

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 16, 2019

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

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

IN RE: HB3760 by Guillen (Relating to the disposition of surplus vehicles by a governmental agency.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3760, As Introduced: a negative impact of (\$3,469,204) 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	(\$1,922,102)
2021	(\$1,547,102)
2022	(\$1,547,102)
2023	(\$1,547,102)
2024	(\$1,547,102)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Surplus Prpty Trust Acct</i> 570
2020	(\$1,922,102)	(\$386,012)
2021	(\$1,547,102)	(\$386,012)
2022	(\$1,547,102)	(\$386,012)
2023	(\$1,547,102)	(\$386,012)
2024	(\$1,547,102)	(\$386,012)

Fiscal Analysis

The bill amends the Transportation Code to require that vehicles sold by federal, state, or local government agencies include a buyer's temporary tag. The bill takes effect September 1, 2019.

Methodology

The Texas Facilities Commission administers the disposition of state and federal surplus property, with surplus vehicles being the majority of the revenue generated. The requirement of the bill to include buyer's temporary tags with surplus vehicle sales would also require each vehicle to hold a current inspection, and vehicles without current inspections would be disqualified from sale by the Facilities Commission. According to analysis by the Commission, the costs to repair state and federal surplus vehicles in order for them to pass inspection would be one third of the vehicles average sale value.

Based on information provided by the Commission, the direct costs of bringing surplus vehicles into compliance with the bill's requirements is estimated to be approximately \$1.5 million in General Revenue and approximately \$386,000 in General Revenue-Dedicated Fund 570 per fiscal year. Any vehicles unable to pass inspection could no longer be sold by the state, which would result in a revenue loss.

Technology

Based on analysis by the Texas Department of Motor Vehicles, one-time information technology costs would be required to modify the E-TAG System for use by governmental entities.

Local Government Impact

The bill would require political subdivisions to provide buyer's temporary tags with the sale of any surplus vehicle. While there are likely costs to political subdivisions to repair and inspect surplus vehicles, the fiscal implications of the bill on local government cannot be determined at this time.

Source Agencies: 303 Facilities Commission, 608 Department of Motor Vehicles

LBB Staff: WP, JGAn, NV, JMO