

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 11, 2005

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

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

IN RE: HB2844 by Chisum (Relating to authorizing the Texas Department of Public Safety to enter into contracts for the periodic reporting of certain information in the department's driver's license files to certain other persons.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2844, 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 Gain/(Loss) from <i>TEXAS MOBILITY FUND</i> 365
2006	(\$14,356,796)
2007	(\$14,356,796)
2008	(\$14,356,796)
2009	(\$14,356,796)
2010	(\$14,356,796)

Fiscal Analysis

The bill would amend the Transportation Code as it relates to authorizing the Texas Department of Public Safety (DPS) to enter into contracts for the periodic reporting of certain information in the department's driver's license files to certain other persons.

The bill would allow DPS to enter into a contract with a person to provide the person with certain information from DPS's driver's license files if 1) the person is an insurer, an insurance support organization, or an entity that self-insures its motor vehicles and is eligible to receive the information; and 2) the information is requested in connection with automobile insurance rating or underwriting of existing automobile insurance policies.

A contract entered into must be for a term of not less than one year, provide for monthly monitoring, and require DPS and the person who will receive a report from DPS to perform certain duties. The fee for a report provided by DPS is \$6 for each group of 100 individuals, in addition to the fee for each

three-year driving record provided by DPS. DPS, under the provisions of the bill, would be able to enter into a limited number of contracts on a trial basis to determine the fiscal impact of such a contract.

The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house. Otherwise, it would take effect September 1, 2005.

Methodology

The bill would allow DPS to enter into a contract with a person to provide the person with certain information from DPS's driver's license files.

The bill would allow DPS to enter into a limited number of trial contracts to determine the fiscal implications of the contracts. This fiscal analysis assumes DPS will contract for all batch requests at levels received in fiscal year 2004. The fiscal impact would be reduced if DPS enters into a limited number of trial contracts. Further, any payment to guarantee performance under a contract, or any reimbursement for revenue received by DPS (that would be less than the revenue from a guaranteed baseline established in the bill) is not specifically defined in terms of the basis of comparison and, therefore, was not included in this analysis.

In fiscal year 2004, DPS reports that 5,064,125 batch driving record requests were received online at a cost of \$6.50 per record. Of that amount, \$2.00 went to TexasOnline and \$4.50 to the state, generating \$22,788,563 ($\$4.50 \times 5,064,125$) in fiscal year 2004. According to DPS there are a total of 15,562,484 licensed drivers on file and 21 percent had activity added to their history during fiscal year 2004. The bill provides for a fee of \$6 for each group of 100 individual driver records requested, which would result in revenue of \$3,646,170 ($5,064,125 \text{ batch driving record requests received} / 100 \times \$6 \times 12 \text{ months}$). DPS assumes that companies would request three-year driving records for 1,063,466 ($5,064,125 \text{ batch driving record requests} \times 21 \text{ percent}$) individuals at a cost of \$6.50 per record, with \$2.00 going to TexasOnline and \$4.50 being deposited to the Texas Mobility Fund. This would provide revenue of \$4,785,597 ($\$4.50 \times 1,063,466 \text{ individuals}$). The total estimated revenue under the provisions of the bill would be \$8,431,767. The estimated revenue, \$8,431,767, minus the fiscal year 2004 revenue of \$22,788,563 indicates a potential revenue loss of \$14,356,796 to the Texas Mobility Fund in each fiscal year.

Additionally, TexasOnline would need to modify programs to accept and route the monitoring requests and record notifications. The vendor cost associated with Texas Online changes would be \$387,671 in fiscal year 2006. The contractor for TexasOnline services, Bearing Point, would cover the costs for the development of the online driver's license database search. This would delay total cost recovery for Bearing Point and delay the percentage increase in the state's share of revenue generated from TexasOnline.

Technology

Technology costs would be \$387,671 in fiscal year 2006; however, the contractor for TexasOnline services, Bearing Point, would cover the costs for the development of the online driver's license database search.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety

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