

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 21, 2009

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

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

IN RE: HB3097 by McClendon (Relating to the creation, organization, governance, duties, and functions of the Texas Department of Motor Vehicles, including the transfer of certain duties to the Texas Department of Motor Vehicles and the Texas Department of Licensing and Regulation; providing a penalty.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3097, As Passed 2nd House: a negative impact of (\$180,000) through the biennium ending August 31, 2011.

The bill would re-appropriated in fiscal year 2010 any unobligated balance of any appropriations made to the Texas Department of Transportation for the 2008-09 biennium related to programs that would be transferred to the new Department of Motor Vehicles.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$180,000)
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	Probable Savings/ (Cost) from <i>State Highway Fund</i> 6	Change in Number of State Employees from FY 2009
2010	(\$427,342)	\$247,342	(\$605,223)	9.3
2011	(\$220,742)	\$220,742	(\$605,223)	8.0
2012	(\$220,742)	\$220,742	(\$605,223)	8.0
2013	(\$220,742)	\$220,742	(\$605,223)	8.0
2014	(\$220,742)	\$220,742	(\$605,223)	8.0

Fiscal Analysis

The bill would create the Texas Department of Motor Vehicles (DMV) and a board of the DMV consisting of nine members appointed by the Governor with the advice and consent of the Senate. The bill would require the transfer of all powers, duties, obligations, rights of action, personnel, computers, other property and equipment, files, and related materials of the Motor Carrier Division (with the exception of Oversize/Overweight vehicle permitting and enforcement), Motor Vehicle Division, Vehicle Titles and Registration Division, and the Automobile Burglary and Theft Prevention Authority office of the Texas Department of Transportation (TxDOT) to the DMV on November 1,

2009. All powers, duties, obligations, and rights of action of the Texas Transportation Commission (TTC) associated with the Motor Vehicle Division, Vehicle Titles and Registration Division, and the portion of the Motor Carrier Division of TxDOT that is responsible for motor carrier registration and enforcement would be transferred to the board of the DMV. The bill would require the board of the DMV to hold regular meetings at least quarterly. The bill would require the board to establish advisory committees for the motor carrier, motor vehicles, and vehicle title and registration divisions of the DMV. The bill would transfer and re-appropriate to the DMV any unobligated and unexpended balance of any appropriations made to TxDOT for the state fiscal biennium ending August 31, 2009 (2008-09 biennium) for the transferred programs in fiscal year 2010. The bill would also direct the transfer of other full-time equivalent employees (FTE) that support the transferred motor vehicle functions at TxDOT to the DMV. The bill would authorize TxDOT and DMV to determine the number of support FTEs to be transferred through a memorandum of understanding (MOU). The bill would require the board of the DMV and TTC to adopt or revise a joint MOU to coordinate the agencies' information systems to allow for the sharing of information and to implement the MOU using existing personnel and resources. The bill would authorize the DOV board and the TTC to enter into a joint MOU to effectuate the transfer of powers and duties, which could include an agreement for the provision of office space, utilities, and support services. The bill would require TxDOT to establish a DMV transition team to plan for and make recommendations regarding the transfer of obligations, property, personnel from TxDOT to the DMV.

The bill would require the State Auditor's Office (SAO), as soon as practicable after the effective date of the bill, to conduct a financial audit to establish financial benchmarks for the DMV on its overall status and condition in relation to funds, equipment and assets, pending matters, and other issues considered appropriate by the SAO.

The bill would require the Texas Department of Licensing and Regulation (TDLR) to license and regulate used automotive parts recyclers and employees of used automotive parts recyclers. The bill would require the presiding officer of the Commission of Licensing and Regulation to appoint five members to a Used Automotive Parts Recycling Advisory Board for the purposes of providing advice and recommendations to the TDLR on technical matters relevant to the administration and enforcement of licensing standards. The bill would authorize TDLR to establish and collect fees.

The bill would require TDLR to perform periodic and risk-based inspections on licensees at the place of business. The bill would establish terms of license eligibility, administrative penalties, and criminal penalties. The bill would require a used automotive parts recycler to file certain reports regarding vehicle title acquisition, notification of vehicle dismantling, and records of purchase and inventory of parts with TxDOT. The bill would require TxDOT to provide the used automotive parts recycler with receipts for the reports, records, and other specified documentation. The license requirement and enforcement requirements would take effect September 1, 2010.

The bill would take effect on September 1, 2009.

Methodology

Based on information provided by TxDOT and Sunset Advisory Commission staff, it is assumed approximately 622 full-time-equivalent (FTE) positions and \$103.7 million for each fiscal year would be transferred from TxDOT to the new DMV. It is also assumed the new DMV would require four additional FTEs: one Executive Director (\$150,000 per year), two FTEs for executive management and board support (\$209,600 total per year), and one auditor position (\$66,838 per year). Employee benefits costs associated with the four new FTEs is estimated to be \$121,833 per year (28.57 percent of annual salary). It is assumed the travel and support expenses for the nine-member board of the DMV would cost an estimated \$56,952 each year. It is assumed any unobligated and unexpended TxDOT appropriations from the 2008-09 state fiscal biennium would be re-appropriated to the DMV and would be used to cover any additional transition costs. It is assumed any appropriations transferred from TxDOT and any new appropriations made to the new DMV would be made from the State Highway Fund.

Based on the analysis of the SAO, it is assumed the financial audit of the new DMV would require 1.3 FTEs and 2,000 hours to complete at a cost of \$180,000 in fiscal year 2010.

Based on information provided by the Texas Commission on Environmental Quality, the Department of Public Safety, the Office of the Attorney General, and the Texas Department of Transportation, it is assumed that duties and responsibilities for each of these agencies associated with implementing the provisions of the bill related to the regulation of used automotive parts recyclers could be accomplished within current resources.

TDLR estimates the population of used automotive parts recyclers to be 1,363 and the employees of used automotive parts recyclers to be 2,726. TDLR anticipates 390 complaints annually, of which 100 will be jurisdictional and 27 will lead to risk based inspections. TDLR estimates it will hold 3 administrative hearings annually. Based on information provided by TDLR, it is assumed the agency would need an additional 4.0 FTEs each year: 1.0 legal assistant, 1.0 administrative assistant, and 2.0 additional investigators to assist in conducting periodic and risk based inspections. This analysis assumes total costs would be \$247,342 in fiscal year 2010 and \$220,742 each year thereafter. This analysis also includes one-time start-up costs for computers and office equipment. This analysis assumes that any increased costs to TDLR, which is statutorily required to generate sufficient revenue to cover its costs of operation, would be offset by an increase in fee generated revenue.

Local Government Impact

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

Source Agencies: 308 State Auditor's Office, 452 Department of Licensing and Regulation, 601 Department of Transportation

LBB Staff: JOB, SD, MW, TG, KJG