

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: HB2701 by Pickett (Relating to the regulation of motor vehicles by the Texas Department of Motor Vehicles and the Department of Public Safety; creating and modifying criminal offenses; amending provisions subject to a criminal penalty; imposing, authorizing, and increasing fees.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2701, Committee Report 1st House, Substituted: a negative impact of (\$250,969,691) through the biennium ending August 31, 2017.

There would be a similar gain to Other Funds, in the Texas Department of Motor Vehicles Fund.

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	(\$123,907,462)
2017	(\$127,062,229)
2018	(\$129,603,582)
2019	(\$132,196,057)
2020	(\$134,840,648)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from Texas Emissions Reduction Plan 5071	Probable Revenue Gain/(Loss) from State Highway Fund 6	Probable Revenue Gain/(Loss) from Texas Mobility Fund 365
2016	(\$123,907,462)	\$4,230	(\$64,569,958)	\$4,230
2017	(\$127,062,229)	\$4,320	(\$2,427,020)	\$4,320
2018	(\$129,603,582)	\$4,410	(\$2,462,836)	\$4,410
2019	(\$132,196,057)	\$4,500	(\$2,498,044)	\$4,500
2020	(\$134,840,648)	\$0	(\$3,084,743)	\$4,605

Fiscal Year	Probable Revenue Gain/(Loss) from Texas Department of Motor Vehicles Fund	Probable Revenue Gain/(Loss) from Counties
2016	\$208,328,000	\$3,294,660
2017	\$126,812,000	(\$3,292,239)
2018	\$129,348,000	(\$3,352,367)
2019	\$131,935,000	(\$3,412,495)
2020	\$134,574,000	(\$3,473,525)

Fiscal Analysis

The bill would amend Section 502.0023, to change the \$10 registration fee for commercial fleet vehicles from annual to a one-time fee and amend Section 502.255 to change the annual \$15 registration fee for certain semitrailers to a one-time fee of \$105.

The bill would amend Chapters 501 and 502 of the Transportation Code to provide for the titling and registration of an autocycle, as defined by the bill. An autocycle would be treated as a motorcycle for the purpose of vehicle titling and registration.

The bill would amend the Transportation Code to authorize the issuance of annual ready-mixed concrete truck permits to volumetric ready-mixed concrete trucks for operation on public roadways under certain conditions prescribed by the bill.

The bill would implement recommendations in the review, "Improve the Operations and State Oversight of Overweight Corridors" in the Legislative Budget Board's *Government Effectiveness and Efficiency Report* submitted to the Eighty-fourth Texas Legislature, 2015. The bill would authorize the DMV to issue permits on behalf of overweight corridors and authorize DMV to charge a fee to cover the cost of issuance. The bill would require the Texas Department of Transportation (TxDOT) to complete a pavement management plan for each operational overweight corridor and require local entities to consider this plan when setting permit rates.

The bill would amend the Transportation Code to authorize the DMV to issue a 24-hour permit for the operation of certain vehicles with excess axle or gross weight with a fee of \$50. Applicants would be directed to designate no more than five counties in which the vehicle could operate when applying for the permit. Of the revenue from the new fee, 50 percent would be deposited to the credit the State Highway Fund and the remaining 50 percent would be distributed to the counties designated in the permit application.

The bill would authorize a motor carrier whose registration has been suspended or revoked to apply for a re-registration from the DMV by paying a fee of \$10 for each vehicle requiring re-registration.

The bill would re-enact the Texas Department of Motor Vehicles (TxDMV) Fund created by Section 1001.151, Transportation Code, and all revenue dedicated for deposit to the credit of that fund as enacted by Section 71, Chapter 1287 (HB 2202), Acts of the Eighty-third Legislature, Regular Session, 2013. The fund would be established as a special fund in the state treasury outside the General Revenue Fund. The bill would direct the Comptroller, on September 1, 2015, to deposit to the credit of the TxDMV Fund an amount from the State Highway Fund (SHF) equal to the amount collected or received by DMV under Section 502.356, Transportation Code, relating to the automated registration and title system, during the period beginning November 1, 2009, and ending September 1, 2013.

Except as otherwise specified, the bill would take effect on September 1, 2015.

Methodology

Based on the information provided by the DMV and the Comptroller's office, it is assumed the reenactment of the TxDMV Fund and all revenue dedicated for deposit to the fund under the provisions of HB 2202, Eighty-third Legislature, 2013, would result in a revenue loss to General Revenue and a corresponding gain to the TxDMV Fund of \$123.9 million beginning in fiscal year 2016, which would increase by approximately two percent each year thereafter. The DMV reports that \$84.4 million in revenue was collected from the \$1 automation fee under Section 502.356, Transportation Code, during the period beginning November 1, 2009, and ending September 1, 2013. Therefore, it is assumed the Comptroller would make a one-time transfer of \$84.4 million out of the SHF to the TxDMV Fund in fiscal year 2016.

