

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 15, 2011

TO: Honorable Larry Phillips, Chair, House Committee on Transportation

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

IN RE: HB890 by Howard, Charlie (Relating to the registration and compulsory inspection of certain street rods and custom vehicles.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB890, As Introduced: an impact of \$0 through the biennium ending August 31, 2013.

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
2012	\$0
2013	\$0
2014	\$0
2015	\$0
2016	\$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>
2012	\$277,074	(\$818,874)
2013	(\$1,763,254)	(\$1,022,797)
2014	(\$2,247,281)	(\$1,207,019)
2015	(\$2,731,309)	(\$1,391,242)
2016	\$1,462,964	(\$1,533,764)

Fiscal Analysis

The bill would amend the Transportation Code to require the Department of Motor Vehicles (DMV) 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 DMV 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 DMV to create a safety inspection process for inspecting custom vehicles or street rods.

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

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

The bill would take effect on September 1, 2011

Methodology

Based on the analysis and information provided by DMV, it is assumed approximately 50,400 vehicles would apply for the new custom vehicle and street rod plates in fiscal year 2012 and an additional 11,000 would apply each year thereafter. Pursuant to Section 504.502 (g), Transportation Code, a person entitled to these specialty plates may register the vehicle without payment of any fees other than the fee for the specialty plate. For the purposes of this analysis, it is assumed that: these vehicles would have been registered annually at a fee of \$50.75 in fiscal years 2012 and each year thereafter; and the eligible vehicles would pay a \$50, five-year exhibition plate fee (\$10 per year), instead of the regular registration fee, for a custom vehicle or street rod plate under the provisions of the bill. DMV 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 2015. It is assumed all applicable specialty plate holders would purchase new specialty plates in fiscal year 2015 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 \$2.5 million in fiscal year 2012; \$3.1 million in fiscal year 2013; \$3.7 million in fiscal year 2014; \$4.2 million in fiscal year 2015; and \$4.8 million in fiscal year 2016. 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 \$2 million in fiscal year 2012; \$330,000 in fiscal year 2013; \$220,000 in fiscal year 2012; \$110,000 in fiscal year 2015; and \$4.7 million in fiscal year 2016. 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.

For the purposes of this analysis, it is assumed DMV 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 DMV, 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: 405 Department of Public Safety, 608 Department of Motor Vehicles

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