

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 10, 2011

TO: Honorable Tommy Williams, Chair, Senate Committee on Transportation & Homeland Security

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

IN RE: HB3298 by Harper-Brown (Relating to the transfer of certain vehicle registrations at the time of sale of the vehicle.), **As Engrossed**

The bill would result in an indeterminate positive revenue impact to the State Highway Fund depending on the extent to which the number of remaining motor vehicle registration periods that would expire on the sale or transfer of a used motor vehicle by a dealer would overlap the number of periods that would be purchased in a subsequent registration.

The bill would amend Section 502.451 of the Transportation Code to specify that any registration period remaining at the time of sale or transfer of a motor vehicle to a dealer would expire at the time of sale or transfer. The bill would require a dealer to issue to the buyer of a used motor vehicle new registration documents for an entire registration year at the time of the sale.

Under current law, when a motor vehicle is sold or transferred, any remaining registration period continues with the vehicle being transferred provided that the purchaser files an application with the county tax assessor collector, pays a \$2.50 registration transfer fee, and timely re-registers the vehicle. Half of the transfer fee is retained by the county, and the remaining half is remitted to the State for deposit to State Highway Fund 0006. Under the provisions of the bill, a motor vehicle sold or transferred to a dealer would lose any remaining registration period at the time of sale or transfer; and the buyer of a used vehicle for which a registration period may have remained under current law would be issued new documents for registration of the used vehicle for an entire registration year. According to DMV, the average annual registration fee for passenger vehicles and light trucks is \$50.75 of which approximately 67 percent is deposited to State Highway Fund 0006 and the remainder is retained by the counties. The Department of Motor Vehicles (DMV) estimates that an average of 3 months of registration remains at the time of sale of a used vehicle by a dealer. Based on the information and analysis provided by DMV and the Comptroller's office, it is assumed the bill would result in a positive impact to State Highway Fund 0006 depending on the extent to which the number of motor vehicle registration periods that would expire on the sale or transfer of a motor vehicle by a dealer would overlap the number of periods that would be purchased in a subsequent registration.

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

The bill would take effect on September 1, 2011.

Local Government Impact

It is assumed the bill would result in an indeterminate revenue gain to counties.

Source Agencies: 304 Comptroller of Public Accounts, 608 Department of Motor Vehicles

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