

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 16, 2019

**TO:** Honorable Dade Phelan, Chair, House Committee on State Affairs

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

**IN RE:** **HB35** by Romero, Jr. (Relating to the creation of a Texas conditional driver's permit, provisional Texas conditional driver's permit, and Texas conditional instruction permit; authorizing a fee.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB35, As Introduced: a negative impact of (\$8,680,347) through the biennium ending August 31, 2021.

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
2020	(\$4,069,215)
2021	(\$4,611,132)
2022	(\$5,274,987)
2023	(\$5,938,843)
2024	(\$6,602,699)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>Texas Mobility Fund</i> 365	Change in Number of State Employees from FY 2019
2020	(\$4,069,215)	\$717,600	35.0
2021	(\$4,611,132)	\$1,435,200	47.3
2022	(\$5,274,987)	\$2,152,800	69.0
2023	(\$5,938,843)	\$2,870,400	71.9
2024	(\$6,602,699)	\$3,588,000	84.2

Fiscal Analysis

The bill would amend statute to authorize the Department of Public Safety (DPS) to create the

Texas Conditional Driver's Permit. The bill would stipulate eligibility requirements, and outlines the application process for obtaining a permit.

The bill would authorize DPS to set the fees for an original or renewal conditional driver's permit, a provisional conditional driver's permit, and a conditional instruction permit. The bill requires these permits to be valid for one year.

The bill would take effect September 1, 2019.

**Methodology**

Revenue Estimates

According to Department of Transportation (TxDOT), there is no existing statute that would direct that the new fee for the conditional permit be deposited in the Texas Mobility Fund (TMF) because the new permits are not driver licenses or other IDs for which the revenues are directed to the TMF.

The number of applications for conditional driver's permits is unknown. However, as published by the Migration Policy Institute, from analysis of U.S. Census Bureau data 2012-16, there are approximately 1.5 million unauthorized residents age 16 or older in Texas. If the 1.5 were divided evenly across 260 work days, it would average 5,769 applications per day (1.5 million/ 260 days). This fiscal note assumes that up to 2 percent of the 5,769 applications, or up to 115, would apply for the conditional driver's permits created by the bill each work day, which would be up to approximately 30,000 additional applications per year (5,769 \* 2% = 115 applications per day. 115 applications \* 260 work days in a year = 29,900).

The bill would stipulate the conditional driver's permits are valid for one year. This fiscal note assumes that all recipients of an original conditional driver's permit would apply for a renewal permit each year. As such, the number of total applications for conditional driver's permits would presumably grow increase each year:

FY 2020	29,900
FY 2021	59,800 (29,900 original plus 29,900 renewals)
FY 2022	89,700 (29,900 original plus 59,800 renewals)
FY 2023	119,600 (29,900 original plus 89,700 renewals)
FY 2024	149,500 (29,900 original plus 119,600 renewals)

It is assumed that implementing the provisions of the bill would require increasing the agency's resources in a manner that adjusts for the increasing number of applicants every fiscal year.

This analysis assumes DPS would charge a \$24 fee for each original conditional license and that the revenue from the fees would be deposited to the Texas Mobility Fund. The actual revenue gain would depend on the number of individuals opting to apply for a conditional driver's permit. This fiscal note assumes the number of original applications noted above in each fiscal year (29,900) multiplied by the \$24 application fee. 29,900 new applications \* \$24 application fee = \$717,600.

The term of the original permit is one year. Therefore, revenues resulting from renewals of the fiscal year 2020 original applications will begin in fiscal year 2021. It is assumed all original permit holders will opt to renew and that DPS would charge a \$24 renewal fee. Revenues in fiscal year 2021 are estimated as: (29,900 new applications \* \$24) + (29,900 renewal applications \*\$24) = (\$717,600) + (\$717,600) = \$1,435,200.

With each additional fiscal year, the number of renewals is assumed to increase by 29,900. Revenues in fiscal year 2022 are estimated as:  $(29,900 \text{ new applications} * \$24) + (59,800 \text{ renewal applications} * \$24) = \$2,152,800$ . Revenues in fiscal year 2023 would be estimated as:  $(29,900 \text{ new applications} * \$24) + (89,000 \text{ renewal applications} * \$24) = \$2,870,400$ . Finally, revenues in fiscal year 2024 would be estimated as:  $(29,900 \text{ new applications} * \$24) + (119,600 \text{ renewal applications} * \$24) = \$3,588,000$ .

DPS Costs

It is assumed implementing the provisions of the bill would require additional resources for DPS. It is also assumed these resources, should they be provided, would be out of the General Revenue Fund.

It is assumed DPS would need additional FTEs each fiscal year to manage the assumed increase in the number of renewals. It is estimated that DPS would need an additional 35.0 FTEs in 2020 and 47.3 FTEs in 2021, with a proportional increase each fiscal year thereafter. These FTEs would include primarily License and Permit Specialists, Program Specialists, and supervisory staff.

The cost to implement the provisions of the bill including FTEs, benefits and associated costs, technology, and other operational costs would be \$4,069,215 in fiscal year 2020 and \$4,611,132 in fiscal year 2021, with a proportional increase each fiscal year thereafter.

Technology

There would be a one-time technology cost of \$122,263 in fiscal year 2020 for various contractors to update systems necessary to implement the provisions of the bill.

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, 601 Department of Transportation

**LBB Staff:** WP, CMa, SGr, SMi, AI, LCO