

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 24, 2011

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

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

IN RE: HB2357 by Pickett (Relating to motor vehicles; providing penalties.), **As Passed 2nd House**

Implementing the provisions of the bill would result in an indeterminate revenue impact to the state due to changes made by the bill impacting the collection and disposition of fees by electronic funds transfer, allowable fee amounts, and service charges. Provisions of the bill authorizing the Department of Public Safety to establish checkpoints near the Texas-Mexico border could result in an indeterminate cost to the state.

The bill would amend the Transportation Code relating to titling and registration of motor vehicles, including penalties. The bill would amend and reorganize Chapters 501, 502, 504, and 520 and would authorize the board of the Texas Department of Motor Vehicles (DMV) to implement, by rule, an electronic titling system.

The bill would establish procedures for the recording of documents, the collection and disposition of fees by electronic funds transfer, and allowable fee amounts and service charges.

The bill would repeal sections of the Transportation Code, recodify new and amended sections, and otherwise adopt conforming language. Sections of the Transportation Code that would be repealed would include: Sections 501.026, 501.075, 501.094, 501.133, 501.134(e)(f)(i), Sections 502.0074, 502.0075, 502.008, 502.104, 502.105, 502.1535, 502.154, 502.175, 502.177, 502.206, 502.271, 502.2862, 502.2971, 502.403, 502.405, 502.407(c), 502.412(c), 502.452, 502.453, 502.455, 502.456, Sections 504.201(h), 504.316(b), 504.401(b), 504.402(b), 504.403(b), 504.404(b), 504.405(b), 504.502(j), 504.506(f), 504.507(c), 504.508(d), 504.624, 504.629, 504.634, 504.643, 504.649, 504.650, 504.653, 504.655, 504.701, 504.702(c), 504.851(k), 504.854(c), Sections 520.013, 520.034, and Headings to Subchapters C and D in Chapter 520.

The bill would require the DMV to post a complete schedule of registration fees on the Internet, and to accept electronic payments for registration fees, including transaction fees, or service charges billed to the department by vendors providing services in connection with electronic payments. The bill also would require the removal of the registration insignia and each license plate on any motor vehicle that was sold or transferred. On the sale or transfer of a vehicle to a dealer who holds a general distinguishing number, the registration period remaining at the time of the sale or transfer would expire at the time of sale or transfer. The bill would allow a purchaser to obtain a temporary transit permit from the DMV before driving on a public road.

The bill would require the DMV to consult with the Department of Public Safety (DPS) to conduct a study on the consolidation of similar information collected separately by each agency to be completed no later than September 1, 2012. Based on the analysis of DPS and DMV, it is assumed that duties and responsibilities associated with implementing the provisions of the bill related to conducting the study could be covered with existing resources.

The bill would amend provisions in the Transportation Code relating to the marketing, sale, and hosting of specialty and personalized license plates. The bill would authorize certain public entities to contract with a private specialty plate vendor to distribute the public entities' portion of funds from certain professional sports team specialty plates in a manner other than provided for in Transportation

Code Section 504.614(b). The bill would authorize DMV to contract with the private vendor to host DMV-issued specialty and personalized plates on the vendor's website and specifies the states portion of the personalization fee for a plate hosted and sold on the vendor's website may not be less than \$40. The bill would allow the board of the DMV to establish rules authorizing person who purchases a plate displaying an alphanumeric pattern for a period of five years or more to transfer the pattern and to establish a transfer fee to be distributed in accordance with the contract with the private vendor.

The bill would amend Subchapter D, Chapter 504, of the Transportation Code to require DMV to issue specialty license plates for surviving spouses of disabled veterans of the United States armed forces.

The bill would amend Chapter 2302 of the Occupations Code, relating to the regulation of salvage vehicle dealers, to authorize the Department of Motor Vehicles to impose an administrative penalty against a person who violates Chapter 2302 or a rule adopted under that chapter.

The bill would amend Section 411.0095 of the Government Code to permit DPS to establish vehicle checkpoints near the Texas-Mexico border to prevent the unlawful transfer of certain items from Texas to Mexico. The bill would provide certain guidelines related to the checkpoints. The bill would revert Section 411.0095 back to its current status on September 1, 2015. The fiscal impact of this provision of the bill cannot be determined, due to the unknown extent of the applicable checkpoints the bill would permit. DPS indicates the operation of 24/7/365 checkpoints at international bridges and mobile checkpoints would have an extensive, significant fiscal impact. It is assumed temporary or selective checkpoints would have a reduced fiscal impact from the 24/7/365 model, but the extent to which these checkpoints would be deployed and their associated costs are unknown.

The bill would require revenue accruing to a specialty license plate vendor that ceased operation to be deposited to the credit of the General Revenue Fund. Based on the analysis of the Comptroller of Public Accounts (CPA), DMV, and the Texas Commission on Environmental Quality (TCEQ), implementing the provisions of the bill would result in an indeterminate revenue impact to the state due to changes made by the bill impacting the collection and disposition of fees by electronic funds transfer, allowable fee amounts, and service charges.

Regarding all other duties and responsibilities associated with implementing the provisions of the bill, it is assumed that existing resources would suffice to cover such costs based on the analysis of the DMV, DPS, and TCEQ.

Except as otherwise provided by the bill, the bill would take effect January 1, 2012.

Local Government Impact

Based on the analysis of the CPA, DMV, and TCEQ it is assumed that implementing the provisions of the bill would result in an indeterminate revenue impact to counties and local government entities due to changes made by the bill impacting the collection and disposition of fees by electronic funds transfer, allowable fee amounts, and service charges.

Source Agencies: 405 Department of Public Safety, 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality, 608 Department of Motor Vehicles

LBB Staff: JOB, KJG, MW, TG, EH, KKR