

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 27, 2015

TO: Honorable Joseph Pickett, Chair, House Committee on Transportation

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2440 by Paddie (Relating to transportation network companies; imposing and authorizing fees; requiring an occupational permit; authorizing a civil penalty.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2440, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2017.

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
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from Texas Department of Motor Vehicles Fund	Probable Savings/(Cost) from Texas Department of Motor Vehicles Fund
2016	\$920,000	(\$497,761)
2017	\$0	(\$452,661)
2018	\$920,000	(\$452,661)
2019	\$0	(\$452,661)
2020	\$920,000	(\$452,661)

Fiscal Year	Change in Number of State Employees from FY 2015
2016	6.0
2017	6.0
2018	6.0
2019	6.0
2020	6.0

Fiscal Analysis

The bill would add new Chapter 2402 to the Occupations Code regarding the regulation of transportation network companies (TNC). The bill would require a person to obtain a permit from the DMV to operate as a TNC in Texas. The bill would require the DMV to issue a permit to applicants that meet the requirements established by the bill and require a TNC to pay a fee of \$115,000 per year to maintain a permit. The fee would be deposited to the credit of the Texas Department of Motor Vehicles Fund (TxDMV Fund). A permit would be valid for two years. The bill would authorize the DMV to impose a fee, not to exceed \$10,000 annually, on TNCs, taxicab companies, limousine companies, and other for-hire vehicle companies that do not provide wheelchair accessible service and remit the fee to the Comptroller for deposit in a trust fund outside the State Treasury to be administered by the DMV to provide grants to transportation network companies and other for-hire vehicle companies that provide wheelchair-accessible services. The bill would specify that a grant may not exceed \$15,000 and may be distributed only to a company that meets a minimum level of service to be determined by DMV rule. The bill would require the DMV to implement a program in conjunction with a TNC operating in Austin that desires to participate to conduct a pilot project to offer services to persons with disabilities. The bill would require the DMV, in conjunction with any participating TNCs, to report to the public and the Legislature on findings of the pilot program. The bill would require a hearing arising from the bill or a rule adopted by the DMV board to be held by an administrative law judge of the State Office of Administrative Hearings (SOAH). The bill would authorize the DMV board to request that the Attorney General bring an action against a person for a violation to collect a civil penalty in an amount not to exceed \$10,000. The bill would amend the Insurance Code relating to automobile liability insurance for drivers providing transportation network services.

The bill would take effect on September 1, 2015.

Methodology

Based on the analysis provided by the DMV, it is assumed four companies would be operating as TNCs in Texas and would pay \$230,000 each (two-year permit at \$115,000 per year) every other year beginning in fiscal year 2016 to maintain the permit required by the bill, resulting in a revenue gain of \$920,000 to the TxDMV Fund in each fiscal year.

Based on the analysis provided by the DMV, it is assumed the agency would require six additional full-time-equivalent (FTE) employees to administer the new permitting and regulatory responsibilities and accessible transportation grant program established by the bill for an estimated cost of \$497,761 in fiscal year 2016 and \$452,661 each year thereafter. This cost estimate includes \$45,100 for one-time startup costs (desktop computers, furniture, and equipment) in fiscal year 2016 and annual costs of \$327,742 in salaries and wages for one attorney, two investigators, one licensing specialist, one program specialist, and an administrative assistant; \$106,123 for employee benefits and \$4,916 for other payroll contribution costs; and

\$13,880 for travel, consumable supplies, and other operating expenses. This analysis assumes costs would be paid from funds deposited to the TxDMV Fund.

Because the number of for-hire vehicle companies operating in Texas that may or may not provide wheelchair-accessible services on or after the effective date of the bill is unknown, this analysis does not include an estimate of revenue from the assessment of a fee (not to exceed \$10,000 per year) on companies that do not provide such services. It is assumed the assessment of the new fee would result in an indeterminate revenue gain to a new trust fund established outside the State Treasury beginning in fiscal year 2016. The bill would authorize the DMV to provide grants out of money deposited to the new trust fund to for-hire vehicle companies that provide wheelchair-accessible services that meet minimum service levels to be determined by DMV rule.

Based on the information provided by the Office of the Attorney General, Texas Department of Insurance, and SOAH, it is assumed any other costs or duties associated with implementing the provisions of the bill could be absorbed within the agencies' 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. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Technology

The costs identified above include estimated one-time information technology costs of \$12,660 for the acquisition of desktop computer workstations and telecommunications equipment for five new FTE positions in fiscal year 2016.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 454 Department of Insurance, 608 Department of Motor Vehicles

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