

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 20, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2741 by Phillips (Relating to the regulation of motor vehicles by counties and the Texas Department of Motor Vehicles; authorizing a fee; creating an offense.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2741, As Passed 2nd House: a positive impact of \$14,021,808 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 | \$6,941,489 |
| 2015 | \$7,080,319 |
| 2016 | \$7,221,925 |
| 2017 | \$7,366,363 |
| 2018 | \$7,513,691 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1 | Probable Revenue Gain/(Loss) from <i>State Highway Fund</i> 6 | Probable Savings/(Cost) from <i>State Highway Fund</i> 6 |
|-------------|--|--|---|
| 2014 | \$6,941,489 | \$8,840,336 | (\$15,781,825) |
| 2015 | \$7,080,319 | \$9,017,143 | (\$16,097,462) |
| 2016 | \$7,221,925 | \$9,197,486 | (\$16,419,411) |
| 2017 | \$7,366,363 | \$9,381,435 | (\$16,747,798) |
| 2018 | \$7,513,691 | \$9,569,064 | (\$17,082,755) |

Fiscal Analysis

The bill would amend Chapter 623 of the Transportation Code to increase the base permit fee for a

vehicle with excess axle or gross weight from \$90 to \$180. The bill would increase the amount of the base fee that the Comptroller is required to send to the counties from \$50 to \$140. The bill would increase the additional fee for a permit to operate a vehicle with excess axle or gross weight for each category that currently exists. Under current law there are seven categories based on the number of counties designated for travel and fees range from \$175 to \$1,000. The bill would increase the number of categories to nine with fees ranging from \$250 to \$3,000 and increase the amount of the fee allocated to the General Revenue Fund from two of the current categories. Under the provisions of the bill, one-half of each annual fee would be deposited to the General Revenue Fund and one-half would be deposited to the State Highway Fund.

The bill would amend civil and criminal penalties for certain violations of the Transportation Code or Texas Transportation Commission rules relating to oversize or overweight vehicles. The bill specifies criminal offense levels, maximum penalties, and court jurisdiction for specific infractions. The bill would increase penalties under the Transportation Code Chapter 621, relating to vehicle size and weight, and Chapter 623, relating to permitting of certain vehicles. Under the terms of the bill, penalties assessed under both chapters would be divided equally between the assessing governmental entity and the state. The bill specifies certain limited circumstances in which counties or municipalities may keep all of an assessed penalty. The bill creates a new law enforcement fee of \$5,000 accompanying administrative penalties for false information on certain certificates and provides that the fee is for deposit in a special account in the general revenue fund and available for appropriation only to the Department of Public Safety for commercial vehicle enforcement.

The bill would amend the Occupations Code to authorize the board of the Department of Motor Vehicles (DMV) to take certain disciplinary actions after granting an applicant or license holder the opportunity for a hearing rather than requiring a hearing as specified under current law. The bill would amend the Transportation Code to authorize the owner of a trailer with a gross vehicle weight of 4,000 pounds or less to apply for a title. The bill would make the \$65 rebuilder fee applicable to the issuance of rebuilt salvage titles to include trailers and semitrailers. The bill would authorize the board of the DMV by rule to establish a fee for the issuance of a paper title to cover the administrative costs of an electronic titling system. The bill would authorize the DMV to credit a person for any time remaining on a multi-year vehicle registration when the person sells or trades the registered vehicle to a dealer. The bill would establish a third degree felony offense for the manufacture, sale, or possession of a registration insignia or license plate that is deceptively similar to an insignia or license plate issued by the DMV.

The bill would authorize the DMV to issue a special permit during a major disaster declared by the President of the United States to an overweight or oversize vehicle or load that will be used only to deliver relief supplies. The bill would authorize the board of the DMV to adopt rules to establish the fee and requirements for the special permit.

Except as otherwise provided by the bill, the bill would take effect on September 1, 2013.

