

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 14, 2019

TO: Honorable Robert Nichols, Chair, Senate 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.),
Committee Report 2nd House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB1711, Committee Report 2nd House, Substituted: an impact of \$0 through the biennium ending August 31, 2021. However, an impact of (\$1,458,344) 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 Tx Dept of Motor Vehicles Fnd	Change in Number of State Employees from FY 2019
	10	
2020	(\$1,308,297)	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 that is placed on the rear of the vehicle if the vehicle is part of a commercial fleet, is owned or operated by a governmental entity, or is not a passenger vehicle. The rule must require the owner of the vehicle to obtain a physical license plate to place on the front of the vehicle unless the vehicle is of a class that is not required to display two license plates as provided by other law. The bill would authorize DMV to contract with third-party providers (vendors) to issue digital 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 authorize DMV by rule to establish a fee in an amount necessary to cover any administrative costs for issuance of a digital license plate that exceed the administrative costs incurred for issuance of a physical license plate. 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 the capabilities to track vehicles with both a metal license plate and a digital license plate. Based on the information provided by DMV, it is assumed these one-time technology costs would be \$1,158,250 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.

The estimated costs noted above relate to one-time information technology costs and ongoing vendor contract monitoring. This analysis assumes there would be no additional direct administrative costs for issuing a digital license plate compared to the issuance of a physical license plate. Therefore, this analysis does not include an estimate of a fee that may be established by DMV rule for the issuance of digital license plates.

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

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

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety, 608
Department of Motor Vehicles

LBB Staff: WP, JGAn, SGr, TG, AF