

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 28, 2023

TO: Honorable Ryan Guillen, Chair, House Committee on Homeland Security & Public Safety

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4598 by Leach (Relating to catalytic converters, including criminal conduct involving catalytic converters; providing an administrative penalty; creating a criminal offense; increasing a criminal penalty; increasing a fee.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4598, As Introduced : a positive impact of \$54,451,696 through the biennium ending August 31, 2025.

There may be additional fiscal impacts related to a multi-agency coordination plan outlined by the bill and criminal offenses involving a catalytic converter that cannot be determined at this time due to unknown specifics of the coordination plan and a lack of data to estimate the prevalence of conduct outlined in the bill's provisions that would be subject to criminal penalties.

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	\$24,352,279
2025	\$30,099,417
2026	\$31,002,399
2027	\$31,932,471
2028	\$32,890,445

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Revenue Gain from General Revenue Fund 1</i>
2024	\$24,352,279
2025	\$30,099,417
2026	\$31,002,399
2027	\$31,932,471
2028	\$32,890,445

Fiscal Analysis

The bill would create a new state jail felony offense for the unauthorized possession of a catalytic converter, establish a presumption of an authorized possession under certain circumstances, and increase the penalty to a third degree felony under certain circumstances. The bill would make criminal mischief and theft a felony offense under certain conditions involving a catalytic converter. The bill would make both the state jail felony criminal mischief offense relating to a catalytic converter and the new state jail felony offense for unauthorized possession of a catalytic converter subject to a penalty enhancement if the offense was committed or conspired to be committed while engaging in organized criminal activity.

The bill would require the Department of Public Safety (DPS) to include in its metal recycling entity registration database a description of the extent to which the entity engages in transactions involving catalytic converters. The bill would establish regulatory provisions relating to certain transactions involving catalytic converters removed from motor vehicles, including creating a new misdemeanor offense and administrative penalty.

The bill would increase from \$4 to \$5 the fee an insurer must pay to the Motor Vehicle Crime Prevention Authority (MVCPA) and require the additional \$1 of the fee to be deposited into the general revenue fund to be used for certain activities intended to detect and prevent catalytic converter theft.

The bill would require DPS, the Texas Department of Licensing and Regulation, the Texas Department of Motor Vehicles, and the MVCPA to jointly establish a task force and to develop and implement a plan to coordinate their efforts to review the records of persons regulated by each agency involving the purchase, acquisition, sale, or transfer of catalytic converters removed from motor vehicles and respond to any suspicious activities detected through such analysis.

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 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 information provided by the Comptroller of Public Accounts and the Texas Department of Motor Vehicles, the fiscal impact of the \$1 increase in the MVCPA fee is shown. Based on the timing of deposits to the state, the increase in the fee would apply to only 10 months of fiscal year 2024.

Based on information provided by the Department of Public Safety, it is presumed significant law enforcement personnel and resources may be required to create a new taskforce within the Criminal Investigations Division to implement the provisions of the bill, but the fiscal implications cannot be determined at this time due to specifics of the coordinated plan between agencies being unknown.

The fiscal impact relating to new criminal and administrative penalties and the impact on state correctional populations or on the demand for state correctional resources related to criminal offenses cannot be determined due to a lack of data to estimate the prevalence of conduct outlined in the bill's provisions that would be subject to such penalties.

The Texas Department of Licensing and Regulation and Department of Insurance do not anticipate a significant fiscal impact.

Local Government Impact

While the fiscal impact cannot be determined, the impact upon local correctional resources would be dependent on the number of individuals placed under supervision in the community compared to the number of individuals sentenced to a term of confinement in a state correctional institution.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts, 405 Department of Public Safety, 452 Department of Licensing and Regulation, 454 Department of Insurance, 608 Department of Motor Vehicles

LBB Staff: JMc, DDel, LBO, MGol