

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 8, 2009

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

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

IN RE: HB2412 by Howard, Charlie (Relating to the registration and compulsory inspection of certain street rods and custom vehicles.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2412, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2011.

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
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>State Highway Fund</i> 6	Probable Revenue Gain/(Loss) from <i>Counties</i>
2010	(\$21,000)	(\$579,000)
2011	(\$1,259,500)	(\$690,500)
2012	(\$1,510,500)	(\$789,500)
2013	(\$1,761,500)	(\$888,500)
2014	\$465,000	(\$965,000)

Fiscal Analysis

The bill would amend the Transportation Code to require the Texas Department of Transportation (TxDOT) to include certain information on the certificate of title for a custom vehicle or street rod as defined by the bill.

The bill would amend Section 504.502, Transportation Code, to add “street rod” and “custom vehicle” to the types of exhibition vehicles for which the TxDOT is required to issue specialty license plates. The bill would define street rod as a vehicle that was either manufactured before 1949 or after 1948 to resemble a vehicle manufactured before 1949 and has been altered from the manufacturer's original design; or a body constructed from materials not original to the vehicle. The bill would define custom vehicle as a vehicle that is at least 25 years old and of a model year after 1948 or manufactured to resemble a vehicle that is at least 25 years old and of a model year after 1948 and that has either been

altered from the manufacturer's original design or has a body constructed from materials not original to the vehicle. The bill would require TxDOT to create a safety inspection process for inspecting replica custom vehicles or street rods.

The bill would require the owner of a custom vehicle or street rod to provide proof to TxDOT that the vehicle passed a safety inspection that has been approved by TxDOT.

The bill would amend Section 548.052, Transportation Code, to add to the list of vehicles not subject to inspection vehicles moving under or bearing a custom vehicle license or street rod license.

The bill would take effect on September 1, 2009.

Methodology

Based on the analysis and information provided by TxDOT, it is assumed approximately 30,000 vehicles would apply for the new custom vehicle and street rod plates in fiscal year 2010 and an additional 5,000 would apply each year thereafter. For the purposes of this analysis, it is assumed that: these vehicles are currently registered annually at a fee of \$60; and the vehicles would pay a \$50, five-year exhibition plate fee (\$10 per year) for a custom vehicle or street rod plate under the provisions of the bill. TxDOT indicates that the specialty license plate series issued under Section 504.502 are issued for a five-year period: the current series is set to expire in fiscal year 2013. It is assumed all applicable specialty plate holders would purchase new specialty plates in fiscal year 2014 at the \$50, five-year registration rate.

Based on the information and assumptions above, it is assumed the provisions of the bill would result in a revenue loss from applicable vehicles that would no longer pay a \$60 annual registration fee. The total annual revenue losses are estimated to be \$1.8 million in fiscal year 2010; \$2.1 million in fiscal year 2011; \$2.4 million in fiscal year 2012; \$2.7 million in fiscal year 2013; and \$3,000,000 in fiscal year 2014. Approximately 33 percent of registration fee revenues are retained by the counties. The remainder is deposited to the State Highway Fund.

Also based on the information and assumptions above, it is assumed the provisions of the bill would result in a revenue gain from specialty license plate fees in the amounts of \$1.2 million in fiscal year 2010; \$150,000 in fiscal year 2011; \$100,000 in fiscal year 2012; \$50,000 in fiscal year 2013; and \$2.5 million in fiscal year 2014. Under current law, 50 cents from each of these specialty plate fees would be retained by the counties: the remainder would be deposited to the State Highway Fund.

Based on the information provided by TxDOT, it is assumed the department would contract with a third party for safety inspections for street rods and custom vehicles under the provisions of the bill and the costs of the inspection program would be offset by fees paid by the vehicle owners. Based on the analysis of TxDOT, it is assumed any other costs or duties associated with implementing the provisions of the bill could be absorbed within the agency's existing resources.

Local Government Impact

The estimated net revenue impact to local governments from the loss of regular registration fee revenue and gain in specialty license plate fee revenue is reflected in the table above.

Source Agencies: 601 Department of Transportation

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