

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 4, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB224 by Alvarado (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 Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB224, As Engrossed : a positive impact of \$53,700,914 through the biennium ending August 31, 2025.

There may be additional fiscal impacts related to criminal offenses involving a catalytic converter that cannot be determined at this time due to 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	\$23,959,088
2025	\$29,741,826
2026	\$30,644,808
2027	\$31,574,880
2028	\$32,518,854

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Revenue Gain from General Revenue Fund</i>	<i>Probable Savings/(Cost) from General Revenue Fund</i>	<i>Change in Number of State Employees from FY 2023</i>
	1	1	
2024	\$24,352,279	(\$393,191)	4.0
2025	\$30,099,417	(\$357,591)	4.0
2026	\$31,002,399	(\$357,591)	4.0
2027	\$31,932,471	(\$357,591)	4.0
2028	\$32,890,445	(\$371,591)	4.0

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 the MVCPA to develop and implement a plan to coordinate efforts with DPS, Texas Department of Licensing and Regulation, and the Texas Department of Motor Vehicles (TxDMV) 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. The bill would authorize MVCPA to establish a task force composed of persons regulated by these state agencies to participate in development of the plan. The bill would authorize money deposited to the General Revenue Fund that is dedicated by the bill for use in certain activities intended to detect and prevent catalytic converter theft to be appropriated to MVCPA these coordinating and planning activities.

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 TxDMV, 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 the analysis provided by TxDMV, it is assumed the Motor Vehicle Crime Prevention Authority would require an additional 4.0 FTEs to implement the provisions of the bill, including 2.0 Grant Specialist III positions (\$59,473 annual salary, each); 1.0 Program Specialist VII (\$83,298 annual salary); and 1.0 Administrative Assistant VI (\$55,602 annual salary). Additional costs for equipment and operating expenses for the additional staff are estimated to be \$53,272 in fiscal year 2024 and \$17,672 in each subsequent fiscal year. Employee benefits costs associated with the additional FTEs are estimated to be \$78,205 each fiscal year for retirement, Social Security, and group insurance (estimated at 30.33 percent of salaries) and an additional \$3,868 each fiscal year for agency payroll contributions for retirement and group insurance (1.5 percent of salaries). This analysis assumes these costs would be funded with General Revenue receipts from the additional \$1 fee established by the bill.

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 Department of Public Safety and Texas Department of Licensing and Regulation 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, 608 Department of Motor Vehicles

LBB Staff: JMc, DDel, LBO, MGol