

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 9, 2007

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

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

IN RE: SB1118 by Carona (Relating to the licensing and regulation of tow trucks, tow truck operators, and vehicle storage facilities; providing penalties.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1118, Committee Report 2nd 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 Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1
2008	(\$5,058,403)	\$5,058,403
2009	(\$4,333,213)	\$4,333,213
2010	(\$4,336,999)	\$4,336,999
2011	(\$4,338,434)	\$4,338,434
2012	(\$4,337,010)	\$4,337,010

Fiscal Year	Change in Number of State Employees from FY 2007
2008	66.0
2009	66.0
2010	66.0
2011	66.0
2012	66.0

Fiscal Analysis

The bill would amend the Occupations Code, Transportation Code, and the Code of Criminal Procedure to transfer the powers and duties of the Texas Department of Transportation (TXDOT) to the Department of Licensing and Regulation (TDLR) related to the licensing and regulation of vehicle storage facilities. The bill would require TDLR to license each employee of a vehicle storage facility. The bill would provide TDLR the authority to inspect vehicle storage facilities and conduct an examination of any criminal conviction of an applicant.

The bill would authorize TDLR to collect fees sufficient to cover the costs of the licensing and regulation of vehicle towing. The bill also would require the governing body of a political subdivision to regulate the fees that may be charged or collected in connection with a nonconsent tow originating in the territory of the political subdivision.

The bill would establish the Towing and Storage Advisory Board and includes details of board membership requirements and allow the reimbursement of board member expenses.

The bill would authorize TDLR to issue tow truck permits and includes tow truck permit requirements for the incident management towing permit, private property towing permit, and the consent towing permit. The bill would require tow trucks to display certain information, have financial responsibility, and require TDLR to issue cab cards.

The bill would authorize TDLR to issue tow truck operator's licenses and includes tow truck operator's license requirements for the incident management towing operator's license, private property towing operator's license, and the consent towing operator's license. The bill would require tow trucks operators to pass an examination for certain licenses, complete continuing education, and provides license issuance requirements.

The bill would provide TDLR the authority to issue administrative penalties and cease and desist orders related to towing. The bill also would provide penalties for certain violations related to towing.

The bill would require TDLR and TXDOT to enter into a memorandum of understanding regarding the transfer of functions related to tow trucks and towing operations.

The provisions of the bill relating tow truck permit requirements, license requirements of tow truck operators, and to the jurisdiction of a hearing entitled to the owner or operator of a vehicle which has been removed and placed in a vehicle storage facility without the consent of the owner or operator would take effect September 1, 2008. The provision of the bill relating to the continuing education of tow truck operators would take effect September 1, 2009. The remaining provisions of the bill would take effect September 1, 2007.

Methodology

Based on information provided by TDLR, this analysis assumes that a licensing population of 2,500 vehicle storage facilities, 28,380 tow trucks, and 56,760 tow truck operators.

It is assumed that 5.0 FTEs would be transferred from TXDOT to TDLR for the licensing and regulation of the vehicle storage facilities and that these positions would be funded with General Revenue instead of State Highway Fund No. 006, which currently funds the positions at TxDOT. These positions are included in the total FTEs listed in the table above. It is also assumed that any savings of State Highway Fund No. 006 that would be realized as a result of the provisions of the bill would be applied to other transportation projects.

This analysis assumes that TDLR would have a cost associated with the licensing and regulation of vehicle storage facilities, tow trucks, and tow truck operators. Based on the analysis of TDLR, it is assumed that licensing and regulating this population would necessitate additional resources at a cost of \$9,391,615 through 2009.

Based on information provided by TDLR, it is assumed that costs for staff would be \$2,758,416 for 66.0 FTEs in each fiscal year from 2008 through fiscal year 2012. Other operating expenses and equipment are estimated to be \$1,519,631 in fiscal year 2008, \$794,441 in fiscal year 2009, \$798,227 in fiscal year 2010, \$799,662 in fiscal year 2011, and \$798,238 in fiscal year 2012. Estimated costs also include \$780,356 in each fiscal year from 2008 through fiscal year 2012 for associated benefits.

This analysis assumes that any increased costs resulting from this bill would be offset by an increase in fee-generated revenue.

Technology

The technology impact to TDLR would be \$184,208 in fiscal year 2008, \$12,158 in fiscal year 2009, \$15,944 in fiscal year 2010, \$17,379 in fiscal year 2011, and \$15,955 in fiscal year 2012.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 452 Department of Licensing and Regulation, 601 Department of Transportation, 405 Department of Public Safety

LBB Staff: JOB, KJG, MW, AH