The bill would change the annual commercial fleet extended registration fee from annual amount of \$10 per fleet vehicle to a one-time \$10 per vehicle fee. Based on the information and analysis provided by the DMV it is assumed 12,712 fleet vehicles would register for a new 4-year extended registration period for a fee of \$10 per vehicle per year under current law, beginning in fiscal year 2016, and the number current commercial fleet vehicles registered would increase by 2.25 percent each fiscal year with the number of years in the extended registration period decreasing by one year in each successive year. Under the proposed legislation, DMV estimates the same number of fleet vehicles would register and pay the one-time \$10 per vehicle fee in each fiscal year, and an additional 8,000 vehicles each year would apply for commercial fleet registration as a result of the change to a one-time fee. Based on the analysis of the DMV it is assumed this provision of the bill would result in a revenue loss to the SHF of \$300,360 in fiscal year 2016 followed by an average annual revenue gain of approximately \$75,000 in the following three fiscal years. It is assumed a similar cycle of revenue losses and gains would recur every four years thereafter.

Based on the information and analysis provided by the DMV, it is assumed approximately 280 autocycle vehicles would be issued titles at a fee of \$28 and registered at the motorcycle registration fee of \$30, plus other state and county fees due at the time of registration, in fiscal year 2016. Based on this analysis, it is assumed the titling of autocycles would result in revenue gains of approximately \$2,256 to General Revenue, \$4,230 to the Texas Mobility Fund (TMF), and \$1,410 to the counties beginning in fiscal year 2016; and autocycle registrations would result in annual revenue gains of \$3,200 to the General Revenue Fund, \$7,642 to the SHF, and \$3,920 to the counties in beginning in fiscal year 2016. Based on the analysis of the DMV, it is assumed approximately 300 autocycle titles would be issued each year thereafter and the number of autocycles registered would increase by approximately 300 vehicles each year thereafter.

Pursuant to current provisions in Transportation Code, Section 501.138 (b-2), the Texas Department of Transportation would be required to remit to the Comptroller for deposit to the Texas Emissions Reduction Plan (TERP) Fund an amount of revenue from the non-constitutionally dedicated portion of the SHF equal to the amount of title fee revenue deposited to the TMF. Therefore, it is assumed the revenue gain to the TMF from title fees on autocycles would result in the transfer of an additional amount out of the SHF into the TERP Fund equal to the revenue gain to the TMF beginning in fiscal year 2016 and continuing through fiscal year 2019 when Section 501.138 (b-2) is set to expire.

Based on the analysis of the DMV, it is assumed 253,103 semitrailers would register by paying the one-time \$105 registration fee established by the bill in fiscal year 2016 instead of the \$15 annual fee, with an incremental increase the number of registrations of 2.25 percent per year thereafter,

resulting in revenue gains of approximately \$19.8 million to the SHF and \$3 million to the counties in fiscal year 2016 and revenue losses of approximately \$3 million to the SHF and \$3 million to the counties beginning in fiscal year 2017. Based on the analysis of the DMV it is assumed the revenue losses would continue at similar levels each year thereafter.

The DMV indicates that implementation of the bill would result in an increase the number of vehicles eligible for ready-mixed concrete truck permits and that would apply for permits by 10 percent above current levels. The \$1,000 annual permit fee is divided equally between the SHF and the counties. Based on the analysis provided by the DMV, it is assumed the issuance of an additional 604 permits in fiscal year 2016 would result a revenue gain of \$302,000 to the SHF and \$302,000 to the counties and the number of permits and associated revenue would increase by 4.17 percent each year thereafter.

Based on information provided by the DMV, it is assumed 1,041 of the 24-hour over axle/gross weight permits would be issued in fiscal year 2016 at a fee of \$50, with the number of permits issued increasing in alignment with the number of annual permits issued (15.9 percent each year). Therefore, it is assumed issuance of the new permit would result in a total revenue gain to the state and the counties of \$52,050 beginning in fiscal year 2016, increasing by 15.9 percent each year thereafter. The fee revenue would be allocated to the SHF and 50 percent to the counties designated on the permit application.

Because there is insufficient data to estimate the number of motor carriers with suspended or revoked registrations from the DMV at new fee of \$10 per vehicle, the potential revenue impact cannot be determined at this time. Based on the information provided by the DMV, it is assumed this provision of the bill would not result in a significant impact to state revenue.

There could also be an insignificant revenue gain to the TxDMV Fund as a result of an administrative fee assessed on each permit issued by DMV on behalf of overweight corridors. Because it is not known whether fees would be charged or how many permits would be issued, the table above does not reflect the potential revenue gain to the TxDMV Fund. TxDOT stated it could complete pavement management plans for routes currently designated as overweight corridors within 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

It is assumed any costs associated with implementing the provisions of the bill on or after January 1, 2016, (delayed implementation) could be absorbed within the agency's existing resources. However, the DMV indicates that implementation of the bill by September 1, 2015, would require programming changes to the agency's legacy core Registration and Titling System (RTS) during the months of June and July of 2015, which would delay the development and implementation of the agency's ongoing RTS Refactoring Project. The DMV estimates the programming changes necessary to implement the provisions of the bill on the specified effective date could result in a four month delay in the RTS Refactoring Project, which could result in significant additional project costs.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety, 601 Department of Transportation, 608 Department of Motor Vehicles, 212 Office of Court Administration, Texas Judicial Council, 360 State Office of Administrative Hearings

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