

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 9, 2009

TO: Honorable Joseph Pickett, Chair, House Committee on Transportation

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

IN RE: HB1494 by King, Tracy O. (Relating to a surcharge under the driver responsibility program for a conviction of driving while license invalid, without financial responsibility, or without a valid license.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1494, As Introduced: a negative impact of (\$103,454,000) through the biennium ending August 31, 2011, if the effective date of the bill is July 1, 2009; or a negative impact of (\$95,496,000) through the biennium ending August 31, 2011, if the effective date of the bill is September 1, 2009.

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
2009	(\$7,958,000)	(\$7,801,000)
2010	(\$47,748,000)	(\$46,803,000)
2011	(\$47,748,000)	(\$46,803,000)
2012	(\$47,748,000)	(\$46,803,000)
2013	(\$47,748,000)	(\$46,803,000)

The above table assumes that the bill is effective immediately upon enactment. If the bill instead would take effect on September 1, 2009, the table below provides the estimated revenue loss.

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	(\$47,748,000)	(\$46,803,000)
2011	(\$47,748,000)	(\$46,803,000)
2012	(\$47,748,000)	(\$46,803,000)
2013	(\$47,748,000)	(\$46,803,000)
2014	(\$47,748,000)	(\$46,803,000)

Fiscal Analysis

The bill would repeal Sections 708.103 and 708.104 of the Transportation Code. These sections establish a surcharge under the Driver Responsibility Program on the license of a person convicted of driving while license invalid, driving without financial responsibility, or driving without a valid license. The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority in both houses of the Legislature. Otherwise, it would take effect on September 1, 2009.

If the bill were to take place immediately, the estimated revenue loss in fiscal year 2009 would be \$15,794,000 in All Funds, of which \$7,958,000 would be General Revenue-Related Funds. The

estimated revenue loss in subsequent fiscal years would be \$94,551,000 in All Funds, of which \$47,748,000 would be General Revenue-Related Funds.

If the bill were to take effect on September 1, 2009, the estimated annual revenue loss would be \$94,551,000 in All Funds, of which \$47,748,000 would be General Revenue-Related Funds.

Methodology

Because the bill would repeal these sections with no provision for continuing the law in effect for surcharges assessed prior to the effective date, it is assumed that any assessments made prior to the effective date and not fully paid by the effective date would no longer be due. No estimate is included for outstanding surcharges due.

The Department of Public Safety anticipates that the Driver Responsibility Program (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 upon conviction of driving without a valid license over the last two fiscal years was \$41,179,278. Adding these two averages together leads to an estimated \$229,156,282 in DRP surcharges billed upon conviction of driving while license invalid, driving without financial responsibility, or driving without a valid license in future fiscal years.

However, collections on surcharges for these categories of offense have averaged just over 40 percent during the last two fiscal years. Assuming that this collection rate would continue, it is estimated that the annual revenue loss would be \$94,551,000 in All Funds. If the bill were to be effective immediately, it is estimated that the revenue loss in the remaining months of fiscal year 2009 would be an additional \$15,794,000 in All Funds.

DRP revenues are allocated to the General Revenue Fund and General Revenue-Dedicated Designated Trauma Facility and EMS Fund 5111 (Trauma Fund). The Department of Public Safety 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 projected annual revenue loss of \$94,551,000 in All Funds would include \$47,748,000 in General Revenue Funds and \$46,803,000 in Trauma Funds. If the bill were to be effective immediately, the projected revenue loss for fiscal year 2009 of \$15,794,000 in All Funds would include \$7,958,000 in General Revenue Funds and \$7,801,000 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, KJG, JI, HC