

## LEGISLATIVE BUDGET BOARD

Austin, Texas

### FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 26, 2011

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

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

**IN RE: HB1792** by Gutierrez (Relating to the deposit of revenue from certain traffic penalties.), As Introduced

**The fiscal implications of the bill cannot be determined at this time because it is not known if any localities will discontinue the use of photographic traffic signal enforcement systems as a result of the bill. If any systems are discontinued, a revenue loss to the state would occur.**

The bill would amend the Local Government Code and the Transportation Code to require a local governmental authority to remit 100 percent of the revenue derived from certain civil or administrative penalties to the Comptroller of Public Accounts (CPA) for deposit to the Regional Trauma Account.

Currently, the State receives 50 percent of the proceeds from civil penalties relating to the operation of photographic traffic signal enforcement systems (systems) for deposit in the Regional Trauma Account 5137 and any impact on local revenue would also have an impact on State revenue. The amount of revenue gain would vary depending upon the number of applicable citations issued by localities.

According to the analysis of the CPA, it is estimated in the *2012–13 Biennial Revenue Estimate* that the Regional Trauma Account would receive \$13,584,000 from applicable penalties and interest earnings annually in fiscal years 2012 and 2013. Because the amount annually remitted to the state is based on an authority's previous fiscal year collections, and first year collections would also be influenced by the distribution of an authority's fiscal year end date, an effective date of September 1, 2011 could result in similar revenues deposited to the Regional Trauma Account in fiscal year 2012. Without a financial incentive for local authorities to keep these systems operational, it is assumed that some local authorities would discontinue operating these systems. However, it is not known how many authorities would continue operations and remit 100 percent to the state. Likewise, it is unknown how many authorities would discontinue operation of these facilities or how long authorities would continue before ceasing.

CPA reported there would be no administrative costs to implement the provisions of the bill.

#### **Local Government Impact**

There would be a significant negative fiscal impact to a local authority associated with the loss of civil and administrative revenue that would vary depending on the amounts collected in an area.

Several cities reported the estimated revenue losses including: Balcones Heights losses (\$260,597); Arlington losses (\$2.5 million); North Richland Hills losses (\$14,930); Dallas losses (\$1.4 million); Richardson losses (\$431,223); Fort Worth losses (\$1.9 million); and Farmers Branch losses (\$158,000).

The City of Frisco reported losses (\$75,600) in fiscal year (FY) 2012 with similar losses in subsequent fiscal years. The city also indicated that while the losses are not significant to the overall budget, the traffic safety items that have been purchased with past revenues from the program have had a significant impact on public safety. Items that have been purchased include training and equipment for

a Commercial Motor Vehicle Enforcement Unit; Battery Backup systems to operate signal lights during power outages; a radar speed trailer; and accident investigation equipment.

The City of Garland reported losses in FY 2014 to 2016 (\$50,000 to \$100,000) and also noted that the City of Garland's Safelight Program does not generally produce net revenues due to a number of factors, mainly, the compliance rates and red light running reductions brought about through the program. The city is currently anticipating a deficit of \$3.0 to \$6.0 million in overall municipal operations.

The City of Plano reported losses (\$1.5 million) and also noted the City of Plano's revenue and operating expenses for the Photographic Traffic Signal Enforcement Program are contained in the Traffic Safety Fund which is a separate account from the City of Plano's General Fund; the current FY budget for the Traffic Safety Fund is an estimated \$2.5 million.

The City of Corpus Christi reported losses (\$270,000) with increasing amounts (\$316,250) in subsequent fiscal years. The city also indicated that the city would lose the net program revenue after paying operating costs in addition to administrative costs that would not be recovered. The city did not quantify those amounts at this time.

**Source Agencies:** 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 537 State Health Services, Department of, 601 Department of Transportation

**LBB Staff:** JOB, KJG, SD, TP, LCO