

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 3, 2007

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

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

IN RE: HB3116 by Pickett (Relating to certain fees and taxes collected by this state in connection with a motor vehicle.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3116, As Introduced: a positive impact of \$38,261,000 through the biennium ending August 31, 2009, if the effective date of the bill is July 1, 2007; or a positive impact of \$35,424,000 through the biennium ending August 31, 2009, if the effective date of the bill is September 1, 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.

The table below reflects estimated fiscal impacts based on an effective date of July 1, 2007.

All Funds, Six-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	Probable Revenue Gain/(Loss) from <i>Counties - Motor Vehicle Gift Tax</i>	Probable Revenue Gain/(Loss) from <i>Counties - Registration Fees</i>
2007	\$2,544,000	(\$2,217,199)	\$26,000	(\$1,092,053)
2008	\$17,554,000	(\$20,576,743)	\$267,000	(\$6,790,325)
2009	\$18,163,000	(\$20,947,124)	\$371,000	(\$6,912,551)
2010	\$18,793,000	(\$21,324,172)	\$482,000	(\$7,036,977)
2011	\$19,445,000	(\$21,708,007)	\$601,000	(\$7,163,642)
2012	\$20,119,000	(\$22,098,751)	\$729,000	(\$7,292,588)

The table below reflects estimated fiscal impacts based on an effective date of September 1, 2007.

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>STATE HIGHWAY FUND</i> 6	Probable Revenue Gain/(Loss) from <i>Counties - Motor Vehicle Gift Tax</i>	Probable Revenue Gain/(Loss) from <i>Counties - Registration Fees</i>
2008	\$17,261,000	(\$20,576,743)	\$263,000	(\$6,790,325)
2009	\$18,163,000	(\$20,947,124)	\$371,000	(\$6,912,551)
2010	\$18,793,000	(\$21,324,172)	\$482,000	(\$7,036,977)
2011	\$19,445,000	(\$21,708,007)	\$601,000	(\$7,163,642)
2012	\$20,119,000	(\$22,098,751)	\$729,000	(\$7,292,588)

Fiscal Analysis

The bill would amend the Transportation Code to revise the registration fee paid for a passenger car of any weight, or a municipal bus or private bus weighing 6,000 pounds or less to \$50.50 from the current rates based on vehicle model year or weight. The bill would change the registration for a light truck to \$58.80. The bill would amend the Tax Code to increase the tax imposed on a recipient of a gift of a motor vehicle to \$62.50 from the current fee of \$10.

The bill would take effect on July 1, 2007 if it receives a vote of two-thirds of all members elected to each house or otherwise on September 1, 2007.

Methodology

Based on the analysis of the Comptroller of Public Accounts, it is assumed an increase in the motor vehicle gift tax would result in a revenue gain of approximately \$2.2 million to the General Revenue Fund and \$26,000 to the counties beginning in fiscal year 2007 if the bill takes effect on July 1, 2007; or approximately \$17.3 million to the General Revenue Fund and \$263,000 to the counties beginning in fiscal year 2008 if the bill takes effect on September 1, 2007.

The provisions of the bill would change the registration fee for passenger cars and buses in the following manner: increase the fee by \$10 for a vehicle of a model year more than 6 years before the registration year; and decrease the fee by \$8 for a vehicle of model year of which is 3 years or less before the registration year. The Texas Department of Transportation (TxDOT) states that approximately 6.6 million vehicles 6 years or older and approximately 1.8 million vehicles 3 years or newer were registered in 2006. TxDOT also indicates that in 2006 an additional 75,825 passenger vehicles (6,001 to 21,000 pounds) with a current average registration fee of \$133 and 12,342 passenger vehicles (21,000 to 41,000 pounds) with a current average registration fee of \$264 were registered, which would require registration fees of \$50.50 under the provisions of the bill; and 5.4 million light trucks were registered at the current average fee of \$70, which would require a registration fee of \$58.50 under the provisions of the bill. Based on the analysis and information provided by TxDOT, assuming a 1.8 percent annual growth rate in all registration categories, it is assumed the provisions of the bill would result in a net negative fiscal impact to the amount of registration fees collected: a revenue loss of approximately \$3.3 million beginning in 2007 if the bill takes effect on July 1, 2007; or a loss of approximately \$27.4 million beginning in fiscal year 2008 if the bill takes effect on September 1, 2007. Based on the information provided by TxDOT, this analysis assumes that approximately one-third of registration fees would be retained by the counties and two-thirds of registration fees would be deposited to the State Highway Fund.

Local Government Impact

It is assumed the counties would realize a revenue gain from the increase in the motor vehicle gift tax and a revenue loss from the revised vehicle registration fees in the amounts estimated in the tables above.

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

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