

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 8, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2440 by Paddie (Relating to the regulation of transportation network companies; imposing and authorizing fees; requiring an occupational permit.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2440, As Introduced: a negative impact of (\$754,834) 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	(\$396,417)
2017	(\$358,417)
2018	(\$358,417)
2019	(\$358,417)
2020	(\$358,417)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Savings/(Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2015
2016	\$20,000	(\$416,417)	5.0
2017	\$20,000	(\$378,417)	5.0
2018	\$20,000	(\$378,417)	5.0
2019	\$20,000	(\$378,417)	5.0
2020	\$20,000	(\$378,417)	5.0

Fiscal Analysis

The bill would add new Chapter 2402 to the Occupations Code regarding the regulation of transportation network companies. The bill would define a transportation network company (TNC) as an entity that uses a digital network or software application service to connect passengers to

transportation network services provided by transportation network drivers. 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 \$5,000 per year to maintain a permit. The bill would authorize the DMV to suspend or revoke a permit for a violation of the provisions of the bill. 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. The fee would be deposited to the credit of an account in the General Revenue Fund 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 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 \$5,000 each year to maintain the permit required by the bill, resulting in a revenue gain of \$20,000 to the General Revenue Fund in each fiscal year.

Based on the analysis provided by the DMV, it is assumed the agency would require five (5.0) additional full-time-equivalent (FTE) employees to administer the new permitting and regulatory responsibilities established by the bill for an estimated cost to General Revenue of \$416,417 in fiscal year 2016 and \$378,417 each year thereafter. This cost estimate includes \$38,000 for one-time startup costs (desktop computers, furniture, and equipment) in fiscal year 2016 and annual costs of \$272,981 in salaries and wages for one attorney, two investigators, one licensing specialist, and an administrative assistant; \$88,391 for employee benefits and \$4,095 for other payroll contribution costs; and \$12,950 for travel, consumable supplies.

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 to the state 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 General Revenue-Dedicated (GR-D) fund established by the bill beginning in fiscal year 2016. The bill would authorize the DMV to provide grants out of money deposited to the new GR-D fund to for-hire vehicle companies that provide wheelchair-accessible services that meet minimum service levels to be determined by DMV rule. Because the number of businesses that would be eligible for grants under the provisions of the bill and rules established the DMV is unknown, it is assumed the implementation of the grant program would result in an indeterminate cost the new GR-D fund.

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 \$10,550 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: 304 Comptroller of Public Accounts, 608 Department of Motor Vehicles

LBB Staff: UP, AG, NV, TG, KVe