

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 25, 2019

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Dennis Bonnen, Speaker of the House, House of Representatives

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

IN RE: SB604 by Buckingham (Relating to the continuation and functions of the Texas Department of Motor Vehicles and to the operations of certain other entities performing functions associated with the department.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for SB604, Conference Committee Report: 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 <i>Tx Dept of Motor Vehicles Fnd</i> 10	Change in Number of State Employees from FY 2019
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 the sunset provision for the Department of Motor Vehicles (DMV) in Chapter 1001 of the Transportation Code to continue the agency until September 1, 2031. The bill would require DMV to maintain a system to promptly and efficiently act on complaints and maintain certain information, including the parties to and subject matter of complaints, a summary of the results of the review or investigation of complaints, and the disposition of complaints.

The bill would amend Chapter 2301 of the Occupations Code to eliminate the motor vehicle industry "representative" license requirement and the associated licensing and renewal fees. The bill would eliminate the requirement for person to provide notice to and receive written approval from DMV to participate in a new motor vehicle show or exhibition.

The bill would amend Chapter 2302 of the Occupations Code to eliminate certain separate endorsements for which an applicant for a salvage vehicle dealer's license may apply, eliminate the salvage vehicle agent license, and establish one license for the conduct of various salvage vehicle industry activities. The bill would authorize the DMV board to establish the valid term and expiration date for a salvage dealer license, which is prescribed at one year from the date of issuance under current law. The bill would require the DMV board to prorate the applicable fee if the board were to prescribe a license period other than one year.

The bill would amend Chapter 504 of the Transportation Code to require 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 relating to digital license plates no later than December 31, 2020.

The bill would amend Chapter 520 of the Transportation Code to require a county tax assessor-collector who contracts with a third party deputy for the performance of vehicle registration and titling services to comply with certain standard state contracting practices, including purchase methods, competitive bidding, and state oversight under Government Code, Chapters 2155, 2261, and 2262. The bill would require DMV to implement a training program regarding the agency's automated registration and titling system and fraud identification and require DMV to require a person performing registration and titling services to complete the training.

The bill would establish the Motor Vehicle Crime Prevention Authority, by renaming amending the scope of motor vehicle crimes under the purview of the current Automobile Burglary and Theft Prevention Authority.

The bill would require DMV, using existing funds, to organize a study on the impact of the alternatively fueled vehicles (AFV) industry on the state, available options to collect fees from AFV owners to replace the loss of motor fuel taxes, and the feasibility of establishing a fee for AFVs. The bill would require the study to be conducted by DMV, the Public Utility Commission, the Texas Department of Transportation, and Department of Public Safety. The bill would require DMV to submit a report with the results of the study not later than December 1, 2020.

The bill would take effect on September 1, 2019.

Methodology

For the purposes of this analysis, it is assumed the DMV board would adopt rules no later than December 31, 2020, as required by the bill, and contract with a vendor to provide digital license plates in fiscal year 2021. 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.

Based on the information and analysis provided by Sunset Advisory Commission (SAC) staff, DMV, and the Comptroller's office, it is assumed the elimination of the representative license, salvage agent license, and salvage dealer endorsements would not result in a significant impact to fee revenue receipts to the General Revenue Fund and the Texas Department of Motor Vehicles Fund. Pursuant to SAC recommendations and decisions for the DMV, it is assumed the DMV board would adjust the salvage vehicle dealer licensing fees to offset any revenue loss from elimination of the salvage agent license and salvage endorsements.

Based on LBB staff analysis of information provided by SAC staff and DMV, it is assumed any costs or duties required of DMV to implement other the provisions of the bill could be absorbed within the agency's existing resources. This analysis assumes any savings realized by DMV from the elimination of requirements for certain licenses and the review and approval of motor vehicle show or exhibition participation would be reallocated to offset any cost or duties required to implement other provisions of the bill.

This analysis assumes any costs or duties required of state oversight agencies relating to the monitoring of new contracting standards for county tax assessor-collectors required by the bill could be absorbed within existing resources.

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

Based on the information provided by SAC staff, it is assumed any costs or duties required of certain counties to implement the state contracting standards required by the bill could be absorbed within existing resources.

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

LBB Staff: WP, JGAn, TG