

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 29, 2005

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

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

IN RE: SB1268 by Deuell (Relating to the transfer of vehicle registration and license plates between vehicles with the same owner.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1268, As Introduced: an impact of \$0 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	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>STATE HIGHWAY FUND</i> 6	Probable Revenue Gain/(Loss) from <i>STATE HIGHWAY FUND</i> 6
2006	(\$8,500,000)	\$737,020
2007	\$0	\$749,589
2008	\$0	\$762,384
2009	\$0	\$775,409
2010	\$0	\$788,669

Fiscal Analysis

The bill would amend Chapter 502 of the Transportation Code by adding Subchapter I, relating to the transfer of vehicle registration and license plates between vehicles with the same owner.

Notwithstanding current registration year requirements, under the provisions of the bill, a vehicle's registration would expire upon transfer of ownership or when the vehicle was destroyed. At that time, the transferor or owner would be required to remove the license plates from the transferred or destroyed vehicle and either surrender the plates to the Texas Department of Transportation (TxDOT) or transfer the plates to another vehicle currently registered to the transferor or owner. The transferor or owner would be required to file a statement of ownership on a form prescribed by TxDOT; pay a transfer fee of \$7.75; and pay the annual registration fee due for the vehicle, less that portion of the registration remaining on the replaced vehicle.

Under the provisions of the bill, the registration of a vehicle registered in the names of two or more persons, as partners or otherwise, would not expire on a change in ownership as long as any person currently registered as an owner remains an owner or part owner, files a statement of ownership required by TxDOT, and pays a fee of \$7.75.

The bill would allow the owner of a vehicle that is permanently removed from this state to remove the license plates from the vehicle and use the plates on another vehicle currently registered to the owner. The owner would have to pay a transfer fee of \$7.75 and pay the annual registration fee due for the vehicle less that portion of the registration remaining on the replaced vehicle.

The bill would allow the owner of a registered vehicle to transfer the registration and license plates to a second vehicle owned by the person, provided that the owner submits the proper application; pays the \$7.75 transfer fee; and pays the annual registration fee due for the second vehicle less that portion of the registration remaining on the replaced vehicle. The owner would have to cancel the registration for the second vehicle and surrender the plates on the second vehicle to TxDOT, or transfer the registration and plates on the second vehicle to a third vehicle.

The bill would require TxDOT to issue new registration insignia for vehicles with license plates transferred and replace with appropriate plates any plates that are not appropriate for another vehicle.

The bill would take effect September 1, 2005.

Methodology

Based on information and analysis provided by TxDOT, it is assumed that modifications to the current registration and titling system would require approximately 10,500 hours of programming at an estimated cost of \$8.5 million in fiscal year 2006. Total programming and project costs associated with TxDOT's current registration and titling system (completed in fiscal year 2003) were approximately \$19.9 million.

It is assumed any costs and duties associated with the development of the transfer application forms, processing of surrendered plates, and issuance of replacement registration insignia could be absorbed within the agency's existing resources.

Based on the analysis of TxDOT, it is assumed revenue gains to the State Highway Fund and to counties would result from 2.86 million annual ownership transfers; 8,000 transfers from certificates of authority to demolish; 500,000 transfers between individuals with joint ownership; 50,000 transfers from sales out of state; and 10,000 transfers by owners of multiple vehicles. For the purposes of this analysis, it is assumed the \$7.75 transfer application fee will be divided equally between the State Highway Fund and the counties. The revenue gain to the State Highway Fund from transfer fees is estimated to be \$13.3 million beginning in fiscal year 2006.

Based on the analysis of TxDOT, it is assumed revenue losses to the State Highway Fund and the counties would result from vehicles for which ownership has been transferred to a dealer for sale on dealer lots that would no longer be registered under the provisions of the bill. The loss in fiscal year 2006 would come from approximately 1.26 million vehicles unregistered and waiting for sale for an average of three months per fiscal year, resulting in an estimated loss of \$15 per vehicle (split \$10/\$5 between the state and counties). The revenue loss to the State Highway Fund from registration fees is estimated to be \$12.5 million beginning in fiscal year 2006.

Based on the analysis of TxDOT, an annual growth rate of 1.8 percent was applied to all transfers, except transfers by owners of multiple vehicles, which TxDOT considered constant from year to year.

Technology

Information Technology costs associated with the bill are assumed to be \$8,500,000 in fiscal year 2006.

Local Government Impact

Based on information reported by TxDOT and the Comptroller of Public Accounts, approximately \$7.0 million in revenue would be gained by counties in fiscal year 2006, rising to \$7.5 million by fiscal year 2010.

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

LBB Staff: JOB, KJG, SR, MW, TG