

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 16, 2007

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

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

IN RE: HB3545 by King, Tracy (Relating to the surcharge under the driver responsibility program for a conviction of driving while license invalid or without financial responsibility.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3545, As Introduced: a negative impact of (\$42,420,758) 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	(\$21,210,379)
2009	(\$21,210,379)
2010	(\$21,210,379)
2011	(\$21,210,379)
2012	(\$21,210,379)

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	(\$21,210,379)	(\$20,790,371)
2009	(\$21,210,379)	(\$20,790,371)
2010	(\$21,210,379)	(\$20,790,371)
2011	(\$21,210,379)	(\$20,790,371)
2012	(\$21,210,379)	(\$20,790,371)

Fiscal Analysis

The bill would repeal Section 708.103, Transportation Code, which establishes an annual \$250 surcharge under the Driver Responsibility Program for conviction of driving while license invalid or without financial responsibility.

The bill would take effect immediately if it receives a vote of two-thirds of all members elected to the house. If not, it would take effect September 1, 2007.

Methodology

The Department of Public Safety (DPS) estimates that 382,707 drivers on average are annually convicted for first-time driving offenses under this section. DPS further estimates that 29,702 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 ($382,707 \times 38 \text{ percent} = 145,429$ first-time offenders and $29,702 \times 38 \text{ percent} = 11,287$ subsequent offenders). Assuming that the compliance rate for this violation would have continued, the total annual revenue loss to the state would be \$36,357,250 from first-time offenders ($\$250 \times 145,429$) and \$5,643,500 from drivers with multiple convictions ($\$500 \times 11,287$). This would result in a revenue loss of \$42,000,750 per year.

Current appropriations to General Revenue constitute 50.5 percent of revenues, with 1 percent designated for DPS for administration of the program. The total annual revenue loss to General Revenue therefore would be \$21,210,379. 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 \$20,790,371.

Technology

DPS estimates a cost of \$31,000 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

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety

LBB Staff: JOB, KJG, GG, HC, CT