

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

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

**April 20, 2007**

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

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

**IN RE: HB2651** by Harless (Relating to the issuance and renewal of certain motor vehicle dealer licenses, motor vehicle license plates, and general distinguishing numbers.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2651, Committee Report 1st House, Substituted: 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 Revenue Gain from <i>STATE HIGHWAY FUND</i> 6
2008	\$3,333,000
2009	\$0
2010	\$0
2011	\$0
2012	\$0

**Fiscal Analysis**

The bill would amend the Occupations Code and the Transportation Code relating to the terms of motor vehicle dealer licenses and general distinguishing numbers. The bill would remove the annual renewal requirement for a dealer license and authorize the Texas Department of Transportation (TxDOT) to set the license and renewal periods. The bill would require TxDOT to prorate the applicable annual license fee if TxDOT were to prescribe the term of a license for a period other than one year. The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to each house or otherwise on September 1, 2007.

## Methodology

TxDOT indicates that the provisions of the bill would authorize the department to extend the motor vehicle dealer license renewal cycle from annual renewals to staggered biennial renewals. Based on the information provided by TxDOT, annual license renewal revenue is approximately \$6.6 million. Also based on information provided by the agency, this analysis assumes that TxDOT would implement a staggered biennial renewal in fiscal year 2008 whereby half of the licencees renewed their licenses for one year at the current annual rate and half of the licensees renewed for a two-year period at twice the annual rate. This analysis also assumes the number of renewals would remain constant for 5 years and that the resulting impact to the State Highway Fund would be a one-time revenue gain of approximately \$3.3 million in 2008. It is also assumed that the remaining half of the licensees would renew their licenses for a two-year period in 2009, which would not result in a significant impact to the state's cash flow anticipated under current law.

## Local Government Impact

No fiscal implication to units of local government is anticipated.

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

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