

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 6, 2009

TO: Honorable Tommy Merritt, Chair, House Committee on Public Safety

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

IN RE: HB454 by Gonzalez Toureilles (Relating to the deduction of points or the removal of certain surcharges under the driver responsibility program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB454, As Introduced: a negative impact of (\$30,300,000) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$13,467,000)
2011	(\$16,833,000)
2012	(\$16,833,000)
2013	(\$16,833,000)
2014	(\$16,833,000)

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
2010	(\$13,467,000)	(\$13,200,000)
2011	(\$16,833,000)	(\$16,500,000)
2012	(\$16,833,000)	(\$16,500,000)
2013	(\$16,833,000)	(\$16,500,000)
2014	(\$16,833,000)	(\$16,500,000)

Fiscal Analysis

The bill would amend Chapter 708 of the Transportation Code to add a new Subchapter E, which would allow certain drivers paying a surcharge under the Driver Responsibility Program (DRP) to eliminate that surcharge and reduce accumulated driver's license points by taking a driving safety course.

The bill would determine that an offender paying surcharges under the DRP would be eligible for this reduction in surcharges if the offender has paid a surcharge for the previous 12 months due to the accumulation of six or more points or a conviction of driving without financial responsibility or driving while license invalid. An offender would not be eligible for the reduction in surcharges if the offender has received a deduction of points or the elimination of a surcharge in the previous 24 months and the offender has not successfully completed a driving safety course in the previous 12 months.

The bill would establish that an eligible offender who successfully completes a driving safety course approved by the Texas Education Agency or a course under the motorcycle operator training and

safety program approved by the designated state agency under Chapter 662 is entitled to a deduction of two points on the person's driver's license or an elimination of a surcharge based on a conviction of driving without financial responsibility or driving while license invalid. The bill would stipulate that if the deduction of points causes the offender to have fewer than six points, the offender would no longer be required to pay a surcharge.

Methodology

The bill could have a significant fiscal impact on revenues from the Driver Responsibility Program. The Department of Public Safety (DPS) anticipates that the DRP has reached a plateau in surcharges billed to offenders. Over the last two fiscal years, the average annual total DRP surcharges billed upon conviction of driving while license invalid or without financial responsibility (no insurance) was \$187,977,004. The average annual total DRP surcharges billed over the last two fiscal years for points violations was \$6,395,913. Adding these two averages together leads to an estimated \$194,327,197 in DRP surcharges billed upon convictions leading to six or more points on an offender's driver's license or upon conviction of driving while license invalid or driving with no insurance.

However, collections on surcharges for these categories of offense have averaged just under 70 percent for points violations and just over 40 percent for license invalid or no insurance violations during the last two fiscal years. It is unknown how many offenders would reach a reduction in points that would bring them under 6 points, which would eliminate the surcharge. It is also unknown how many offenders currently paying a surcharge might have accumulated another offense, which would make them ineligible to eliminate the surcharge. Since there is no way to be sure how many offenders under each category will be eligible to participate in this program, it is assumed that in the first year of implementation, 50 percent of all offenders in their second and third years of surcharge payment would discontinue paying surcharges under the program. In subsequent years, it is assumed that 50 percent of all offenders in their second year of surcharge payment and 75 percent - or half again - of all offenders in their third year of payment would discontinue paying surcharges under the program. Assuming that the current average collection rates would continue, it is estimated that the annual revenue loss from this bill would be \$26,667,000 in All Funds in fiscal year 2010 and \$33,33,000 in All Funds in subsequent fiscal years.

DRP revenues are allocated to the General Revenue Fund and General Revenue-Dedicated Designated Trauma Facility and EMS Fund 5111 (Trauma Fund). DPS is allocated one percent of revenues for administration from the General Revenue Fund, and the remaining 99 percent of revenues are divided equally between General Revenue Fund and the Trauma Fund. Therefore, the estimated revenue loss in fiscal year 2010 of \$26,667,000 in All Funds would include \$13,467,000 in General Revenue Funds and \$13,200,000 in Trauma Funds. The estimated annual revenue loss in subsequent fiscal years of \$33,33,000 in All Funds would include \$16,833,000 in General Revenue Funds and \$16,500,000 in Trauma Funds.

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, ESi, GG, HC