

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 5, 2005

TO: Honorable Ray Allen, Chair, House Committee on County Affairs

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

IN RE: HB2120 by Allen, Ray (Relating to the efficient administration of county government.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2120, As Introduced: an impact of \$0 through the biennium ending August 31, 2007.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>TEXAS MOBILITY FUND</i> 365
2006	\$0
2007	\$0
2008	\$0
2009	(\$18,600,000)
2010	(\$18,600,000)

Fiscal Analysis

The bill would amend Chapter 501, Transportation Code, to establish that on or after September 1, 2008, the portion of the fee under Section 501.138 (vehicle title certificate application) that must be submitted by a county to the comptroller would be \$15 regardless of the county. The bill would take effect September 1, 2005.

Methodology

Under current statute, the portion of the fee collected by a county for a vehicle title certificate application that is submitted to the comptroller for deposit into the Texas Emissions Reduction Plan Fund is \$15 except in a county located within a nonattainment area as defined under Section 107(d) of the federal Clean Air Act (42 U.S.C. Section 7407) as amended, or in an affected county as defined by Section 386.001, Health and Safety Code. In a nonattainment area, a county collects \$33 for each title application and the portion of that amount currently submitted to the comptroller is \$20 (\$5 of the

remaining amount is kept at the county level and \$8 is submitted to the Texas Department of Transportation (TxDOT)). Other counties collect \$28 for each title application and submit \$15 to the comptroller (\$5 is kept locally and \$8 is submitted to TxDOT). Current statute establishes that on or after September 1, 2008, the fee that is imposed on title certificate applicants will be \$28 regardless of county of residence of the applicant. Current statute does not, however, specify that on or after September 1, 2008 counties in nonattainment areas would reduce the portion of the fee (\$20) to be submitted to the comptroller. Current statute also changes from the emissions reduction plan fund to the Texas Mobility Fund as the fund into which to the comptroller would deposit title funds after September 1, 2008.

The proposed change in statute would reduce from \$20 to \$15 the amount of fee required to be submitted to the comptroller by counties in nonattainment areas. According to information on the website of the Texas Commission on Environmental Quality, there are 16 counties in nonattainment areas. In addition, the Health and Safety Code identifies 25 counties as "affected counties," for a total of 41 counties that currently collect \$33 and submit \$20 for each title certificate application.

This analysis assumes the existing statute would not reduce from \$20 to \$15 the amount per title that a county in a nonattainment area would be required to submit to the comptroller and therefore the proposed change in statute would result in the \$5 reduction. According to TxDOT, there were over 3.73 million titles issued in the 41 applicable counties in fiscal year 2004. Assuming the same number of titles in fiscal years 2009 and 2010, those counties would collect \$104.4 million total each year (3.73 million titles x \$28) and would remit \$56 million each year (3.73 million titles x \$15). Under current statute, the amount that would otherwise be submitted to the comptroller would be \$74.6 million each year (3.73 million titles x \$20). Therefore, the state would realize \$18.6 million less in title funds (\$74.6 million - \$56 million) in fiscal years 2009 and 2010 than under current statute.

Local Government Impact

As an example of the impact on individual counties, Harris County (population 3.4 million, and in a nonattainment area) reports that in fiscal year 2004, the county processed 840,000 titles at \$33 each, having collected more than \$27.7 million ($\$33 \times 840,000$) and remitting \$16.8 million ($\$20 \times 840,000$) to the comptroller. If the provisions of the bill are enacted and if the county were to process the same number of title applications in fiscal year 2009 (starts September 1, 2008), the county would collect more than \$23.5 million ($\$28 \times 840,000$) and would remit to the comptroller \$12.6 million ($\$15 \times 840,000$), which would be a savings of \$4.2 million.

The savings would vary by nonattainment county.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, WP, DLBa