

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 19, 2021

TO: Honorable Robert Nichols, Chair, Senate Committee on Transportation

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3927 by Hefner (relating to certain temporary motor vehicle tags.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3927, Committee Report 2nd House, Substituted : 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, Five- Year Impact:

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

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from Texas Department of Motor Vehicles Fund 10</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$371,252)	4.0
2023	(\$340,452)	4.0
2024	(\$340,452)	4.0
2025	(\$340,452)	4.0
2026	(\$340,452)	4.0

Fiscal Analysis

The bill would amend the Transportation Code to authorize the Texas Department of Motor Vehicles (TxDMV) by rule to establish the maximum number of temporary tags that a dealer or converter may obtain in a calendar year. The bill would require TxDMV to monitor in real time the number of temporary tags obtained by a dealer or converter and, if the dealer or converter obtains a number of temporary tags in excess of the established by TxDMV, immediately conduct a review and investigation to determine the reason for the excess number of temporary tags obtained. The bill would require TxDMV to issue a cease and desist order if TxDMV determines the dealer or converter has misused or allowed the misuse of a temporary tag. The bill would authorize TxDMV

to deny access to a temporary tag database to a dealer or converter if TxDMV determines by clear and convincing evidence that irreparable harm is occurring to the public and to other dealers or converters because the dealer or converter is fraudulently obtaining temporary tags. The bill would authorize a dealer or converter to appeal TxDMV's decision to deny access to the temporary tag database through the contested case process provided in Subchapter O, Chapter 2301, Occupations Code.

The bill would take effect on September 1, 2021.

Methodology

TxDMV anticipates additional staff would be needed to implement the investigation and enforcement provisions of the bill, including one Attorney III position (\$83,600 annual salary) and 3.0 Investigator IV positions (\$51,985 annual salary each). Based on the information provided by TxDMV, estimated costs from the TxDMV Fund 0010 for the additional positions include \$239,555 each fiscal year for salaries and wages, \$3,593 each fiscal year for agency payroll contributions for employee retirement and group health insurance (1.5 percent of salary cost), and \$19,400 each fiscal year for travel, operating expenses, and consumable supplies. Initial startup costs for the additional FTEs are estimated to be \$30,800 in fiscal year 2022. Total employee benefits costs for the additional positions are estimated to be \$77,903 each fiscal year (32.52 percent of salary cost).

Technology

The Texas Department of Motor Vehicles anticipates one-time costs in fiscal year 2021 to develop a real-time database to track information on temporary tag issuance to implement the monitoring required by the bill. It is assumed the technology costs could be absorbed within the agency's existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

LBB Staff: JMc, AAL, MB, TG