

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 30, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2262 by Schofield (Relating to registration and inspection requirements for certain local government fleet vehicles.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2262, As Introduced : a negative impact of (\$392,134) 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, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	\$0
2023	(\$392,134)
2024	(\$398,016)
2025	(\$11,852)
2026	(\$404,164)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from Clean Air Account 151	Probable Revenue Gain/(Loss) from Texas Mobility Fund 365
2022	\$0	\$0	\$0
2023	(\$392,134)	(\$392,134)	(\$686,235)
2024	(\$398,016)	(\$398,016)	(\$696,528)
2025	(\$11,852)	(\$11,852)	(\$20,741)
2026	(\$404,164)	(\$404,164)	(\$707,287)

Fiscal Analysis

The bill would amend Chapter 502 of the Transportation Code to authorize a county or municipality in Texas that owns and operates a motor vehicle, trailer, or semitrailer that is exempt from payment of a registration fee to choose to register and provide for inspection of such vehicles for an extended registration and inspection period of three years.

The bill would take effect immediately upon receiving a vote of two-thirds of each member elected to each house or otherwise on September 1, 2021.

Methodology

The bill would authorize a county or municipality to choose to register and provide for the inspection of vehicles it owns or operates for a period of three years rather than the current annual registration and inspection period. These vehicles are exempt from payment of vehicle registration fees but pay fees for vehicle inspection. Based on the information and analysis provided by the Texas Department of Motor Vehicles (TxDMV), it assumed an estimated 196,067 municipal and county owned vehicles would be eligible for the extended registration and inspection period in fiscal year 2022. For the purposes of this analysis, it is assumed all counties and municipalities would choose to receive the three-year registration and inspection period for all eligible vehicles and pay the regular vehicle inspection fee of \$5.50 plus \$2.00 for Texas.gov to the state for each vehicle at the time of registration only in the initial year of each three-year registration and inspection period. It is assumed the bill would not authorize or require the inspection fee to be prorated for the three-year period. It is assumed the number of eligible vehicles would increase by 1.5 percent each fiscal year, and the new eligible vehicles would be registered for a three-year period in the initial year of acquisition.

Of the inspection fees paid to the state, \$2.00 is deposited to the Clean Air Account No. 151, \$3.50 is deposited to the Texas Mobility Fund, and \$2.00 for Texas.gov fees is deposited to the General Revenue Fund. Therefore, it is assumed implementation of the bill would result in revenue losses to the state in the second and third year of extended vehicle inspection period from fees that would have otherwise been remitted to the state in each fiscal year.

Local Government Impact

According to the Texas Association of Counties, there may be a fiscal impact to counties that choose to voluntarily register any vehicles exempt from registration, however the extent of the impact to counties cannot be determined at this time.

The Texas Municipal League does not anticipate a fiscal impact to municipalities.

Source Agencies: 608 Department of Motor Vehicles

LBB Staff: JMc, AAL, MB, TG, AF