registration. This cost estimate assumes the same requirement for personalized prestige plates. It is assumed that portions of the personalized prestige license plate fees currently deposited to the credit of the General Revenue Fund would be deposited to the credit of the State Highway Fund under the provisions of the bill. In addition, TxDOT also estimates that \$2,300,800 in implementation costs would be realized during the first year.

### **Technology**

TxDOT estimates programming costs of \$2,300,000 during the first year to allow a vendor's system to interface with RTS.

### **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, RR, WP, MW