

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 20, 2019

TO: Honorable Dustin Burrows, Chair, House Committee on Ways & Means

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

IN RE: **HB3118** by Schaefer (Relating to the titling of certain off-highway vehicles purchased outside this state.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3118, As Introduced: a positive impact of \$2,890,000 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	\$1,427,000
2021	\$1,463,000
2022	\$1,499,000
2023	\$1,538,000
2024	\$1,576,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>Tx Dept of Motor Vehicles Fnd</i> 10	Probable Revenue Gain/(Loss) from <i>Texas Mobility Fund</i> 365	Probable Revenue Gain/(Loss) from <i>Municipalities</i>
2020	\$1,427,000	(\$2,000)	(\$9,000)	\$270,000
2021	\$1,463,000	(\$2,000)	(\$9,000)	\$270,000
2022	\$1,499,000	(\$2,000)	(\$9,000)	\$280,000
2023	\$1,538,000	(\$2,000)	(\$9,000)	\$290,000
2024	\$1,576,000	(\$2,000)	(\$9,000)	\$290,000

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Local Transportation Authorities</i>	Probable Revenue Gain/(Loss) from <i>Counties and Special Districts</i>
2020	\$90,000	\$44,000
2021	\$90,000	\$44,000
2022	\$100,000	\$44,000
2023	\$100,000	\$44,000
2024	\$100,000	\$44,000

Fiscal Analysis

The bill would amend Chapter 501 of the Transportation Code to stipulate that a county assessor-collector may not issue a title receipt for an all-terrain vehicle or recreational off-highway vehicle purchased from a retailer located outside of Texas, and that is of a model year that is not more than one year before the year in which the title application is presented, unless the applicant certifies on a form prescribed by the Comptroller that the applicant has paid the applicable use tax imposed under Chapter 151 of the Tax Code.

The bill would take effect on September 1, 2019.

Methodology

Based on the analysis provided by the Comptroller's office, it is assumed implementation of the bill would result in increases in revenue collections from use taxes. The tables above show the estimated gains to the State in the General Revenue and units of local government, including municipalities, transportation authorities, counties, and special districts, beginning in fiscal year 2020 and continuing each year thereafter.

The Comptroller's office reports that the titling of all-terrain vehicles and recreational off-highway vehicles subject to the bill is voluntary, not mandatory, and anticipates that the bill's requirement to provide evidence of paid use taxes as a condition of receiving a title would result in a decline in the number of such vehicles being titled. Based on the analysis provided by the Comptroller's office, the table above shows estimated decreases in title fee revenue receipts to the Texas Mobility Fund and the Texas Department of Motor Vehicles Fund beginning in fiscal year 2020 and continuing each year thereafter.

Based on the information and analysis provided by the Comptroller's office and the Department of Motor Vehicles, it is assumed any costs or duties associated with implementing the provisions of the bill could be absorbed within the agencies' existing resources.

Note: The bill would reduce, rescind, or repeal the dedication of a specific source or portion of revenue dedicated to the Texas Mobility Fund. Article 3, Section 49-k, of the Texas Constitution, specifies that while money in the Texas Mobility Fund is pledged for the payment of any outstanding debt obligations, the Legislature may not reduce, rescind, or repeal the dedication of a specific source or portion of revenue dedicated to the Texas Mobility Fund unless the Legislature by law dedicates a substitute or different source of revenue that is projected by the Comptroller to be of a value equal to or greater than the source or amount being reduced, rescinded, or repealed.

Technology

The Department of Motor Vehicles anticipates one-time information technology programming

costs to implement the provisions of the bill.

Local Government Impact

According to the Texas Association of Counties, no significant fiscal implication to counties is anticipated. The tables above show estimated revenue gains to units local government provided by the Comptroller's office.

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

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