

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 1, 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; creating a criminal offense; providing a penalty; authorizing fees.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2701, As Introduced: a negative impact of (\$199,287,565) 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	(\$98,657,209)
2017	(\$100,630,356)
2018	(\$102,642,960)
2019	(\$104,695,823)
2020	(\$106,789,736)

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	(\$98,657,209)	\$7,688,390	\$11,556,388	\$7,688,390
2017	(\$100,630,356)	\$7,842,146	(\$10,901,917)	\$7,842,146
2018	(\$102,642,960)	\$7,999,000	(\$11,125,066)	\$7,999,000
2019	(\$104,695,823)	\$8,158,968	(\$11,352,236)	\$8,158,968
2020	(\$106,789,736)	\$8,322,159	(\$12,139,268)	\$8,322,159

Fiscal Year	Probable Revenue Gain/(Loss) from Texas Department of Motor Vehicles Fund	Probable Revenue Gain/(Loss) from Counties
2016	\$102,665,728	\$2,987,330
2017	\$104,722,354	(\$3,616,102)
2018	\$106,820,265	(\$3,693,347)
2019	\$108,960,285	(\$3,771,674)
2020	\$111,143,283	(\$3,851,007)

Fiscal Analysis

The bill would amend the Transportation Code relating to the regulation of motor vehicles by the Texas Department of Motor Vehicles (DMV). The bill would amend Section 501.134 to stipulate that the owner or lien holder of a title may obtain a certified copy of a title for a fee described in Section 501.138, and that this title would supersede and invalidate any previously issued title or certified copy. The bill amends Section 501.138 and sets the fee for a certified copy of title for \$33 if the applicant resides in a nonattainment area or \$28 if the applicant lives in any other county. The bill would direct \$8 from the fee to be deposited to the Texas Department of Motor Vehicles Fund (TxDMV Fund). The remainder of the fee would be allocated in the same manner as the fee for an original certificate of title.

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 Section 623.0171 of the Transportation Code related to the disposition of permit fees for ready-mixed concrete trucks to change the allocation to the State Highway Fund (SHF) to 45 percent from 50 percent and direct that five percent of the fee revenue be deposited to the credit of the TxDMV Fund. The remaining 50 percent would be distributed as currently prescribed by statute.

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, five percent would be deposited to the credit of the TxDMV Fund, 45 percent to the SHF, 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 take effect September 1, 2015.

Methodology

The TxDMV Fund was established by the enactment of legislation by the Eighty-third Legislature, Regular Session, 2013, to receive revenue collected by or on behalf of the DMV that was previously deposited to the credit of the SHF. However, the new fund was not exempted from funds consolidation legislation enacted by that Legislature, and all dedications and allocations of revenue to that fund were instead deposited to the credit of the General Revenue Fund beginning

in fiscal year 2014. It is assumed the provisions of the bill addressing the TxDMV Fund would establish the fund as a fund in the State Treasury outside of the General Revenue Fund (Other Funds) and reenact any previous dedication of revenue to the TxDMV Fund. The Comptroller's office estimates that the establishment of the TxDMV Fund and re-enactment of previous dedications of revenue to that fund would result in a revenue loss to General Revenue and a corresponding gain to the TxDMV Fund of \$100.8 million beginning in fiscal year 2016, which would increase by two percent each year thereafter.

The current fee to obtain a certified copy of title is \$2.00 by mail and \$5.45 for other applicants, which is deposited to the General Revenue Fund. The bill would change the fee for obtaining a certified copy of title to \$33 for applicants whose residence is a county located within a nonattainment area and \$28 for applicants whose residence is any other county. Under the provisions of the bill \$5 of the fee would be deposited to General Revenue; \$8 to the TxDMV Fund; and, to the Texas Mobility Fund 365 (TMF), \$20 if the applicant resides in a nonattainment area or \$15 if the applicant resides in any other county. Based on the information and analysis provided by the DMV, it is assumed the fee change would result in revenue gains beginning in fiscal year 2016, including revenue gains of \$2.1 million to General Revenue; \$7.7 million to the TMF; and \$1.6 million to the TxDMV Fund. 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 provisions of the bill would result in the transfer of an additional \$7.7 million out of the SHF into the TERP Fund 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 provided by the DMV, it is assumed revenue gains and required transfers would increase by two percent each fiscal year.

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 commercial fleet registration as a result of the change to a one-time fee. 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.

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 in 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; it is assumed revenue losses would continue at similar levels each subsequent year.

The reduction in the allocation of ready-mixed concrete truck permit fee revenue to 45 percent from 50 percent to the SHF and allocation of 5 percent of the permit fee to the TxDMV Fund

would result in a revenue loss of \$295,250 to the SHF and a corresponding revenue gain to the TxDMV Fund beginning in fiscal year 2016, with SHF losses and TxDMV gains increasing at three percent each year thereafter.

Based on information provided by the DMV, it is assumed 1,040 over axle/gross weight 24-hour 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 45 percent to the SHF, 5 percent to the TxDMV Fund, 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 who to apply for a re-registration 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.

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

LBB Staff: UP, AG, NV, TG