

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 25, 2021

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3531 by Martinez (Relating to motor vehicle titles, registration, and license plates.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3531, As Passed 2nd House : an impact of \$0 through the biennium ending August 31, 2023. However, the two-year impact to the State Highway Fund is estimated to be \$70,206,000 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 Revenue Gain/(Loss) from State Highway Fund 6	Probable Savings/(Cost) from Texas Department of Motor Vehicles Fund 10
2021	\$0	(\$187,000)
2022	\$27,246,000	\$0
2023	\$42,960,000	\$0
2024	\$61,779,000	\$0
2025	\$84,388,000	\$0
2026	\$109,265,000	\$0

Fiscal Analysis

The bill would amend the Transportation Code to add Section 502.360 to impose an additional fee at the time of registration or renewal of registration of an alternatively fueled vehicle (AFV) capable of being powered by a source other than gasoline or diesel fuel, a plug-in hybrid electric vehicle (HEV), or a natural gas vehicle. The bill would establish fees of \$200 for AFVs and \$40 for plug-in HEVs with a gross weight less than 6,000

pounds and fees of \$250 for AFVs and \$50 for plug-in HEVs with a gross weight of 6,001 to 10,000 pounds. The bill would establish an additional fee on each class of natural gas vehicles, to be calculated by the Texas Department of Motor Vehicles (TxDMV), that is equal to the difference between the average annual amount of motor fuels tax, a conventionally fueled vehicle in its class would pay, and the average amount a natural gas vehicle in the same class would pay in fuel tax. The bill would require TxDMV to review and update the fee for natural gas vehicles at least once every five years. The bill would direct the additional fees to be deposited to the State Highway Fund.

The bill would require the Texas Department of Motor Vehicles (TxDMV) to place a hold on processing a title application for a motor vehicle if the department receives evidence of a lawsuit regarding ownership of or a lien on the vehicle. The bill would amend §504.202 to allow a Disabled Veteran license plate to include one emblem or design from another military specialty license plate to which a person is entitled under Subchapter D, Chapter 504, Transportation Code. The bill would amend Transportation Code §504.454 to exempt a vehicle owned by a nonprofit disaster relief organization from vehicle registration fees if the vehicle is used by the organization exclusively for emergencies, training, equipment maintenance, transportation of disaster relief supplies, or other activities related to disaster relief.

The bill would take effect on September 1, 2021.

Methodology

Based on the analysis provided by the Comptroller's office and TxDMV, it is assumed the additional fees would apply to approximately 243,000 vehicles in fiscal year 2022. Based on analysis provided by the Comptroller's office, it is assumed implementation of the additional fees established by the bill would result in a revenue gain to the State Highway Fund (SHF) of \$27.2 million beginning in fiscal year 2022, with the number of applicable vehicles and associated revenue gains to the SHF growing each fiscal year based on industry and market forecasts used by the Comptroller.

Based on information provided by TxDMV, it is assumed the agency would incur onetime costs in fiscal year 2021 to the Texas Department of Motor Vehicles Fund of \$122,000 for programming changes to the agency's automated systems by the bill's effective date of September 1, 2021, and a cost of \$65,000 for a special mailing to affected customers, to provide notification of the vehicle registration requirements of the new legislation.

Under current law, a vehicle owned by a nonprofit disaster relief organization is exempt from registration fees if the vehicle is used exclusively for emergencies. Implementation of the bill would expand the eligible uses and, potentially, the number of vehicles owned by a nonprofit disaster relief organization that would be exempt from registration fees. Based on the information and analysis provided by TxDMV, it is assumed the number of additional disaster relief organization vehicles that would qualify for the exemption would not be significant. Therefore, it is assumed implementation of the bill would not result in a significant negative impact to state and local vehicle registration fee revenues.

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 Texas Department of Motor Vehicles anticipates a one-time information technology cost of \$122,000 in fiscal year 2021 for programming changes to the agency's automated systems.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 601 Department of Transportation, 608 Department of Motor Vehicles

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