

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 16, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1105 by Paddie (Relating the authorization of digital license plates.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1105, As Introduced : an impact of \$0 through the biennium ending August 31, 2023.

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, Six- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2021	\$0
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0

All Funds, Six-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from Texas Department of Motor Vehicles Fund 10	Probable Revenue Gain/(Loss) from Texas Department of Motor Vehicles Fund 10
2021	(\$362,000)	\$0
2022	\$0	\$19,285
2023	\$0	\$19,570
2024	\$0	\$19,855
2025	\$0	\$20,140
2026	\$0	\$20,425

Fiscal Analysis

The bill would amend Section 504.154 of the Transportation Code to remove restrictions regarding the eligibility for a registered vehicle to be equipped with a digital license plate.

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, 2021.

Methodology

Under current law, passenger vehicles are not eligible to be equipped with a digital license plate unless the vehicle is part of a commercial fleet or is a government-owned vehicle with an exempt registration. The bill would remove these requirements. Based on the analysis provided by the Texas Department of Motor Vehicles (TxDMV), it is assumed TxDMV would incur a one-time technology cost of \$362,000 from the TxDMV Fund No. 10 to implement programming to the agency's automated Registration Titling System and related systems to accommodate the expanded eligibility authorized by the bill.

For the purposes of this analysis, it is assumed expanded eligibility for digital license plate issuance would begin in fiscal year 2022. Based on the analysis provided by TxDMV, it is assumed 203 additional digital license plates would be issued in fiscal year 2022, the number of digital plates issued would increase by 1.5 percent each fiscal year, and payment of a \$95 administrative fee for each digital license plate issued would be remitted to TxDMV at the time of initial issuance and at the time of annual vehicle registration renewal, resulting in a revenue gain of \$19,285 to the TxDMV Fund No. 10 beginning in fiscal year 2022.

Technology

TxDmv anticipates a one-time technology cost of \$362,000 for programming changes to its automated systems to implement the provisions of the bill.

Local Government Impact

No 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

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