

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 25, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1621 by Uresti (Relating to Texas Department of Motor Vehicles and county tax assessor-collector vehicle titling and registration duties and fees associated with those duties.), **As Introduced**

The bill would result in estimated savings of \$23.1 million to the Texas Department of Motor Vehicles Fund (TxDMV Fund) from fiscal year 2018 to 2022. It is assumed the savings would be offset by an approximate decrease in registration processing and handling fee revenue deposited to the credit of the TxDMV Fund.

The bill would amend Chapter 502 of the Transportation Code to stipulate that if the Texas Department of Motor Vehicles (TxDMV) designates an electronic system for vehicle registration renewal applications, each county tax assessor-collector would be required to use the system to review and process applications and mail the registration materials to the applicant in the assessor-collector's county for vehicles that are not required to be registered directly by TxDMV. The bill would take effect on September 1, 2017.

The bill would require each county tax-assessor collector to process and mail vehicle registration renewal applications received through TxDMV's Internet Vehicle and Title Registration Service (IVTRS). Beginning in fiscal year 2017, TxDMV assumed responsibility for processing and mailing registration materials for all renewal applications received through IVTRS (online renewal), which had previously been fulfilled by the counties. Based on TxDMV's forecast of the number of online renewal applications and an estimated processing and mailing cost of \$0.52 per online renewal, the agency estimates cost savings of \$23.1 million to the Texas Department of Motor Vehicles Fund (TxDMV Fund) over the five-year period from fiscal year 2018 to 2022. The county tax-assessor collectors would assume the costs and duties associated with processing and handling online renewal applications beginning in fiscal year 2018. Based on LBB's analysis of information provided by TxDMV, it is assumed any costs to TxDMV associated with implementing the provisions of the bill could be absorbed within the agency's existing resources.

Pursuant to Transportation Code §502.1911, TxDMV has implemented a registration processing and handling fee (P&H fee), set by TxDMV board rule, of \$3.75 for online renewal, of which \$3.50 is allocated to the TxDMV Fund and \$0.25 is allocated to the county to cover the expenses of collecting registration fees for online renewals. §502.1911 requires the TxDMV board by rule to set the P&H fee in an amount sufficient to cover the costs of collecting registration fees by TxDMV, a county tax assessor-collector, and other authorized entities. This analysis assumes the TxDMV board would amend rules regarding the amount of the P&H Fee and/or the State-county share of the fee to offset the increased costs to the counties and savings to TxDMV resulting from the implementation of the bill, which would result in a revenue gain to the counties and a revenue

loss to the TxDMV Fund in amounts that approximate the cost increases to the counties and cost decreases to TXDMV.

Local Government Impact

According to the Department of Motor Vehicles (TxDMV), the total program cost for local government to process online registration renewals is estimated to be \$60.4 million over the five-year period from fiscal year 2018 to 2022, based on \$1.36 labor and mailing costs per transaction. This analysis assumes the increase in costs to the counties would be offset by an increase in the amount of registration processing and handling fee revenue authorized to be retained by the counties to cover the costs of collecting registration fees.

Source Agencies: 304 Comptroller of Public Accounts, 608 Department of Motor Vehicles
LBB Staff: UP, AG, EH, TG, JGA