LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 10, 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: **HB2048** by Zerwas (relating to the repeal of the driver responsibility program and the amount and allocation of state traffic fine funds; eliminating program surcharges; authorizing and increasing criminal fines; increasing a fee.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2048, Committee Report 1st House, Substituted: a positive impact of $9,928,928 through the biennium ending August 31, 2021. The General Revenue-Dedicated Designated Trauma Facility and Emergency Medical Services Account No. 5111 would experience a revenue gain of $6,826,000 through the biennium.

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	$5,182,964
2021	$4,745,964
2022	$4,301,964
2023	$3,850,964
2024	$3,393,964

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *General Revenue Fund* 1	Probable Revenue Gain/(Loss) from *General Revenue Fund (Vendor Compensation)* 1	Probable Savings/(Cost) from *General Revenue Fund (Appropriation to the Automobile Burglary and Theft Prevention Authority)* 1	Probable Revenue Gain/(Loss) from *General Revenue Fund* 1
2020	$14,279,551	($11,433,587)	($19,441,000)	$21,778,000
2021	$14,279,551	($11,433,587)	($19,733,000)	$21,633,000
2022	$14,279,551	($11,433,587)	($20,029,000)	$21,485,000
2023	$14,279,551	($11,433,587)	($20,329,000)	$21,334,000
2024	$14,279,551	($11,433,587)	($20,634,000)	$21,182,000

Fiscal Year	Probable Revenue Gain/(Loss) from *Trauma Facility And Ems* 5111	Probable Revenue Gain/(Loss) from *Local Government*	Change in Number of State Employees from FY 2019
2020	$2,976,000	$4,076,000	(43.0)
2021	$3,850,000	$4,076,000	(43.0)
2022	$4,738,000	$4,076,000	(43.0)
2023	$5,640,000	$4,076,000	(43.0)
2024	$6,555,000	$4,076,000	(43.0)

Fiscal Analysis

The bill would repeal the Driver Responsibility Program (DRP) 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, and reinstate any driver's license suspended only because of a failure to pay a DRP surcharge.

The bill would amend the Health and Human Safety Code 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. Under the bill's provisions, if state traffic fine revenue exceeded $250 million in a fiscal year, the Comptroller of Public Accounts (CPA) would deposit the additional amount to the TMF.

The bill would increase the fee that motor vehicle insurance companies pay per motor vehicle year to the Automobile Burglary and Theft Prevention Authority (ABTPA) from $2 to $4, and change the allocation of the fee revenue. The bill would change the allocation of fee revenue to ABTPA from 50 percent to 20 percent and to the General Revenue fund from 50 percent to 20 percent. The remain 60 percent would be allocated to the Account 5111.

The bill would increase the state traffic fine from $30 to $50, reduce the amount retained by local governments that collect the fine as a service fee, and change the allocation of the state traffic fine between Account 5111 and the General Revenue Fund. The bill would decrease the service fee that may be retained by local governments from 5 to 4 percent, and change the allocation of state traffic fine receipts to Account 5111 from 33 percent to 20 percent and to the General Revenue

Fund from 67 percent to 80 percent.

The bill would establish, in addition to the fine prescribed for the specific offense, a fine of $3,000 for the first conviction of certain intoxicated driver offenses within a 36-month period; $4,500 for a second conviction in a 36-month period; and $6,000 if the person's blood, breath, or urine showed an alcohol concentration over a certain amount.

The new fines would be assessed once, rather than each year for a three-year period under DRP. The new fines would be collected by local governments and remitted to CPA on a quarterly basis. The bill would authorize local governments to retain a service fee equal to four percent of collections as well as interest accrued if the funds are remitted within the prescribed period. All funds remitted to the CPA would be deposited as follows: 80 percent to the General Revenue Fund and 20 percent 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 CPA, the repeal of DRP surcharges would result in a $72.0 million loss to General Revenue for each fiscal year and a $69.2 million loss to Account 5111 for each fiscal year.

These revenue losses would be offset by three revenue sources: an increase in the ABTPA assessment on motor vehicle insurance companies from $2 to $4 per motor vehicle year, an increase in the state traffic fine from $30 to $50, and fines for convictions of driving while intoxicated (DWI).

According to CPA, the increase in the ABTPA assessment fee from $2 to $4 and allocation to Account 5111 would result in a gain of $58.3 million in fiscal year 2020 and $59.2 million in fiscal year 2021 to Account 5111. The reduction in allocation to General Revenue would result in a revenue loss of $9.7 million in fiscal year 2020 and $9.8 million in fiscal year 2021 to General Revenue. Under current law, revenue from the ABTPA assessment fee is undedicated General Revenue, although up to 50 percent may be appropriated to the ABTPA. In the Committee Substitute for House Bill 1 and the Committee Substitute for Senate Bill 1, the ABTPA is appropriated $12.8 million in each fiscal year of the 2020-21 biennium. The bill would require the appropriation of 20 percent of the ABTPA fee to the ABTPA, which would result in a cost of $19.4 million in fiscal year 2020 and $19.7 million in fiscal year 2021 to General Revenue.

The $50 state traffic fine, assuming no change in collection rate, and the adjustment of the allocation of the revenue derived from the fine between General Revenue and Account 5111 would result in a gain of $50.2 million per year for General Revenue and a gain of $507,187 million per year for Account 5111.

The new DWI fines and the adjusted allocation would generate an estimated $53.3 million each fiscal year for General Revenue and $13.3 million each year for Account 5111.

According the Texas Department of Transportation (TxDOT), 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 (an estimated $11.4 million each fiscal year) to the vendor that, among other things, collects the surcharges. However, the cost savings of the $11.4 million in vendor compensation is also considered a General Revenue loss, as that revenue is generated by additional vendor fees and is remitted to CPA before it is distributed to the vendor.

The aggregate impact of the bill's provisions for the 2020-21 biennium is a positive impact of $9.9 million for General Revenue and a gain of $6.8 million for Account 5111.

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. Based on the LBB's analysis of DPS, these activities could be accomplished with existing resources.

Local Government Impact

Based on the increase in the state traffic fine, assuming no change in compliance rates, and the new 4 percent service fee for collecting the new fines for DWI related offenses, CPA estimates that local government revenue would increase on an annual basis by approximately $4.1 million. Revenue from increasing the state traffic fine from $30 to $50 is expected to more than offset any loss associated with reducing the service fee from 5 to 4 percent.

The Texas Department of Motor Vehicles indicates that local entities would benefit from increased availability of funding for state grants from the ABTPA.

The Texas Municipal League estimates there may be a negative fiscal impact to cities in their municipal courts based on provisions of the bill, but the exact amount cannot be determined at this time.

The Texas Association of Counties does not anticipate a fiscal implication to counties.

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety
LBB Staff: WP, LBO, JQ, MNa