

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 5, 2007

TO: Honorable Mike Krusee, Chair, House Committee on Transportation

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

IN RE: HB310 by Goolsby (Relating to the transfer of registration and license plates between vehicles with the same owner.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB310, As Introduced: an impact of \$0 through the biennium ending August 31, 2009.

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
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from STATE HIGHWAY FUND 6	Probable Revenue Gain from STATE HIGHWAY FUND 6
2008	(\$8,544,200)	\$22,035,551
2009	\$0	\$22,432,190
2010	\$0	\$18,948,996
2011	\$0	\$19,290,078
2012	\$0	\$19,637,300

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 \$9.75; and pay the annual registration fee due for the vehicle, less that portion of the registration remaining on the replaced vehicle. In addition to the transfer fee, the transferor would be

required to pay an additional fee of \$2.00. The provision for the \$2.00 fee would expire on September 1, 2009.

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 \$9.75, plus an additional fee of \$2.00. The provision for the \$2.00 fee would expire on September 1, 2009.

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 \$9.75 and pay the annual registration fee due for the vehicle less that portion of the registration remaining on the replaced vehicle. In addition to the transfer fee, the transferor would be required to pay an additional fee of \$2.00. The provision for the \$2.00 fee would expire on September 1, 2009.

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 \$9.75 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 the appropriate plates any plates that are not appropriate for another vehicle.

The bill would take effect September 1, 2007.

Methodology

Based on the information and analysis provided by TxDOT, it is assumed revenue gains to the state would result from approximately 2.8 million annual license plate transfers, with a growth rate of 1.8 percent each year. Based on the analysis of the Comptroller of Public Accounts, it is assumed the \$9.75 transfer fee (plus the additional \$2.00 fee in FY 2008 and FY 2009) would be split two-thirds to the State Highway Fund and one-third to the counties. The revenue gain to the State Highway Fund from transfer fees is estimated to be \$22,035,551 beginning in fiscal year 2008.

TxDOT reported that major programming costs of \$8,554,200 will be necessary to modify the department's Registration and Title System (RTS). 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.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. Counties would see some gains from the localities' portion of the \$9.75 fee, but these gains are not expected to be significant.

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

LBB Staff: JOB, MW, TG, KJG