

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 6, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2933 by Martinez (Relating to fees imposed on registration of a vehicle for which registration is applied for by a motor vehicle dealer.), **As Introduced**

General Revenue-Related Funds, Five- Year Impact:

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

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from State Highway Fund 6	Probable Revenue Gain/(Loss) from Counties
2022	(\$88,072,227)	\$40,483,499
2023	(\$89,393,316)	\$41,090,749
2024	(\$90,734,209)	\$41,707,110
2025	(\$92,095,204)	\$42,332,705
2026	(\$93,476,645)	\$42,967,706

Fiscal Analysis

The bill would amend Chapter 502 of the Transportation Code to add new §502.1981, to change the disposition of vehicle registration fee revenue on a vehicle for which registration is applied for by a motor vehicle dealer on behalf of a purchaser upon the sale of a vehicle. If the registration is applied for in a county in which the vehicle owner resides, the bill would require the county tax assessor-collector to credit \$25 of the fee collected to the county road and bridge fund (CRBF) and sent the remainder of the amount collected to the Texas Department of Motor Vehicles (TxDMV) for deposit to the State Highway Fund (SHF). If the registration is applied for in a county other than the county in which the owner resides, the bill would require the county tax assessor-collector to send \$25 of each fee collected to the county in which the owner resides, for deposit in that county's CRBF, and dispose of the remainder of the fee collected in the manner provided by Transportation §502.198. The bill would stipulate that certain optional additional county fees authorized by Transportation Code §502.401 (optional fee for CRBF), §502.402 (optional fee for transportation projects), or §502.403 (optional fee for child safety) may not be imposed on a vehicle for which a registration is applied for under proposed §502.1981.

The bill would take effect on September 1, 2021.

Methodology

For the purposes of this analysis, the base fee of \$50.75 for registration of a motor vehicle weighing less than 6,000 pounds is applied to the estimated number of vehicles that would be subject to the provisions of the bill. Under current law, the Texas Department of Motor Vehicles (TxDMV) estimates 95 percent of the fee (\$48) is deposited to the State Highway Fund (SHF) and five percent (\$3) is retained by the counties. Under the provisions of the bill, TxDMV estimates the SHF would receive \$25.75 from a vehicle registration in the same county of the vehicle owner's residence and \$23.75 from a vehicle registration in a county other than the owner's county of residence. The remainder of the fee would be retained by the counties.

Information provided by TxDMV indicates the provisions of the bill would apply to approximately 3.9 million vehicle transactions per fiscal year beginning in fiscal year 2022, including 2.5 million registrations in the owner's county of residence and 1.4 million in a county other than the owner's residence. Based on the analysis of TxDMV and the Comptroller's office, it is assumed implementation of the bill would result in a revenue loss to the SHF of \$88.1 million in fiscal year 2022 with a corresponding revenue gain to the counties. For counties that impose certain optional fees at the time of registration, TxDMV estimates revenue losses of \$38.4 million for optional CRBF fees, \$5.8 million for optional fees for transportation projects, and \$3.4 million from optional child safety fees in fiscal year 2022. This analysis assumes an annual growth rate of 1.5 percent for applicable vehicle transactions and a corresponding impact to revenue gains and losses in each year thereafter. The table above shows the revenue losses to the SHF and the net revenue gain to counties for fiscal years 2022 to 2026.

Based on the information provided by TxDMV, it is assumed any costs associated with implementing the provisions of the bill could be absorbed within the agency's existing resources.

The Comptroller's office indicates that 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 Texas Department of Motor Vehicles anticipates incurring a one-time information technology cost in fiscal year 2021 to implement changes to the agency's automated systems by the effective date of September 1, 2021.

Local Government Impact

Based on the analysis of TxDMV and the Comptroller's office, it is assumed implementation of the bill would result in a net revenue gain to counties in the County Road and Bridge Fund. It is assumed revenue gains would be partially offset by revenue losses to counties that impose optional fees for child safety or for transportation projects at the time of vehicle registration.

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

LBB Staff: JMc, AAL, MB, TG

Estimated Two-year Net Impact to General Revenue Related Funds for HB2933, As Introduced : an impact of \$0 through the biennium ending August 31, 2023. However, the estimated impact to the State Highway Fund is (\$177,465,543) 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.