LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 12, 2019

TO: Honorable Poncho Nevárez, Chair, House Committee on Homeland Security & Public Safety

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

IN RE: **HB1145** by Krause (Relating to the repeal of the driver responsibility program and the amount and allocation of state traffic fine funds; authorizing and increasing criminal fines; eliminating program surcharges.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1145, As Introduced: a negative impact of ($59,765,025) 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	($29,956,989)
2021	($29,808,036)
2022	($29,808,036)
2023	($29,808,036)
2024	($29,808,036)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *General Revenue Fund* 1	Probable Revenue Gain/(Loss) from *General Revenue - Vendor Compensation* 1	Probable Revenue Gain/(Loss) from *General Revenue Fund* 1	Probable Revenue Gain/(Loss) from *Trauma Facility And Ems* 5111
2020	$14,130,598	($11,433,587)	($32,654,000)	$37,634,000
2021	$14,279,551	($11,433,587)	($32,654,000)	$37,634,000
2022	$14,279,551	($11,433,587)	($32,654,000)	$37,634,000
2023	$14,279,551	($11,433,587)	($32,654,000)	$37,634,000
2024	$14,279,551	($11,433,587)	($32,654,000)	$37,634,000

Fiscal Year	Probable Revenue Gain/(Loss) from *Local Government*	Change in Number of State Employees from FY 2019
2020	$1,747,000	(43.0)
2021	$1,747,000	(43.0)
2022	$1,747,000	(43.0)
2023	$1,747,000	(43.0)
2024	$1,747,000	(43.0)

Fiscal Analysis

The bill would repeal the Driver Responsibility Program (DRP), which was established by Transportation Code, Chapter 708, and eliminate the surcharges assessed on drivers convicted of certain driving offenses. The bill would forgive surcharges assessed on or before the effective date of the bill.

The bill would amend the Health and Human Safety Code, Chapter 780, to remove provisions that allocate DRP surcharge revenue to the General Revenue-Dedicated Designated Trauma Facility and Emergency Medical Services Account No. 5111 (Account 5111) and the General Revenue Fund. The bill would remove references to the allocation of DRP surcharge and state traffic fine revenue to the Texas Mobility Fund No. 365 (TMF) that would occur if combined deposits to the General Revenue Fund from these sources in a fiscal year reach $250 million.

The bill would increase the state traffic fine from $30 to $60. The bill would also decrease the service fee that may be retained by local governments from 5 to 2.5 percent, and change the allocation of state traffic fine receipts to Account 5111 from 33 percent to 41.3 percent and to the General Revenue Fund from 67 percent to 58.5 percent.

The bill would replace the fines for driving while intoxicated (DWI) and driving without insurance that currently exist under DRP. The bill would establish, in addition to the fine prescribed for the specific offense, a fine of $1,000 for the first conviction of certain intoxicated driver offenses within a 36-month period; $1,500 for a second conviction in a 36-month period; and $2,000 if the person's blood, breath, or urine showed an alcohol concentration over a certain amount.

The bill would also establish, in addition to the fine prescribed for the specific offense, a fine of $250 for driving without insurance. The fine would be $125 if the person establishes financial responsibility within 60 days of the date of the offense.

The new fines would be assessed each year for a three-year period, as they were under DRP. The bill would authorize local governments to retain a service fee equal to 2.5 percent of collections. Remaining funds remitted to the Comptroller of Public Accounts (CPA) would be deposited to Account 5111.

This bill would take effect September 1, 2019.

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. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

According to the Comptroller of Public Accounts, the repeal of Chapter 708 of the Transportation Code and the elimination of DRP surcharge revenue would result in a $138 million loss to Account 5111 and $144 million to General Revenue for the 2020-21 biennium.

These revenue losses would be offset by three revenue sources: an increase in the state traffic fine from $30 to $60, fines for convictions of DWI, and fines for convictions of driving without financial responsibility. The doubling of the state traffic fine, assuming no change in collection rate, and the adjustment of the percentages of the revenue derived from that fine that go to General Revenue and Account 5111, would result in a gain of $77 million to Account 5111 and a gain of $79 million to General Revenue in the 2020-21 biennium. The new fines on convictions of DWI and driving without financial responsibility would result in a gain to Account 5111 of $68.1 million per year.

According the Texas Department of Transportation, the provision eliminating the potential for diversion of DRP and state traffic fine revenue from General Revenue to the TMF would have no fiscal impact, as the conditions required for that allocation have never been met.

The repeal of DRP would also eliminate DRP administration costs. According to LBB analysis, the total cost of administering DRP is an estimated $14.3 million per year or $28.6 million each biennium, including Department of Public Safety (DPS) program staff and operating costs ($2.8 million each fiscal year and 43.0 full-time equivalent positions), and compensation to the vendor that, among other things, collects the surcharges (an estimated $11.4 million each fiscal year). However, the cost savings of the $11.4 million in vendor compensation is also considered a General Revenue loss, as that revenue is remitted to CPA before it is distributed to the vendor.

The aggregate impact of the bill's provisions affecting revenue for the 2020-21 biennium is a revenue loss of $59,765,025 for General Revenue and a revenue gain of $75,268,000 for Account 5111.

DPS indicates that they would require contractors to provide programming support to modify the Driver License System and discontinue the DRP assessment of surcharges. It is assumed that these costs would be absorbed by existing agency resources.

This analysis assumes the provisions of the bill would not result in a significant impact on the demand for state correctional resources.

Technology

DPS indicates that they would require contractors to provide programming support to modify the Driver License System and discontinue the DRP assessment of surcharges. It is assumed that these costs would be absorbed by existing agency resources.

Local Government Impact

Based on the increase in the state traffic fine, assuming no change in compliance rates, and the new 2.5 percent service fee for collecting the new fines for DWI and driving without insurance offenses, CPA estimates that local government revenue would increase on an annual basis by approximately $1,747,000.

The Office of Court Administration does not anticipate the bill will have a significant fiscal impact on the local court system, as the courts do not administer or benefit from DRP and local government still retain certain service fees for fines collected.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 405 Department of Public Safety, 537 State Health Services, Department of, 601 Department of Transportation

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