LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 4, 2017

TO: Honorable Robert Nichols, Chair, Senate Committee on Transportation

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB266** by Watson (Relating to the driver responsibility program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB266, As Introduced: a negative impact of ($149,432,000) 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	($74,716,000)
2019	($74,716,000)
2020	($74,716,000)
2021	($74,716,000)
2022	($74,716,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from *General Revenue Fund* 1
2018	($74,716,000)
2019	($74,716,000)
2020	($74,716,000)
2021	($74,716,000)
2022	($74,716,000)

Fiscal Analysis

The bill would amend Chapter 708 of the Transportation Code, regarding the Driver Responsibility Program (DRP), to reduce the amount of the surcharges assessed by 50 percent for a conviction of certain intoxicated driver offenses, a conviction of driving while license invalid or without financial responsibility, a conviction of driving without a license, and certain other moving violations.

The bill would amend Section 780.002 of the Health and Safety Code, regarding deposits to General Revenue-Dedicated Account No. 5111 - Designated Trauma Facility and Emergency Medical Services (EMS), to increase the share of revenue from DRP surcharges deposited to General Revenue-Dedicated Account No. 5111 from 49.5 percent to 99.0 percent, and to eliminate the 49.5 percent share of the revenue currently deposited to the General Revenue Fund. The bill would continue the 1 percent allocation of DRP surcharges deposited to the General Revenue Fund that may be appropriated only to the Texas Department of Public Safety (DPS) to administer the DRP.

The bill would amend language in the Transportation and Health and Safety Code, which reference the allocation of DRP surcharge and state traffic fine revenue to the Texas Mobility Fund (TMF) No. 365 that would occur if combined deposits to the General Revenue Fund from these sources in a fiscal year reach $250 million.

The bill would apply only to surcharges assessed on or after the effective date of its enactment. According to the bill, the state of Texas is not required to refund a surcharge collected prior to the effective date of the bill's enactment.

The bill would take effect September 1, 2017.

Methodology

Estimated revenue impacts shown in the table above are derived from the Comptroller of Public Accounts (CPA) Biennial Revenue Estimate (BRE) for the 2018-19 Biennium. According to the CPA, the bill would result in an annual revenue loss of $74.7 million to the General Revenue Fund. Further, the revenue gain from the increased allocation of DRP surcharges to the General Revenue-Dedicated Designated Trauma Facility and EMS Account No. 5111 would be offset by the revenue loss due to the 50 percent reduction in surcharge amounts.

Based on the 2018-19 BRE, the 1 percent allocation for DPS administrative costs equals $1.5 million per fiscal year. A 50 percent reduction in surcharge amounts would reduce this allocation from $1.5 million to $0.7 million per fiscal year. This reduction is reflected in the $74.7 million revenue loss to the General Revenue Fund estimated by the CPA.

In addition to in-house administrative costs, DPS contracts with a vendor that collects the surcharges, and administers DRP amnesty, incentive and indigency programs. The DRP vendor is compensated through service fees paid by those who owe DRP surcharges, currently 4 percent of the original surcharge amount and additional fees based on the method of payment. Revenue associated with fee-based vendor compensation is remitted to the state along with surcharge collections. The vendor compensation portion is then returned to the vendor. A reduction in the amount of the surcharge assessed for each DRP moving violation could impact vendor compensation and therefore the fiscal implications to the state associated with this contract. However, because it is unknown how lower surcharge amounts would impact the number and type of transactions for surcharge payment and the rate of surcharge collection, the fiscal impact of the bill relating to vendor compensation cannot be determined.

According to the CPA and the Texas Department of Transportation, this bill would have no fiscal impact on the potential for diversion of DRP and state traffic fine revenue from the General Revenue Fund to the TMF No. 365, as the conditions required for that allocation have never been met.

DPS has indicated that there may be programming costs associated with changing the surcharge amounts assessed on or after September 1, 2017. For purposes of this analysis, it is assumed that these costs would be absorbed by existing agency resources.

Technology

DPS anticipates that programming changes to the automated Driver License System (DLS) would be required in the event the surcharge amounts are reduced.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety, 601 Department of Transportation

LBB Staff: UP, AG, JJ, ZS