

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 18, 2003

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB789 by Lindsay (Relating to nonrepairable and salvage motor vehicles.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB789, As Introduced: a negative impact of (\$5,906,000) 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	(\$2,989,000)
2005	(\$2,917,000)
2006	(\$2,908,000)
2007	(\$2,898,000)
2008	(\$2,888,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>STATE HIGHWAY FUND 6</i>	Probable Revenue Gain/(Loss) from <i>STATE HIGHWAY FUND - Dedicated Account 6</i>	Probable Revenue Gain/(Loss) from <i>Counties - County Officer's Salary Funds</i>
2004	(\$2,989,000)	\$347,000	\$2,800,000	\$1,120,000
2005	(\$2,917,000)	\$355,000	\$3,444,000	\$1,148,000
2006	(\$2,908,000)	\$364,000	\$3,531,000	\$1,177,000
2007	(\$2,898,000)	\$373,000	\$3,619,000	\$1,206,000
2008	(\$2,888,000)	\$383,000	\$3,709,000	\$1,236,000

Fiscal Analysis

The bill would amend the Transportation Code to eliminate certain inspections of non-repairable and salvage motor vehicles by the Texas Department of Public Safety (DPS) and change requirements and guidelines relating to the titling and sale of non-repairable and salvage motor vehicles. The bill would redefine non-repairable motor vehicles and salvage motor vehicles regarding their composition, purchase, and sale. The bill would authorize insurance companies to surrender a certificate of title to DPS and obtain a salvage certificate of title or a non-repairable certificate of title without obtaining a properly assigned title under certain conditions specified in the bill. The bill would require that DPS application fees for both salvage motor vehicle certificates of title and non-repairable motor vehicle certificates of title may not be greater than \$5 or an amount sufficient to recover the actual costs of issuing the certificate.

The bill would add a new \$68 fee, payable to county tax assessor-collectors (TACs) for a new title for a motor vehicle currently titled under a non-repairable motor vehicle certificate of title, a salvage motor vehicle certificate of title, a Texas salvage certificate, or other salvage ownership document. The bill would require TACs to send \$15 of each fee to the county treasurer to be deposited in the county officers' salary fund and \$53, together with the surrendered titles, to DPS. The bill would authorize counties to retain the funds to be remitted to DPS for 34 days if deposited in interest-bearing accounts, and would authorize interest earned on those funds to be deposited to the county general fund.

The bill would require the \$53 amount to be deposited as follows: \$5 to the General Revenue Fund 0001; \$3 to the State Highway Fund 0006; and \$45 to a newly created Fund 0006 dedicated Motor Vehicle Theft Enforcement account, to be used only by DPS for the enforcement of laws related to the theft of motor vehicles and the prevention of motor vehicle theft. The bill would also repeal the current fee assessed by DPS, which is the lesser of \$200 or the actual cost of conducting an inspection of a salvage motor vehicle on an application for a regular certificate of title for a salvage motor vehicle, and the related inspection of a salvage motor vehicle.

This bill would take effect September 1, 2003, and would apply to a title issued on, or after that date.

Methodology

According to the Comptroller, the Texas Department of Transportation (TxDOT) issued approximately 30,000 salvage titles and 23,000 non-repairable titles in fiscal year 2002 and deposited the receipts to Fund 0006. The fee for an application for a salvage motor vehicle certificate of title under current law is \$3 and the fee for a non-repairable motor vehicle certificate of title is \$2. For the purposes of this analysis, it is assumed the fee amount for both would be set to \$5 in accordance with the requirements of the bill.

It is also assumed that fees currently charged by DPS for salvage inspections prior to issuing a regular certificate of title for a salvage motor vehicle would not be collected. The elimination of this fee would result in a revenue loss of approximately \$3.3 million to the General Revenue Fund.

In fiscal 2002, TxDOT issued approximately 71,000 new titles from salvage and non-repairable titles. This analysis assumes a 2.5% growth rate in titles issued each year and that new issuances would be subject to the new \$68 fee; that \$15 of the fee would be deposited to the county officers' salary fund; \$5 to the General Revenue Fund; \$3 to the State Highway Fund; and \$45 to the newly created Fund 0006 dedicated Motor Vehicle Theft Enforcement account. Amounts reflected above include adjustments in fiscal year 2004 for amounts deposited to the credit of the General Revenue Fund, the State Highway Fund, and the newly created Fund 0006 dedicated Motor Vehicle Theft Enforcement account for a brief implementation period and delay in receiving funds from the counties for their 34 day period of investment.

This analysis assumes that duties and responsibilities for TxDOT and DPS associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Because the legislation would create a dedicated revenue account in the State Highway Fund, the account included in this bill would be subject to funds consolidation review by the current legislature.

Local Government Impact

Based on the analysis above, it is estimated that implementing the provisions of the bill would result in approximately \$1,120,000 being deposited to the credit of county officer's salary funds in fiscal year 2004; \$1,148,000 in fiscal year 2005; \$1,177,000 in fiscal year 2006; \$1,206,000 in fiscal year 2008; and \$1,236,000 in fiscal year 2008.

Source Agencies: 304 Comptroller of Public Accounts, 601 Department of Transportation

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