

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: HB2853 by Cortez (Relating to the issuance of specialty license plates for classroom teachers and retired classroom teachers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2853, 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 (Loss) from <i>State Highway Fund</i> 6	Probable Revenue (Loss) from <i>Tx Dept of Motor Vehicles</i> <i>Fnd</i> 10	Probable Revenue (Loss) from <i>Counties</i>
2018	(\$6,274,275)	(\$312,375)	(\$1,892,100)
2019	(\$7,679,713)	(\$382,347)	(\$2,315,930)
2020	(\$9,138,858)	(\$454,993)	(\$2,755,957)
2021	(\$10,653,296)	(\$530,392)	(\$3,212,658)
2022	(\$12,224,650)	(\$608,624)	(\$3,686,523)

Fiscal Analysis

The bill would amend Transportation Code, Chapter 504, Subchapter E, to require the Texas Department of Motor Vehicles (TxDMV) to issue specialty license plates for classroom teachers

with at least 10 years of service teaching public school students and for retired classroom teachers with at least 20 years of service teaching public school students. The bill would require a person issued a retired classroom teacher specialty plate to be issued one set of the plates without payment of vehicle registration fees under Chapter 502.

The bill would take effect on September 1, 2017.

Methodology

TxDMV estimates a significant number of plate applicants for the retired classroom teacher specialty plate due to the waived vehicle registration fees. Based on the information and analysis below, it is assumed approximately 127,500 eligible applicants would register vehicles with the new retired classroom teacher specialty plate without payment of the regular registration fees beginning in fiscal year 2018, resulting in revenue losses of \$6.3 million to the State Highway Fund 6 (SHF), \$0.3 million to the Texas Department of Motor Vehicles Fund 10 (TxDMV Fund), and \$1.9 million to the counties. This analysis assumes the number of new retired teachers would increase by 2 percent each fiscal year thereafter and the estimated percentage of retired teachers that opt for the new plate would increase by 10 percent each fiscal year thereafter.

The average passenger vehicle and light truck registration fee is \$50.75 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). For the purposes of this analysis, it is assumed all specialty plate applications would be for passenger vehicles or light trucks, and an annual growth rate of 12 percent is applied to estimate the number of new plate applications each fiscal year. 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). For this analysis, it is assumed that the entire \$1.00 Department of Public Safety - Vehicle Financial Responsibility fee collected will be deposited to the SHF.

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 vehicle registration.

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 vehicles registered with the specialty plate without payment of regular vehicle registration fees and optional county fees as applicable.

Source Agencies: 608 Department of Motor Vehicles

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