

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 10, 2017

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2508 by Kuempel (Relating to the licensing and regulation of tow truck companies, tow truck operators, vehicle storage facilities, and vehicle storage facility employees, the regulation of parking facilities and parking facility owners, and the elimination of required state licensing for vehicle booting companies and operators.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2508, As Engrossed: a negative impact of (\$839,992) 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	(\$412,046)
2019	(\$427,946)
2020	(\$445,196)
2021	(\$464,096)
2022	(\$484,296)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Savings from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2017
2018	\$382,700	(\$841,950)	\$47,204	(1.0)
2019	\$418,400	(\$893,550)	\$47,204	(1.0)
2020	\$457,400	(\$949,800)	\$47,204	(1.0)
2021	\$500,000	(\$1,011,300)	\$47,204	(1.0)
2022	\$546,700	(\$1,078,200)	\$47,204	(1.0)

Fiscal Analysis

The bill would amend the Occupations Code relating to the licensing and regulation of tow truck companies and operators, vehicle storage facilities and their employees, the regulation of parking facilities and parking facility owners, and state licensing for booting companies and operators.

The bill would direct the Texas Commission of Licensing and Regulation (TCLR) to adopt rules regarding the licensing of a person to operate a vehicle storage facility (VSF). The bill would repeal risk based inspections.

The bill would continue regulation of Incident Management Towing, Private Party Towing, and Consent Towing, and vehicle storage facilities. The bill would eliminate the requirements for a license to perform booting operations or operate a booting company. The bill would also eliminate the requirement that a VSF only employ an individual who holds a VSF employee license, and would eliminate the dual towing operator/VSF employee license.

The bill would direct the Texas Commission on Licensing and Regulation (TCLR) to review fees biennially for vehicle storage in governmental facilities and send notification of fee adjustments to facilities as necessary.

The bill would direct a parking facility to send the \$10 fee required for the disposition of an abandoned nuisance vehicle to the appropriate law enforcement agency, if required by that agency. Currently that money is sent to the Texas Department of Licensing and Regulation (TDLR) or a law enforcement agency.

The bill would take effect September 1, 2017.

Methodology

Eliminating various licenses would result in a loss of General Revenue to the state. According to information provided by TDLR, there are 16 booting companies, and they each pay \$250 per license annually, resulting in a loss of \$4,000 per year. The license population of booting operator averages 94 licensees per year, and at \$75 per license, would result in an annual loss of \$7,050. The license population of vehicle storage facility employees averages 3,416 licensees per year; at \$75 per license, the result would be an annual loss of \$256,200 per year. The license population of towing training licenses averages 26, with an annual license fee of \$25, resulting in a loss of \$650 per year.

The license population of dual towing/VSF employee has grown at a rate of 9%, estimated to be 3,827 in FY 2018 and 5,402 by FY 2022. The dual licenses cost \$150 per license. Eliminating this license would result in a loss of \$574,050 in fiscal year 2018, growing to a loss of \$810,300 by fiscal year 2022. TDLR assumes that once dual licenses are eliminated, and those with a towing operator's license are allowed to work in a vehicle storage facility per the provisions of the bill, licensees will only obtain the towing operator's license, which costs \$100 per license. Assuming the same number of licensees, this would yield a gain of \$382,700 in fiscal year 2018, increasing to \$546,700 in fiscal year 2022.

With the deregulation of the booting industry, TDLR estimates it would require one fewer full time equivalent employee, yielding a savings to the state of \$47,204 per year in wages and employee benefits.

The Office of Court Administration, State Office of Administrative Hearings, Texas A&M

University System Administrative and General Offices, University of Houston System Administration, Texas State University System, The University of Texas System Administration, Texas Tech University System Administration, and the University of North Texas System Administration anticipate any additional work resulting from the passage of the bill could be reasonably absorbed within current resources.

Local Government Impact

According to the Texas Municipal League, municipalities could be liable for certain towing and storage costs; however, the fiscal impact cannot be determined at this time.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings, 452 Department of Licensing and Regulation, 608 Department of Motor Vehicles, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 783 University of Houston System Administration

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