

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 15, 2005

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB280 by Hope (Relating to the impoundment of motor vehicle license plates for failure to maintain financial responsibility.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Transportation Code as it relates to the impoundment of motor vehicle license plates for failure to maintain financial responsibility.

Under the provisions of the bill, if a person required by Section 601.053, Transportation Code, fails to provide a peace officer with evidence of financial responsibility for a motor vehicle, the officer shall 1) remove each license plate that is attached to the vehicle or require the operator or passenger in the vehicle to remove each license plate; 2) issue the person a written notice specifying that registration of the vehicle will be suspended by the Texas Department of Transportation (TXDOT) if the owner or operator does not recover the license plate before the 31st day after the date the license plate was removed, an explanation of how to recover the license plate, and a temporary license plate designed by TXDOT; 3) provide for secure impoundment of each removed plate; and 4) notify TXDOT or its equivalent that the license plate has been impounded.

The law enforcement agency that impounds a license plate would be required to release the plate to the owner or operator of the vehicle if the owner or operator shows evidence of financial responsibility or pays an administrative fee to the law enforcement agency. The administrative fee may not exceed an amount that is sufficient for a law enforcement agency to recover actual costs of enforcing this section of the bill.

If an impounded license plate is not recovered by the owner or operator of the vehicle before the 31st day after the date of impoundment, the license plate would be returned to TXDOT, along with a form designed by TXDOT explaining why the plates were returned. Not later than the 10th day after receipt of an impounded license plate form from a law enforcement agency, TXDOT would suspend the registration of the vehicle and a suspension notice would be mailed to the owner.

DPS reports that the provisions of the bill would result in a cost of \$91,365 in each fiscal year. However, the bill would allow law enforcement agencies to charge an administrative fee to cover costs. TXDOT reports additional costs for personnel, program modifications, development of temporary license plates, replacement license plates and validation stickers, and suspension notifications. This fiscal note assumes that the increased workload and costs can be handled with existing staff and resources.

Local Government Impact

The Harris County Sheriff's Department reported that implementation of the provisions of the bill would result in new expenditures for personnel, capital equipment and operational costs of approximately \$236,089 in fiscal year 2006. These costs would decrease to \$186,189 in fiscal year 2010 due to decreased capital outlay.

The Abilene Police Department estimated their costs to be a minimum of \$27,240 per year, based

upon 2,000 stops for no insurance. These costs would include overtime for a police officer, records clerk, and a property clerk, plus postage to mail notification letters to the Texas Department of Transportation (TxDOT).

The Collin County Sheriff's Office estimated that one new employee would be needed at a cost of \$64,700 in fiscal year 2006, which would rise to \$71,500 in fiscal year 2010. The office also estimated that there would be minimal revenue gains to offset the personnel costs.

The Travis County Sheriff's Office estimated that they would require 4.25 new personnel and additional operational costs to implement the provisions of the bill. This would result in costs of approximately \$259,504 in fiscal year 2006. These costs would rise to approximately \$265,667 in fiscal year 2010, due to increased salaries for the additional personnel.

Local law enforcement agencies would have to obtain the Recovery Notice form from the Department of Public Safety (DPS). DPS would sell this form to the local agency at department cost. Local law enforcement agencies also may encounter costs in sending impounded license plates to TxDOT.

The law enforcement agencies would receive fees from the offenders that pay for the return of their license plates and new registration stickers. These revenues could offset the personnel, capital, and operational costs, but the revenues would depend upon the number of offenders that pay for the reinstatement. Of the \$5.30 fee for replacement license plates and registration validation stickers, \$2.50 would be retained by the county. TxDOT estimates that this would result in \$211,688 in revenue for the 254 Texas counties.

Source Agencies: 405 Department of Public Safety, 601 Department of Transportation

LBB Staff: JOB, JRO, VDS, SJ, KJG