

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 5, 2019

TO: Honorable Terry Canales, Chair, House Committee on Transportation

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB11 by Thompson, Ed (relating to the assumption of the powers and duties relating to driver's licenses, personal identification certificates, and other related programs, powers, and duties by the Texas Department of Motor Vehicles.), **Committee Report 1st House, Substituted**

There would be an indeterminate, but significant, fiscal impact to the bill, due to the unavailability of certain fiscal estimates associated with the transfer of the driver license program.

Fiscal Analysis

The bill transfers all of the Department of Public Safety's (DPS) driver license full-time equivalent (FTEs) positions, funds, property, contracts, other driver license related activities, etc. to the Department of Motor Vehicles (DMV) on January 1, 2021.

The bill would require DPS to adopt a comprehensive plan for the smooth transition of the driver license program to DMV by September 1, 2019, or as soon as is possible after that date, and to continue to perform the duties being transferred until the transition is complete.

DMV would be required, with the assistance of DPS, to study the most effective use of available state and county resources, including personnel, property, and technology resources potentially available through the adoption of intergovernmental agreements to prioritize customer service satisfaction, accessibility for state citizens, and administrative and cost savings.

The bill would authorize the governing bodies of DMV and DPS to enter into an MOU that may include an agreement for the provision of full-time equivalent (FTE) positions of DPS to provide support services in addition to the positions transferred to DMV under the bill. This analysis assumes the bill would not require the transfer of additional support FTEs from DPS to DMV, and any agreement for the provision of indirect administrative support using DPS FTEs for the programs transferred to DMV would not be permanent.

Other driver license related activities included in this transfer are: voter registration; the Driver Responsibility Program; administration of the interlocking device administrations and enforcement program; medical advisory board consultation regarding determining sound judgement with respect to the proper use and storage of a handgun; designation of a nonprofit organization to administer a statewide donor registry; and new authority for record reproduction

in connection with the issuance of a driver license or commercial driver license.

The bill, contingent upon enactment of legislation, requires certain activities by the Department of Criminal Justice and Juvenile Justice Department regarding people released from penal institutions. The agencies are directed to assign a numeric risk to community level of one, two, or three, based on the sex offender screening tool. The bill then sets certain deadline regarding registration with local law enforcement, requires detailed descriptions of each geographical location where the person expects to reside on the person's release, and requires application of an original or renewal driver license or personal identification certificate. Additionally, the bill prohibits certain types of employment, residence, and access to school premises for a person with a reportable conviction or adjudication of a sexually violent offense involving a victim younger than 14 years of age, or occurring on or after September 1, 2013.

Methodology

The operational cost to administer the driver license program is expected to be cost neutral or be absorbed using existing resources; the appropriation for the driver license program would be appropriated to DMV in fiscal year 2021, discussed above. It is estimated that the transfer of the driver license program in fiscal year 2021 will result in a decrease of 2,250.8 FTEs and \$145,323,210 in All Funds to the Department of Public Safety (DPS), of which \$140,712,892 is General Revenue and \$4,610,318 is Appropriated Receipts, with a corresponding increase to the Department of Motor Vehicles.

The transition of the program from DPS to DMV, however, is expected to have significant fiscal impact. Potential obstacles with significant cost to the state may include: consideration of building or leasing contracts that must be modified to include a different agency; DPS owned buildings that contain law enforcement capabilities that also provide driver license services; consideration of commercial driver license (CDL) enforcement; any memorandums of understanding (MOU) with other governmental entities or municipalities that would need to be transferred; DMV building capacity for driver license employees that are located at DPS headquarters; or administrative or human resources staff that serve multiple DPS administrative functions outside the driver license program.

Further, DPS is not required to house their data center services through the Department of Information Resources (DIR), while DMV is required to do so. DIR indicates the additional costs to expanding DCS to include the driver license function at DMV cannot be estimated at this time.

According to DPS, an estimate of the full impact of changes to the infrastructure and applications that support the Driver License System (DLS), and associated vendor applications, cannot be determined, and will be determined during the development of the comprehensive transition plan. DMV assumed, in addition to the FTEs described above, an additional 346.0 FTEs would be required to provide the support services. DMV's analysis also assumed DPS staff and funding that support the administrative license revocation hearings function would not be transferred from DPS to DMV. DMV estimated it would need an additional 56.0 FTEs, including attorneys and legal support staff, to accommodate this function. Based on DMV's analysis, total costs for an additional 402.0 FTEs, including salaries and wages, associated operating costs, and employee benefits are estimated to be \$41.7 million from the General Revenue Fund in each fiscal year beginning in fiscal year 2021. However, if ultimately the administrative functions and FTEs associated with the driver license program were transferred to DMV, the DMV cost estimate would likely be significantly offset.

Note: Although this bill would not make an appropriation, it would establish the basis for an

appropriation. Currently 1 percent of the revenue from driver's license point surcharges is appropriated from GR 0001 to DPS for administration of the DRP. This money would now be appropriated to DMV.

Note: This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.095, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. e dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety, 454 Department of Insurance, 608 Department of Motor Vehicles, 303 Facilities Commission, 313 Department of Information Resources, 320 Texas Workforce Commission

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