LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 27, 2009

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

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

IN RE: **HB3433** by Menendez (Relating to the extended registration of a commercial fleet of motor vehicles.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3433, As Passed 2nd House: 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 *State Highway Fund* 6	Probable Revenue Gain/(Loss) from *Counties*
2010	$69,400,000	$30,550,000
2011	$83,920,000	$34,989,688
2012	($3,067,500)	($5,465,625)
2013	($4,575,000)	($6,480,938)
2014	($6,082,500)	($7,496,250)

Fiscal Analysis

The bill would amend the Transportation Code to allow the registered owner of a commercial fleet of vehicles consisting of at least 25 nonapportioned motor vehicles used for business purposes to apply to the Texas Department of Transportation (TxDOT) for license plates, permanent decals, and registration cards. The bill would require an annual fleet management fee of $10 per fleet vehicle, a one-time license plate manufacturing fee of $1.50 or each set of plates or $8 for each set of plates with the name or logo of the business entity, and the advance payment of all registration license taxes and fees for a period of no less than one year and no greater than 8 years. Under the provisions of the bill, no annual validation window sticker would be required for the vehicles during the period of years for which fees have been paid in advance.

The bill would take effect September 1, 2009.

Methodology

TxDOT estimates there are approximately 400,000 fleet vehicles in Texas and that approximately 37,500 fleet vehicles would be added each fiscal year. Based on the analysis of TxDOT, it is assumed half of the current fleet vehicles (200,000) would apply for an 8-year fleet registration in fiscal year (FY) 2010, the remaining half would apply for a 8-year fleet registration in FY 2011, and an additional 37,500 would apply in FY 2011 and each year thereafter. All applicable fees would be paid in advance for the 10-year period. For the purposes of this analysis, it is assumed 67 percent of the registration fees would be deposited to the State Highway Fund and 33 percent would be retained by the counties. The tables above also reflect the impact of the $10/$5 optional county road and bridge fee, of which 97 percent is deposited to county road and bridge funds and 3 percent to the State Highway Fund. It is assumed half of the fleet vehicles would be registered in counties assessing the $10 optional fee and the remainder would be registered in counties assessing a $5 optional fee. For the purposes of this analysis, it is assumed an $8 plate manufacturing fee would be applied for each set of plates. Based on current law, the new $10 fleet management fee and one-time $8 plate manufacturing fee would be deposited to the State Highway Fund. The advance payment of all applicable fees would result in a revenue gain in the initial year of the fleet registration and a revenue loss in subsequent years as the fleet vehicles would not be required to pay annual fees until the term of the fleet registration has expired.

Based on the analysis of TxDOT, it is assumed any costs or duties associated with implementing the provisions of the bill could be absorbed within existing resources.

Local Government Impact

The fiscal impact to units local government is reflected in the table above.

Source Agencies: 601 Department of Transportation, 304 Comptroller of Public Accounts
LBB Staff: JOB, SZ, KJG, MW, TG