

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 20, 2009

TO: Honorable Tommy Williams, Chair, Senate Committee on Administration

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

IN RE: HB2571 by Gonzales (relating to the licensing and regulation of towing companies and vehicle storage facilities; providing penalties.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2571, Committee Report 2nd 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 Savings/(Cost) from <i>General Revenue Fund</i> 1 | Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1 |
|-------------|--|---|
| 2010 | (\$100,000) | \$100,000 |
| 2011 | (\$60,000) | \$60,000 |
| 2012 | (\$60,000) | \$60,000 |
| 2013 | (\$60,000) | \$60,000 |
| 2014 | (\$60,000) | \$60,000 |

Fiscal Analysis

The bill would amend Chapter 2308 of the Occupations Code regarding the licensing and regulation of towing companies and vehicle storage facilities. The bill would require the Texas Department of Licensing and Regulation (TDLR) to adopt rules for denial of an application for a tow truck permit or towing operator or company license.

The bill would require the Texas Commission of Licensing and Regulation to adopt rules to set fees that could be charged for private towing, the maximum amount for other fees associated with private towing, and the maximum fees for certain types of motor vehicles. The bill also would require TDLR to contract out a study to examine existing private property towing fee studies conducted by municipalities in Texas and to analyze private property towing cost of services by company, consumer

price index, geographic area, and individual cost components in order to adopt appropriate fee rates.

The bill would direct TDLR to suspend a license issued under this chapter's provisions for failure to pay within 60 days a final judgment awarded to an owner or operator of a motor vehicle. The bill would establish a criminal penalty for violations of this chapter's provisions.

The bill would take effect September 1, 2009.

Methodology

TDLR indicates that the cost of contracting out the required study on private property towing fees would be \$100,000 in the fiscal year 2010, and \$60,000 each subsequent year to update the study. This analysis assumes that any increased costs to the agency, which is statutorily required to generate sufficient revenue to cover its costs of operation, would be offset by an increase in fee generated revenue.

Based on the analysis of the Comptroller of Public Accounts, it is assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

Local Government Impact

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

Source Agencies: 452 Department of Licensing and Regulation, 304 Comptroller of Public Accounts

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