

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 13, 2017

TO: Honorable John Kuempel, Chair, House Committee on Licensing & Administrative Procedures

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3306** by Kuempel (Relating to the regulation of motor vehicle towing, booting, and storage and to the elimination of required state licensing for vehicle booting companies and operators.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3306, As Introduced: a negative impact of (\$1,022,555) through the biennium ending August 31, 2019, if the effective date of the bill is June 1, 2017; or a negative impact of (\$906,024) through the biennium ending August 31, 2019, if the effective date of the bill is September 1, 2017.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Savings from General Revenue Fund 1	Change in Number of State Employees from FY 2016
2017	(\$116,531)	\$0	0.0
2018	(\$466,125)	\$0	0.0
2019	(\$476,175)	\$36,276	(0.5)
2020	(\$476,175)	\$36,276	(0.5)
2021	(\$476,175)	\$36,276	(0.5)
2022	(\$476,175)	\$36,276	(0.5)

The above table refers to scenario 1, in which the bill takes effect June 1, 2017. The below table refers to scenario 2, in which the bill takes effect September 1, 2017.

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Savings from General Revenue Fund 1	Change in Number of State Employees from FY 2017
2018	(\$466,125)	\$0	0.0
2019	(\$476,175)	\$36,276	(0.5)
2020	(\$476,175)	\$36,276	(0.5)
2021	(\$476,175)	\$36,276	(0.5)
2022	(\$476,175)	\$36,276	(0.5)

Fiscal Analysis

The bill would repeal state licensing and regulation requirements for boot operators and booting companies effective September 1, 2018. The bill would authorize local authorities to regulate booting activities in areas where the authorities regulate parking or traffic, including the authority to incorporate requirements for booting companies and operators, establish procedures for vehicle owners and operators to file complaints, provide for the imposition of penalties on a booting company or operator, and provide for the revocation of the authority to boot vehicles.

The bill would also repeal the requirement for tow trucks used for incident management tows to be permitted.

Except as otherwise provided by the bill, the bill would take effect immediately with a two-thirds vote in each house, otherwise it would take effect September 1, 2017.

Methodology

According to information provided by TDLR, there has been an annual average of 6,215 incident management tow truck permits issued at \$75 per permit, which would result in a General Revenue loss of \$466,125 per fiscal year. Under Scenario 1, in which the provisions of the bill would take effect immediately, except as otherwise noted, the loss attributable to the repeal of permitting of incident management tow truck permits would begin in fiscal year 2017. Assuming an effective date of June 1, 2017, there would be a loss of one quarter of annual revenue, or \$116,531 in fiscal year 2017, and then the full annual amount thereafter. Under Scenario 2, in which the provisions of the bill would take effect September 1, 2017, except as otherwise noted, the full annual loss would begin in fiscal year 2018.

According to information provided by TDLR, there have been an average of 12 booting companies, and they pay a fee of \$250 per license, resulting in a General Revenue loss of \$3,000 per fiscal year beginning in fiscal year 2019. There have also been an average of 94 booting operators paying fees of \$75 per licensee, which would result in a loss \$7,050 per fiscal year beginning in fiscal year 2019.

According to TDLR, altogether these three license types require about 0.5 of a full time equivalent employee to license and regulate, so there would be savings of \$36,276 per year beginning in fiscal year 2019 from that reduction at TDLR.

Local Government Impact

According to the Texas Municipal League, the fiscal impact to municipalities to implement the provisions of the bill is not anticipated to be significant.

Source Agencies: 304 Comptroller of Public Accounts, 452 Department of Licensing and Regulation

LBB Staff: UP, CL, EH, JQ, JGA