

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 19, 2017

TO: Honorable Geanie W. Morrison, Chair, House Committee on Transportation

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2433 by Pickett (Relating to the registration of certain trailers; changing a fee.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB2433, As Introduced: an impact of \$0 through the biennium ending August 31, 2019.

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
2018	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>State Highway Fund</i> 6	Probable Revenue (Loss) from <i>State Highway Fund</i> 6	Probable Savings from <i>Tx Dept of Motor Vehicles Fnd</i> 10	Probable Revenue (Loss) from <i>Tx Dept of Motor Vehicles Fnd</i> 10
2018	\$4,034,616	\$0	\$0	\$0
2019	\$0	(\$835,616)	\$40,873	(\$158,952)
2020	\$0	(\$848,152)	\$41,486	(\$161,336)
2021	\$0	(\$860,874)	\$42,109	(\$163,757)
2022	\$0	(\$873,787)	\$42,740	(\$166,213)

Fiscal Year	Probable Savings from Counties	Probable Revenue (Loss) from Counties
2018	\$0	(\$26,652)
2019	\$168,034	(\$1,084,568)
2020	\$170,554	(\$1,100,838)
2021	\$173,113	(\$1,117,351)
2022	\$175,711	(\$1,134,111)

Fiscal Analysis

The bill would amend Chapter 502 of the Transportation Code to establish a permanent token trailer license plate to be issued by the Texas Department of Motor Vehicles (TxDMV). The bill would set the registration fee at \$80 and authorize a permanent license plate to remain on a token trailer until the token trailer is removed from service or sold, provided that the license plate must be removed if TxDMV cancels, suspends, or revokes the registration for the trailer as provided by law or department rule.

The bill would take effect September 1, 2017.

Methodology

According to the Texas Department of Motor Vehicles (TxDMV), token trailers are renewed annually with a \$15 plate fee, \$4.75 processing and handling fee, and varying local county fees. Token trailer fleets are renewed through a multi-year token trailer registration program which allows these trailers to renew for a period of one to five years with the \$15 plate fee and varying local county fees for each trailer and each renewal year, while paying the \$4.75 processing and handling fee once per trailer. Based on the information and analysis below, it is assumed 94,755 registered token trailers will opt for the permanent \$80 token trailer plate beginning in fiscal year 2018, resulting in a revenue gain of \$4.0 million to the State Highway Fund 6 (SHF). This revenue gain is due to the onset of registrants going from an annual token trailer plate fee of \$15 to a permanent token trailer plate fee of \$80. Beginning in fiscal year 2019, due to a drop in annual renewals, the SHF and the Texas Department of Motor Vehicles Fund 10 (TxDMV Fund) will experience revenue losses of \$0.8 million and \$0.2 million, respectively. This analysis assumes the number of token trailer registrations and revenue losses will increase by 1.5 percent each fiscal year thereafter.

According to TxDMV, in fiscal year 2016, there were 209,916 registered token trailers and 29,877 registered token trailer fleets. TxDMV assumes that 70 percent of the token trailer registrants plus an annual 1.5 percent growth will continue to renew annually and 30 percent plus an annual 1.5 percent growth will opt for the new \$80 permanent token trailer license plate. Using that information, 64,878 token trailer registrants are expected to apply for the \$80 permanent token trailer license plate in fiscal year 2018. Beyond fiscal year 2018, these registrants will no longer renew annually and TxDMV assumes an annual 1.5 percent growth in each following fiscal year. TxDMV assumes 100 percent of the registered token trailer fleet registrants will opt for the new \$80 permanent token trailer license plate. TxDMV assumes current token trailer fleets are registered for the full five year renewal period and 20 percent will be due for renewal each year between fiscal years 2018 and 2022, which is 5,975 trailers per year prior to the 1.5 percent annual growth rate. Beyond fiscal year 2022, state and local government will only receive revenue for any growth in trailer registrants.

The current plate fee is \$15 per year. Revenue from the registration fee is split between the state

(95 percent to the SHF) and local government (5 percent to the counties). TxDMV registration processing and handling fees vary depending on how the transaction is processed. For this analysis, TxDMV assumes all processing and handling fees are from walk-in/mail-in transactions which are charged a \$4.75 processing and handling fee that is split between the state (\$2.45) and the counties (\$2.30). The state share is deposited to the TxDMV Fund (Fund 0010).

Counties would experience a revenue loss from optional local fees which vary by county. For this analysis, TxDMV assumes the county Road and Bridge fee is \$10 per trailer registration.

Counties that charge an optional Child Safety Fee (up to \$1.50) and/or a County Mobility Fee (\$10) would realize an additional loss of revenue, which is not shown in the tables above.

Due to the number of trailers no longer renewing annually and not receiving a renewal notice or registration sticker, there will be a cost savings to the TxDMV Fund based on the total cost of \$0.63 per transaction to print and mail a renewal notice and issue a registration sticker. Counties will also experience a cost savings due to the decreased amount of renewals the county would have to process at an assumed \$2.59 per transaction.

Based on LBB's analysis of information provided by TxDMV, it is assumed any costs or duties associated with implementing the provisions of the bill could be absorbed within the agency's current resources.

Local Government Impact

Counties would experience a loss of registration fee revenue. Revenue losses would vary by county depending on the number of trailers registered in the county and optional county fees as applicable.

Source Agencies: 304 Comptroller of Public Accounts, 608 Department of Motor Vehicles

LBB Staff: UP, AG, EH, TG, LBO