

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: HB3723 by Guillen (Relating to optional fees on the registration of a vehicle imposed by a county.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3723, 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 State Highway Fund 6 | Probable Revenue Gain from Counties |
|--------------------|---|--|
| 2012 | \$2,105,613 | \$68,081,467 |
| 2013 | \$3,205,794 | \$103,654,031 |
| 2014 | \$3,253,881 | \$105,208,844 |
| 2015 | \$3,302,690 | \$106,786,975 |
| 2016 | \$3,352,230 | \$108,388,780 |

Fiscal Analysis

The bill would amend the Transportation Code to increase the additional fee that a county would be authorized to impose for the registration of a vehicle in the county to an amount not to exceed \$15.

The bill would remove Cameron County's authority to charge an additional fee of up to \$10 on vehicle registrations for the purpose of funding long-term transportation projects. The bill would increase the amount of the fee Hidalgo and Webb counties would be authorized to charge on vehicle registrations for the purpose of funding long-term transportation projects to an amount not to exceed \$50. Hidalgo and Webb counties would be required to deposit the revenue from the fee to a special account in the general fund and would only allow the counties to spend the revenue on long-term transportation project contracts with certain entities. The bill would prevent the counties from removing the fee until

bonds or obligations secured by a pledge have been paid. The bill would limit the total amount of fees a county commissioners court may impose on vehicle registrations to \$65.

The Texas Department of Motor Vehicles (DMV) would be required to collect the long-term transportation projects fee on vehicles registered with the department by residents of Hidalgo and Webb counties and remit the fees to the counties. DMV would be required to designate governmental entities that serve a transportation function and with which the counties may contract.

The bill would take effect immediately if it receives a vote of two-thirds of all members elected to each house. If the bill does not receive the votes required to pass, the bill would take effect September 1, 2011.

Methodology

According to the DMV, 231 counties currently impose an optional county road and bridge fee of \$10; 11 counties currently impose a fee of \$5; and the remaining 12 counties do not impose the optional fee. Based on the information provided by DMV and for the purposes of this analysis, it is assumed that beginning in fiscal year 2012 the participating counties currently assessing the fee would increase the optional fee by \$5 and the non-participating counties would continue to not impose the fee. Also, pursuant to Section 502.172 (c), Transportation Code, it is assumed an increase in the optional fee imposed under the provisions of the bill would take effect on January 1, 2012, and apply to vehicle registration transactions processed on or after that date in fiscal year 2012. Based on information provided by DMV, it is assumed the increased fees would be imposed on approximately 14 million vehicle registrations beginning in January 2012 for a total revenue gain of \$70.2 million in fiscal year 2012 and approximately 21.4 million vehicles in fiscal year 2013 for a total revenue gain \$106.8 million in fiscal year 2013. Based on the analysis of DMV, it is assumed the number of applicable vehicle registrations and corresponding revenues would increase by 1.5 percent each year. Pursuant to Section 502.103, Transportation Code, 3 percent of the collections from the optional fee would be sent to DMV (deposited to the State Highway Fund) and 97 percent would be credited to the county road and bridge funds.

Local Government Impact

The potential revenue gain to a participating county would vary depending on any incremental increase in the amount of the Optional County Road and Bridge fee charged by the county and the number of vehicles registered in the county. The estimated potential revenue gain to counties in the aggregate is shown in the tables above.

The bill also would authorize Hidalgo and Webb Counties the option to raise the Regional Mobility Fee from a maximum of \$10 to a maximum of \$50 to take effect January 1. Counties would retain 100 percent of the Regional Mobility Fee revenue for deposit into a special account in the county's general fund to be used only to contract with the regional mobility authority of the county to promote and maintain a public purpose that involves funding long-term transportation projects in the county. In addition, Cameron County would be prohibited from collecting the Regional Mobility Fee that is currently collected which would result in a significant revenue loss. The potential revenue gains and losses from the optional Regional Mobility Fee under the provisions of the bill are not included in the tables above.

The analysis of DMV assumes both Hidalgo and Webb Counties would impose an Optional Fee for Transportation Projects of \$25; a revenue gain of \$15 per vehicle for Hidalgo County and \$25 for Webb County. For the purposes of these analyses, only the difference in collection of \$15 and \$25 are used which also include a 1.5 percent growth rate.

DMV reported that Hidalgo County currently imposes a \$10 optional fee for transportation projects. According to DMV records, Hidalgo County had a total of 465,718 registered vehicles (less exempt vehicles) in fiscal year 2010 to which the fee would apply. Based on the analysis of DMV, it is assumed a \$15 increase in the optional fee beginning in January 2012 would result in a revenue gain of \$4,797,950 in fiscal year 2012 and a total revenue gain of \$34,681,505 for fiscal year 2012 to 2016.

Webb County currently does not impose an optional fee. According to DMV records, Webb County had a total of 155,469 registered vehicles (less exempt vehicles) in fiscal year 2010 to which the fee would apply. Based on the analysis of DMV, it is assumed the addition of a \$25 optional fee beginning in January 2012 would result in a revenue gain of \$2,669,467 in fiscal year 2012 and a total revenue gain of \$19,296,042 for fiscal year 2012 to 2016.

Cameron County currently imposes an optional fee for transportation projects of \$10 that would no longer be collected under the provisions of the bill. According to DMV records, Cameron County had a total of 256,044 registered vehicles (less exempt vehicles) in fiscal year 2010 to which the fee would apply. Based on the analysis of DMV, it is assumed removal of the optional fee beginning in January 2012 would result in a revenue loss of \$1,758,553 in fiscal year 2012 and a total revenue loss of \$12,711,523 for fiscal year 2012 to 2016.

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

LBB Staff: JOB, KJG, SD, TP, TG