

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 21, 2009

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

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

IN RE: HB3097 by McClendon (Relating to the creation, organization, duties, and functions of the Texas Department of Motor Vehicles; providing penalties.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3097, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2011.

The bill would re-appropriate in fiscal year 2010 any unobligated and unexpended 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 and the Office of the Governor.

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 | Probable Savings/ (Cost) from <i>State Highway Fund</i> 6 | Change in Number of State Employees from FY 2009 |
|-------------|--|--|--|--|
| 2010 | (\$175,479) | \$175,479 | (\$605,223) | 7.0 |
| 2011 | (\$160,179) | \$160,179 | (\$605,223) | 7.0 |
| 2012 | (\$160,179) | \$160,179 | (\$605,223) | 7.0 |
| 2013 | (\$160,179) | \$160,179 | (\$605,223) | 7.0 |
| 2014 | (\$160,179) | \$160,179 | (\$605,223) | 7.0 |

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 all powers, duties, obligations, rights of action, personnel, furniture, 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 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 meetings at least quarterly or at the call of the presiding officer. The bill would transfer and re-appropriate to the DMV in fiscal year 2010 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. The bill would amend the Transportation Code to specify that the DMV may not be appropriated more than \$100 million from money in the State Highway Fund.

The bill would transfer responsibilities related to the Automobile Burglary and Theft Prevention Authority (ABTPA) from TxDOT to the Office of the Governor and transfer the personnel, furniture, computers, equipment, other property and equipment, files, and related materials used by ABTPA to the Office of the Governor. The bill would transfer and re-appropriate to the Office of the Governor in fiscal year 2010 any unobligated and unexpended balance of any appropriations made to TxDOT for the state fiscal biennium ending August 31, 2009 (2008-09 biennium) relating to the ABTPA. The bill would require money received by ABTPA to be sent to the comptroller for deposit in a separate account in the treasury.

The bill would require the Texas Department of Licensing and Regulation (TDLR) to license and regulate used automotive parts recyclers. The bill would require the presiding officer of the Commission of Licensing and Regulation to appoint six 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, continuing education requirements, and examination content for used automotive parts recyclers. 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 the TxDOT. The bill would require TxDOT to provide the used automotive parts recycler with receipts for the reports, records, and other specified documentation.

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 617 full-time-equivalent (FTE) positions and \$88.6 million for each fiscal year would be transferred from TxDOT to the new DOV. It is also assumed the new DOV 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 DOV 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 DOV and would be used to cover any additional transition costs.

Based on information provided by TxDOT and Sunset Advisory Commission staff, it is assumed 5 FTEs and approximately \$15.1 million for each fiscal year related to the ABTPA would be transferred from TxDOT to the office of the Governor for grants and administration.

It is assumed any appropriations transferred from TxDOT and any new appropriations made to the new DMV and the Office of the Governor would be made from the State Highway Fund.

TDLR estimates the population of used automotive parts recyclers to be 1,363. TDLR anticipates 300 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 that an additional 3.0 FTEs: 0.5 legal assistants, 0.5 administrative assistants, and 2.0 additional investigators to assist in conducting periodic and risk based inspections would be

needed each year. This analysis assumes total costs would be \$175,479 in 2010 and \$160,179 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: 301 Office of the Governor, 601 Department of Transportation

LBB Staff: JOB, KJG, TG