Methodology

Under current statute, \$50 of the base permit fee for a vehicle with excess axle or gross weight is distributed to counties and \$40 of the fee is deposited to the State Highway Fund (Fund 6). The bill would increase the base fee by \$90 and require the Comptroller to send the additional revenue to the counties. The Comptroller's office used DMV data and growth factors in the 2014-15 Biennial Revenue Estimate to project the revenue gain to the General Revenue Fund and the Fund 6 that would result from the provisions of the bill beginning in fiscal year 2014. This information is reflected in the table above.

Currently, revenue collected from additional permit fees under Section 623.0111 is divided between the General Revenue Fund and Fund 6 based on the number of counties designated on the permit. Section 621.353(c), Transportation Code, requires the Comptroller to send each additional permit fee collected under Section 623.0111 to the counties designated on the application for the permit. Current provisions for the Fiscal Programs - Comptroller of Public Accounts in Article I of the General Appropriations Act for the 2012-13 biennium appropriate an amount from Fund 6 for distribution to counties pursuant to Section 621.353, Transportation Code, in an amount equal to the revenue collected from gross weight and axle weight permit fees for distribution to counties. This analysis assumes the Fund 6 appropriation for this purpose would be continued in fiscal years 2014 through 2018. Therefore, it is assumed increasing the fees in Section 621.353(c), Transportation Code, and the amount of the base fee for distribution to counties would result in a cost to Fund 6 equal to the total amount of additional fee revenue collected from permit fees for distribution to counties in each fiscal year under the provisions of the bill. To the extent that this rider provision were eliminated, the cost to General Revenue would be \$6.9 million in FY 2014 and the cost to Fund 6 would decrease to \$8.8 million in that year. The counties designated on the permits would realize an equal increase in revenue to their County Road and Bridge Funds. Based on the analysis provided by the Comptroller's office and DMV, it is assumed the additional permit fee revenue will grow at a rate of two percent each fiscal year.

The Comptroller of Public Accounts reported that data on which to calculate the amount of state revenue the bill would generate from fines and penalties on oversize/overweight vehicles is not available and that the fiscal impact of these provisions of the bill cannot be estimated. This analysis assumes that the implementation of the fines and penalties prescribed by the bill would increase state revenue, and that depending on the number and type of assessed penalties, the amount of revenue generated may be significant. However, the fiscal implications of the bill cannot be determined due to a lack of data on the violations that will be subject to penalties; and no estimate of revenue is included in the table above.

Because the timing and duration of a declared emergency or disaster is unknown, the revenue from the issuance for the issuance of permits to deliver relief supplies cannot be determined.

The bill would authorize a person to apply for title for a trailer that has a gross vehicle weight of 4,000 pounds or less. Based on the information provided by the DMV, it is assumed the issuance of titles for these trailers would result in an insignificant revenue gain to the State. Because the number of trailers for which a person would choose to obtain a title is unknown, the table above does not include an estimate of the potential revenue gain.

Based on the information provided by the DMV and DPS, it is assumed other provisions of the bill affecting fees would not result in a significant impact to State cash flows and any costs associated with implementing the provisions of the bill could be absorbed within existing resources.

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. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

The bill would result in a revenue gain to County Road and Bridge Funds from fee increases associated with excess axle and gross weight permits. Fiscal impact to individual counties would vary depending on the number of permits issued, but it is anticipated that counties would generate

approximately \$15.8 million in additional revenue statewide beginning in fiscal year 2014. Similar gains would continue in each year thereafter.

The bill would increase fine revenue to counties and municipalities; however, future revenue generated under the bill cannot be estimated.

According to the Office of Court Administration (OCA) some counties that enter into interlocal contracts to administer another county's motor vehicle title administration could benefit, while the non-administering county could lose in revenue. OCA does not anticipate fiscal impact to be significant.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 608 Department of Motor Vehicles

LBB Staff: UP, AG, MW, TG