

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 29, 2011

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

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

IN RE: HB3413 by Darby (Relating to the property and funding of the Texas Department of Motor Vehicles.), **Committee Report 1st House, Substituted**

It is assumed the bill would result in an indeterminate revenue loss to the General Revenue Fund beginning in fiscal year 2014 depending on the amount of fees and other revenue that would be retained in new Department of Motor Vehicles Dedicated Account that would have otherwise been deposited to the General Revenue Fund.

The bill would amend the Transportation Code to create a new Department of Motor Vehicles (DMV) dedicated account in the Treasury outside of the General Revenue Fund and the State Highway Fund. The bill would specify sources of money that would be deposited and retained in the new account including appropriations to the DMV; a certain portion of revenue collected or received by DMV relating to motor vehicle registration activities; all fees, funds, and penalties collected by DMV for other functions carried out by the agency; and interest earnings on money held in the account. In the event of a conflict between the revenue provisions of the bill and other law relating to the distribution of revenues, the bill would specify that the other law would prevail to the extent the other law specifies an amount of funds to which DMV or another governmental entity or agency is entitled. The bill would require the governing board of the DMV, not later than September 1 of each year, to certify the sum of (1) the unexpended amount of certain non-fee revenues, appropriations made to DMV, revenue from reflectorized plate fees and registration and titling system automation fees, and interest earned on these revenues; and (2) the amount of DMV's operating expenses for the first quarter of the previous fiscal year. Unexpended and unencumbered money from the amounts certified by the board would remain available for use by DMV. On September 1 of each even-numbered year, the bill would require any unexpended and unencumbered money not included in the certification to be deposited to the credit of the State Highway Fund. The bill would require the Comptroller of Public Accounts to submit a monthly report to the Legislative Budget Board regarding the revenue collected by DMV under the bill, with an itemized accounting of the dollar amounts deposited into the new account, the amounts deposited into any other accounts or funds authorized by other applicable law, and a determination regarding the dedicated and non-dedicated amounts remitted to the State Highway Fund.

The provisions of the bill creating the new DMV account would take effect on September 1, 2011. The provisions of the bill relating to revenues for deposit to the new account would take effect on September 1, 2013.

DMV reports revenue collections of approximately \$5.9 million per year in fees for programs administered by the agency, the proceeds of which are currently deposited to the General Revenue Fund. Under the provisions of the bill, these revenues would be deposited to the credit of the new DMV dedicated account beginning in fiscal year 2014. This analysis assumes that any balances of these fees to which another governmental entity is not entitled would be retained in the new dedicated account under the provisions of the bill, which could result in an indeterminate revenue loss to the General Revenue Fund beginning in fiscal year 2014.

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

Note: This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.094, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

LBB Staff: JOB, KJG, MW, TG