

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 30, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB1704 by Wentworth (Relating to the registration of vehicles and the issuance of specially designed license plates by the Texas Department of Transportation.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1704, Committee Report 1st House, Substituted: 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 <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	\$3,600,000	(\$4,700,000)	\$1,200,000
2005	\$3,600,000	(\$2,400,000)	\$1,200,000
2006	\$3,600,000	(\$2,400,000)	\$1,200,000
2007	\$3,600,000	(\$2,400,000)	\$1,200,000
2008	\$3,600,000	(\$2,400,000)	\$1,200,000

Fiscal Analysis

Section 1 of the bill relates to the marketing and sale of prestige and specialized license plates. Sections 2 through 27 relate to the registration of certain vehicles and the issuance of specially designed license plates by the Texas Department of Transportation (TxDOT).

Sections 2, 7, 8, 10 through 18, and 21 through 27, of 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.

Sections 1 through 6, and 8 through 27, of the bill would take effect September 1, 2003.

Section 7 of the bill would take effect September 1, 2003, if another Act of the 78th Legislature, Regular Session, 2003, creates the Texas Military Preparedness Grant Account and becomes law; otherwise, the bill would have no effect.

Methodology

Section 1 costs include TxDOT estimates that 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 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, Section 1 of 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 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.

The Section 1 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 Section 1 of the bill would be deposited to the credit of the General Revenue Fund would not be used to cover vendor payments or agency related license plate issuance costs. This analysis also assumes revenues generated for personalized prestige license plate fees, apart from the \$20 vendor payments, would be equivalent to the 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 Section 1 of 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, under Section 1 of the bill would result in an increase in revenue deposited to the credit of the General Revenue Fund by the same amount.

No significant fiscal implication is anticipated for sections 2 through 27 of the bill due to the estimated number of license plate issuances. It is also assumed the 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 Parks and Wildlife Department, the Department of Public Safety, the Veteran's Commission, the A&M University System, the Central Education Agency, the Higher Education Coordinating Board, and the Aerospace Commission.

Technology

TxDOT estimates programming costs of \$2.3 million during the first year under Section 1 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 section 1 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: 304 Comptroller of Public Accounts, 354 Texas Aerospace Commission, 403 Veterans Commission, 405 Department of Public Safety, 601 Department of Transportation, 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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