

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 15, 2007**

**TO:** Honorable Joe Driver, Chair, House Committee on Law Enforcement

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

**IN RE: HB1538** by Hancock (Relating to operating a motor vehicle without establishing financial responsibility; providing a penalty.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1538, As Introduced: a negative impact of (\$41,187,546) 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	(\$20,593,773)
2009	(\$20,593,773)
2010	(\$20,593,773)
2011	(\$20,593,773)
2012	(\$20,593,773)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>TRAUMA FACILITY AND EMS</i> 5111
2008	(\$20,593,773)	(\$20,185,976)
2009	(\$20,593,773)	(\$20,185,976)
2010	(\$20,593,773)	(\$20,185,976)
2011	(\$20,593,773)	(\$20,185,976)
2012	(\$20,593,773)	(\$20,185,976)

## **Fiscal Analysis**

The bill would amend Section 521.341, Transportation Code, to add offenses committed under Section 601.191(d) to the list of offenses that would automatically lead to license suspension upon final conviction.

The bill would amend Section 601.191(c), Transportation Code, to state that a second offense of driving without financial responsibility would be a misdemeanor punishable by a fine between \$500 and \$1500. The bill would permit the court to order license suspension for a period to not exceed 180 days from the date of final conviction. Under current statute, the fine is between \$350 and \$1,000.

The bill would amend Section 601.191(d), Transportation Code, to state that a third offense of driving without financial responsibility is a misdemeanor punishable by a fine between \$750 and \$1500. The bill would delete language from Section 601.191(d) permitting the court to reduce the fine if the court determines that a first-time offender is economically unable to pay the fine. Under current statute, the range of fine is the same for all subsequent offenses: \$350 to \$1,000.

The bill would add Section 601.191(e), Transportation Code, to permit the court to dismiss a charge of driving without financial responsibility if the defendant presents to the court satisfactory proof that the defendant secured insurance before the later date of within 20 working days after the offense or before the defendant's first court appearance.

The bill would take effect September 1, 2007.

## **Methodology**

The Department of Public Safety estimates that 371,228 drivers on average are annually convicted for first-time offenses under this section. The department further estimates that 29,015 drivers on average are annually convicted for their second or greater offense under this section. Under the Driver Responsibility Program, offenders convicted of driving without financial responsibility must currently pay a surcharge of \$250 each year for three years for each conviction. About 38 percent of these drivers are in compliance, meaning that they have paid the surcharge or have entered into an installment plan agreement to pay the surcharge ( $371,228 \times 38$  percent = 141,067 first-time offenders and  $29,015 \times 38$  percent = 11,026 subsequent offenders). Assuming that the court would dismiss all of the cases where the drivers have secured insurance within 20 working days of the offense or before the first court appearance, and assuming that those drivers in compliance would choose to secure insurance rather than pay the surcharge, the total annual revenue loss to the state would be \$35,266,750 from first-time offenders ( $\$250 \times 141,067$ ) and \$5,513,000 from drivers with multiple convictions ( $\$500 \times 11,026$ ). This would result in a revenue loss of \$40,779,750 per year.

Current appropriations to General Revenue constitute 50.5 percent of revenues, with 1 percent designated for the Department of Public Safety for administration of the program. The total annual revenue loss to General Revenue would therefore be \$20,593,773. The other 49.5 percent is appropriated to General Revenue-Dedicated Account Number 5111, Trauma Facility and EMS Fund, which would have a total annual revenue loss of \$20,185,976.

There would be no increased revenue due to the provision of the bill that increases fines because court fines are not state revenue (they are local revenue).

## **Technology**

The Department of Public Safety (DPS) estimates a cost of \$55,000 for driver license system modifications, which DPS estimates it will be unable to complete until January 1, 2008. It is assumed that DPS could absorb these costs within the agency's current appropriations and therefore would not result in a significant fiscal impact to the state.

## **Local Government Impact**

The fiscal impact from the increase in fine amounts would vary by local government depending on the number of offenses committed in each municipality or county, although the impact is not expected to be significant.

**Source Agencies:** 405 Department of Public Safety

**LBB Staff:** JOB, ES, GG, LG, HC, DB