

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 17, 2005

TO: Honorable Todd Staples, Chair, Senate Committee on Transportation & Homeland Security

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

IN RE: HB2894 by Phillips (Relating to the marketing and sale of certain license plates by a private vendor.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2894, As Engrossed: a positive impact of \$1,026,000 through the biennium ending August 31, 2007.

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 |
|-------------|--|
| 2006 | \$367,200 |
| 2007 | \$658,800 |
| 2008 | \$804,600 |
| 2009 | \$877,500 |
| 2010 | \$913,950 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1 | Probable Revenue Gain/(Loss) from <i>STATE HIGHWAY FUND</i> 6 |
|-------------|---|---|
| 2006 | \$367,200 | \$1,570,800 |
| 2007 | \$658,800 | \$2,356,200 |
| 2008 | \$804,600 | \$2,748,900 |
| 2009 | \$877,500 | \$2,945,250 |
| 2010 | \$913,950 | \$3,043,425 |

Fiscal Analysis

This bill would amend Chapter 504 of the Transportation Code, relating to the marketing and sale of certain license plates by a private vendor.

The bill would require the Texas Department of Transportation (TxDOT) to enter into a contract with a private vendor for the marketing and sale of personalized license plates and other specialized license plates. Notwithstanding other provisions of the chapter, the Texas Transportation Commission (TTC) would be required to establish the fees for the issuance or renewal of souvenir license plates and specialty license plates. The bill would require TTC to establish fees for the issuance and renewal of personalized license plates that were reasonable and not less than the greater of: the amounts necessary to allow TxDOT to recover all reasonable costs associated with the evaluation of the competitive sealed proposals received by TxDOT and with the implementation and enforcement of the

contract. The bill would require TxDOT to certify to the Comptroller its estimate, including the basis for the estimate, of all reasonable costs to TxDOT associated with the evaluation of competitive sealed proposals received by TxDOT under this bill and associated with the implementation and enforcement of the contract entered into, including direct, indirect, and administrative costs for the issuance or renewal of personalized or specialized plates that were marketed and sold by the vendor.

The bill would take effect immediately upon receiving a two-thirds majority vote in both houses; otherwise, the bill would take effect September 1, 2005.

Methodology

Based on the analysis of TxDOT, it is assumed the vendor would issue 9,600 new personalized specialty designer plates in fiscal year 2006; 14,400 new plates and plate renewals in fiscal year 2007; 16,800 new and renewed plates in fiscal year 2008; 18,000 new and renewed plates in fiscal year 2009; and 18,600 new and renewed plates in fiscal year 2010. The fee for new and renewed personalized specialty plates is \$70 and is distributed as follows: \$60.75 to the General Revenue Fund; \$8.75 to the State Highway Fund; and \$0.50 to the counties.

Based on the analysis of TxDOT, it is assumed the vendor would issue 50,400 new designer non-personalized specialty designer plates would be issued in fiscal year 2006; 75,600 new plates and plate renewals in fiscal year 2007; 88,200 new and renewed plates in fiscal year 2008; 94,500 new and renewed plates in fiscal year 2009; and 97,650 new and renewed plates in fiscal year 2010. The fee for new and renewed non-personalized specialty plates is estimated at \$30 of which \$29.50 would be deposited to the State Highway Fund and \$0.50 to the counties.

The analysis includes the TxDOT estimate of lost revenue to certain sponsoring organizations and colleges through the General Revenue Fund of \$216,000 each year as a result of current specialty plate-holders switching to new designer plates authorized by the bill.

Based on the analysis of TxDOT, it is assumed the vendor would issue 119 personalized organizational license plates in fiscal year 2006; 179 new and renewed plates in fiscal year 2007; 209 new and renewed plates in fiscal year 2008; 224 new and renewed plates in fiscal year 2009; and 232 new and renewed plates in fiscal year 2010. The fee for new and renewed personalized organizational plates is \$70 of which \$38.75 would be deposited to the General Revenue Fund; \$8.75 to the State Highway Fund; \$22 to the applicable organization; and \$0.50 to the counties. Revenue gains to the organizations are not included in the table above.

Based on the analysis of TxDOT, no significant fiscal implication is anticipated from the issuance of personalized and non-personalized organizational license plates and souvenir license plates. It is assumed that fees established by TTC would offset any costs associated with the vendor contract bid process and the implementation and enforcement of the contract. It is also assumed that any other costs and duties associated with implementing the provisions of the bill could be absorbed within existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. Total revenue to the counties is estimated to be \$30,000 in fiscal year 2006 increasing to \$58,000 by fiscal year 2010.

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

LBB Staff: JOB, SR, MW, TG