

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 22, 2019

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

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

IN RE: HB737 by Cortez (relating to the issuance of specialty license plates for classroom teachers and retired classroom teachers; imposing a fee.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB737, Committee Report 1st House, Substituted: an impact of \$0 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	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>State Highway Fund</i>	Probable Revenue Gain/(Loss) from <i>Tx Dept of Motor Vehicles Fnd</i>
	6	10
2020	(\$8,766,000)	\$947,000
2021	(\$10,677,000)	\$1,153,000
2022	(\$12,643,000)	\$1,365,000
2023	(\$14,666,000)	\$1,584,000
2024	(\$16,747,000)	\$1,808,000

Fiscal Analysis

The bill would amend Transportation Code, Chapter 504, Subchapter E, to require the Department of Motor Vehicles (DMV) to issue "Texas Teacher" specialty license plates for classroom teachers

with at least 15 years of service teaching public school students and "Retired Texas Teacher" specialty license plates for retired classroom teachers with at least 20 years of service teaching public school students and who are retirees of the Teacher Retirement System of Texas. The bill would establish fees at \$10 for the "Texas Teacher" and \$5 for the "Retired Texas Teacher" specialty plates. The bill would require a person issued a set of either of the specialty plates to be issued one set of the plates without payment of vehicle registration fees under Chapter 502.

The bill would take effect on September 1, 2019.

Methodology

The bill would authorize eligible persons to apply for one set of the specialty plates with the payment of the associated specialty plate fee (\$10 or \$5), which would be deposited to the Texas Department of Motor Vehicles Fund (TxDMV Fund), and without payment of other fees paid at the time of registration or renewal of registration of the vehicle. Based on the analysis of DMV, it is assumed implementation of the bill would result in revenue losses to the State Highway Fund and the TxDMV Fund from waived regular state registration fees and an offsetting revenue gain to the TxDMV Fund from the specialty plate fees. The tables above reflect the estimated loss to the State Highway Fund (SHF) and net revenue gain to the TxDMV Fund beginning in fiscal year 2020, based on DMV's analysis. It is assumed similar revenue impacts would continue beyond fiscal year 2024.

According to the analysis provided by DMV, there were approximately 180,000 teachers with at least 15 years of service and 171,000 retired teachers with at least 20 years of service teaching public school students in Texas at the beginning of fiscal year 2019. Based on the information and analysis provided by DMV, it is assumed the number of eligible teachers and retired teachers would increase by 1.5 percent each fiscal year and that approximately 50 percent of those persons eligible would apply for a set of the applicable specialty license plates in fiscal year 2020, with the percentage of eligible applicants increasing to an additional 10 percent of the eligible population in fiscal years 2021 through 2024. This analysis assumes each applicant would be issued one set of the specialty license plates with payment of the \$10/\$5 specialty plate fee and without payment of the following fees: \$50.75 base registration fee for passenger vehicles or light trucks, of which approximately 95 percent is deposited to the SHF and 5 percent is retained by the counties; the registration processing and handling fee of up to \$4.75 split between the TxDMV Fund and the counties depending on the transaction method; a \$1 financial responsibility verification fee deposited to the State Highway Fund; and any local optional fees paid at the time of registration.

Based on the information provided by DMV, it is assumed any costs associated with implementing the provisions of the bill could be absorbed within the agency's existing resources.

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 with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature

Technology

DMV anticipates one-time information technology programming costs would be incurred to implement the bill.

Local Government Impact

Counties would experience a loss of registration fee revenue. Revenue losses would vary by county depending on the number of vehicles registered with the specialty plate without payment of the regular vehicle registration fees and optional county fees as applicable. DMV estimates the total impact to local revenue would be approximately (\$21,671,000) for the five-year period ending August 31, 2024.

Source Agencies: 608 Department of Motor Vehicles, 304 Comptroller of Public Accounts

LBB Staff: WP, JGAn, SGr, TG