

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 26, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4219 by Raymond (Relating to the regulation of the issuance of buyer's temporary tags.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4219, 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, 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	(\$363,420)	3.0
2023	(\$340,320)	3.0
2024	(\$340,320)	3.0
2025	(\$340,320)	3.0
2026	(\$340,320)	3.0

Fiscal Analysis

The bill would amend Chapter 2301 of the Occupations Code to require the board of the Texas Department of Motor Vehicles (TxDMV) to temporarily suspend a motor vehicle dealer's license and simultaneously initiate proceedings for a hearing before the State Office of Administrative Hearings (SOAH) if the director of TxDMV determines that the license holder has fraudulently distributed buyer's temporary tags based on evidence or information provided by a law enforcement officer or a TxDMV employee. The bill would require SOAH to hold a preliminary hearing within 14 days of the temporary suspension to determine if there is probable cause to believe the license holder has fraudulently distributed buyer's temporary tags and hold a final

hearing within 61 days after the date of the temporary suspension. The bill would amend Chapter 503 of the Transportation Code to require TxDMV establish limits on the number of temporary buyer's tags that a dealer may issue in calendar year and to monitor in real time the number of tags issued by a dealer. The bill would authorize TxDMV to immediately suspend the access to the buyer's temporary tag database of a dealer who issues buyer's temporary tags in excess of the maximum number determined by TxDMV.

The bill would take effect on September 1, 2021.

Methodology

Based on the information and analysis provided by TxDMV, it is assumed the agency would receive between 11 and 13 requests for assistance from law enforcement each month related to fraudulent distribution of buyer's temporary tags by a licensed motor vehicle dealer. TxDMV anticipates an increase in the number of administrative hearings before SOAH and related enforcement cases would require an additional 3.0 Attorney III positions. Based on the information provided by TxDMV, estimated costs from the TxDMV Fund 0010 for the additional positions include \$250,799 each fiscal year for salaries and wages (approximately \$86,300 per year for each position), \$3,762 each fiscal year for agency payroll contributions for employee retirement and group health insurance (1.5 percent of salary cost), and \$4,200 each fiscal year for operating expenses and consumable supplies. Initial startup costs for the additional FTEs are estimated to be \$23,100 in fiscal year 2022. Total employee benefits costs for the additional positions are estimated to be \$81,560 each fiscal year (32.52 percent of salary cost).

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

Technology

The Texas Department of Motor Vehicles anticipates one-time costs in fiscal year 2021 for programming the agency's automated systems to implement the monitoring of temporary tag allowances and temporary license suspension provisions required by the bill. It is assumed the technology costs could be absorbed within the agency's existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 360 Office Adm Hearings, 405 Department of Public Safety, 608 Department of Motor Vehicles

LBB Staff: JMc, AAL, MB, TG