

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 23, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3297 by Harris, Cody (Relating to the elimination of regular mandatory vehicle safety inspections for noncommercial vehicles and the imposition of replacement fees.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3297, As Passed 2nd House : an impact of \$0 through the biennium ending August 31, 2025.

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>
2024	\$0
2025	\$0
2026	\$0
2027	\$0
2028	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from Texas Department of Motor Vehicles Fund 10</i>
2024	(\$221,400)
2025	(\$300,000)
2026	(\$300,000)
2027	(\$300,000)
2028	(\$300,000)

Fiscal Analysis

The bill would amend Transportation Code, Chapter 548, to eliminate the Vehicle Safety Inspection Program for most non-commercial motor vehicles. The bill would establish an inspection program replacement fee to be imposed at the time of vehicle registration.

The bill would require the Texas Department of Motor Vehicles (TxDMV) to adopt rules to provide in a vehicle registration notice for each registered vehicle in the state a notification regarding whether the vehicle is subject to an open safety recall for which the vehicle has not had the safety recall repaired.

The bill would take effect on January 1, 2025.

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 trust fund either in, with, or outside 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.

Methodology

Based on the information provided by TxDMV and the Comptroller's office, it is assumed revenue generated from the inspection replacement program fee established by the bill would be consistent with the inspection fees eliminated by the legislation. Therefore, no significant impact to state revenues is anticipated.

Based on the information and analysis provided by TxDMV, it is assumed the department would incur a onetime cost of \$91,800 in fiscal year 2024 for programming changes to the department's automated systems related to the elimination of the safety inspection program for non-commercial motor vehicles. Additionally, it is assumed TxDMV would incur a onetime startup cost of \$129,600 in fiscal year 2024 and ongoing annual costs of \$300,000 beginning in fiscal year 2025 to develop and maintain a notification system related to open safety recalls.

Based on the analysis provided by the Department of Public Safety, it is assumed any negative fiscal implications due to the reduction of revenue from safety inspection station certification fees would be offset by the removal of 14.0 investigator positions in regions of the State where only safety inspections are required.

Based on the analysis provided by the Texas Commission on Environmental Quality, it is assumed agency costs to implement the provisions of the bill could be absorbed within the agency's existing resources.

Technology

The Department of Motor Vehicles anticipates onetime programming and development costs of \$221,400 in fiscal year 2024 and ongoing maintenance costs of \$300,000 each year thereafter to implement the provisions of the bill.

Local Government Impact

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

Source Agencies: 608 Department of Motor Vehicles

LBB Staff: JMc, SMAT, GDZ, TG