

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 11, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB657** by Lavender (Relating to the number of license plates to be issued for and displayed on motor vehicles.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB657, As Introduced: an impact of \$0 through the biennium ending August 31, 2015.

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
2014	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from State Highway Fund
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2014	\$6,091,756
2015	\$6,183,132
2016	\$6,275,879
2017	\$6,370,018
2018	\$6,465,568

Fiscal Analysis

The bill would amend the Transportation Cod to require the Department of Motor Vehicles (DMV) to issue only one license plate for attachment at the rear of the vehicle for which the plate is issued. The bill would specify that any provision of the Transportation Code that relates to the

issuance or display of "license plates," "plates," or a "set of plates," means only one license plate.

The bill would take effect on September 1, 2013.

Methodology

The DMV reports that the provisions of the bill would result in a savings to the State Highway Fund due to a reduction in the number of plates that would need to be manufactured under the provisions of the bill. The agency reports that a total of 8,262,146 plates were manufactured in fiscal year 2012. Assuming an annual growth rate of 1.5 percent in the number of plates manufactured, approximately 8,511,870 plates would be manufactured in fiscal year 2014 under the current two-plate issuance requirement and 4,255,935 plates (or half the amount) would be manufactured under the provisions of the bill. For the purposes of this analysis, it is assumed the number of plates manufactured would increase by 1.5 percent each year thereafter.

The DMV reports that the current unit costs to manufacture license plates are currently \$1.60 for general issue plates, \$1.69 for specialty one/two-color plates, and \$1.88 for specialty three/four color plates. The DMV estimates that the unit cost will increase by approximately 11 percent due to the distribution of certain fixed overhead costs over fewer plates manufactured. Under the current laws and unit costs, the DMV estimates plate manufacturing costs for approximately 8.5 million plates would be \$13,715,071 in fiscal year 2014. Under the provisions of the bill and estimated new unit costs, the DMV estimates plate manufacturing costs for approximately 4.25 million plates would be \$7,623,315 resulting in savings of \$6,091,756 beginning in fiscal year 2014. It is assumed the amount of savings would continue each year thereafter at an annual growth rate of 1.5 percent based on the projected growth in the number of plates manufactured each year.

Based on the information provided by the DMV, is assumed any costs or duties associated with implementing the provisions of the bill could be absorbed within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 608 Department of Motor Vehicles

LBB Staff: UP, AG, MW, TG