

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 19, 2019

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

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

IN RE: HB1711 by Paddie (Relating to the issuance of digital license plates; authorizing a fee.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB1711, As Introduced: an impact of \$0 through the biennium ending August 31, 2021. However, an impact of (\$1,324,844) to the Texas Department of Motor Vehicles Fund is anticipated 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 Savings/(Cost) from <i>Tx Dept of Motor Vehicles Fnd</i> 10	Change in Number of State Employees from FY 2019
2020	(\$1,174,797)	2.0
2021	(\$150,047)	2.0
2022	(\$150,047)	2.0
2023	(\$150,047)	2.0
2024	(\$150,047)	2.0

Fiscal Analysis

The bill would amend Chapter 504 of the Transportation Code to require the Department of Motor

Vehicles (DMV) to adopt rules to allow a registered vehicle to be equipped with a digital license plate in lieu of a physical license plate. The bill would authorize DMV to contract with a third-party provider (vendor) to issue digital license plates. The bill would authorize the vendor, under rules adopted by DMV, to process registration transactions, including the renewal of registration, on behalf of DMV for vehicles issued digital license plates and remit any vehicle registration fees collected to DMV. The bill would authorize DMV to adopt rules allowing a vehicle owner to attach a digital license plate to the rear of the vehicle in lieu of attaching two physical license plates. The bill would authorize the adoption of rules to establish the procedures for displaying certain information on a digital license plate, including advertising approved by the DMV. The bill would require the DMV board to adopt rules necessary to implement the provisions of the bill no later than December 31, 2019.

The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to each house or otherwise on September 1, 2019.

Methodology

For the purposes of this analysis, it is assumed the DMV board would adopt rules by December 31, 2019, as required by the bill, and contract with a vendor to provide digital license plates in fiscal year 2020. DMV reports the agency would incur one-time programming technology costs to the automated registration and titling system and other connected systems and applications to accommodate transactions for digital license plates. Based on the information provided by DMV, it is assumed these one-time technology costs would be \$1,024,750 from the Texas Department of Motor Vehicles Fund (TxDMV Fund) in fiscal year 2020.

Based on the analysis of DMV, it is assumed the agency would require 2.0 additional Program Specialist III FTEs at a cost of \$111,204 to the TxDMV Fund (\$55,602/year each for salaries and wages) to for administering the vendor contract and assisting in the review of advertising and other content to be displayed on a digital license plate. Employee benefits and payroll contribution costs for the two additional FTEs is estimated to be \$37,175 (33.43 percent of salaries) and \$1,668, respectively, per fiscal year.

Based on information provided by DMV, it is assumed all fees due to the state at the time of registration for transactions processed by the vendor would be remitted to the state as required. Therefore, no impact to state revenue collections from the applicable fees is anticipated.

Technology

The Department of Motor Vehicles would incur one-time programming costs in fiscal year 2020 to implement the bill.

Local Government Impact

Based on information provided by DMV and the counties, it is assumed the counties would not receive a portion of the vehicle registration fee designated for the county road and bridge fund for transactions processed by the digital license plate vendor. Because the number of vehicles that would use digital license plates and vendor transactions is unknown, the revenue loss to the counties cannot be determined. However, the fiscal impact is not anticipated to be significant. Based on the analysis of DMV, the bill would require all other local optional registration fees to be remitted by the vendor.

Source Agencies: 304 Comptroller of Public Accounts, 608 Department of Motor Vehicles
LBB Staff: WP, JGAn, SGr, TG, AF