

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 21, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB684 by Hall (Relating to the inspection periods for certain motor vehicles; increasing certain fees.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB684, As Introduced : 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>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2024	\$0
2025	\$0
2026	\$0
2027	\$0
2028	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue Gain/(Loss) from <i>Texas Mobility Fund 365</i>	Probable Revenue Gain/(Loss) from <i>Clean Air Account 151</i>	Probable (Cost) from <i>Tx Dept of Motor Vehicles Fnd 10</i>
2024	\$316,977,000	\$0	(\$212,560)
2025	(\$58,650,000)	(\$43,472,000)	\$0
2026	(\$59,530,000)	(\$44,124,000)	\$0
2027	(\$60,423,000)	(\$44,786,000)	\$0
2028	(\$61,329,000)	(\$45,458,000)	\$0

Fiscal Analysis

The bill would amend the Health and Safety and Transportation Codes to require that vehicles not registered in a county covered by an inspection and maintenance program be subject to a safety inspection once every five years.

The bill would require a passing inspection to be completed no earlier than 90 days before the date of a vehicle's initial registration or 90 days before a renewal of registration expires.

The bill would remove the one-year period that a vehicle inspection report (VIR) is valid and require the Department of Public Safety (DPS) and, if necessary, the Texas Commission on Environmental Quality (TCEQ) to establish rules regarding the length of time a VIR is valid.

The bill would increase the general inspection fee for a moped from \$5.75 to \$19.75 and for a vehicle other than a moped from \$12.50 to \$26.50; increase the amount of each inspection fee remitted to the state from \$5.50 to \$19.50; increase the amount a political subdivision pays to the state for each inspection from \$5.50 to \$27.50; increase the minimum for an initial inspection from \$21.75 to \$32.25; and increase the amount of each initial inspection fee remitted to the state from \$14.75 to \$25.25.

The bill would take effect September 1, 2023.

Methodology

According to the Texas Department of Motor Vehicles (TxDMV), 21,098,387 used non-commercial vehicles and 1,171,431 new vehicles were eligible for inspection in fiscal year 2022 that would have been eligible for a five-year inspection under the provisions of the bill. This analysis assumes a 1.5 percent growth rate to both new and used vehicles in each subsequent year.

Under current law, used non-commercial vehicles are required to be inspected annually and new vehicles other than mopeds are required to be inspected every other year. This analysis assumes that most five-year inspections would occur in fiscal year 2024 and not require an inspection until fiscal year 2029.

Under the provisions of the bill, the state portion of the used non-commercial vehicle inspection fee would increase to \$19.50, of which \$17.50 would be deposited to the Texas Mobility Fund No. 365 (TMF) and \$2.00 would be deposited to the Clean Air Account No. 151 (Account No. 151). The state portion of a new vehicle inspection would increase to \$25.25, of which \$23.25 would be deposited to the TMF and \$2.00 would be deposited Account No. 151. This analysis counts mopeds in the “used” count as they are currently subject to a one-year safety inspection.

According to the Comptroller of Public Accounts (CPA) as reflected in the tables above, the bill would have a net positive impact of \$258,327,000 to the TMF in the 2024-25 biennium but have a net negative impact of \$181,282,000 between fiscal years 2026-29. The bill would also have a negative impact of \$43,472,000 in fiscal year 2025 and similar negative impacts in subsequent fiscal years to Account No. 151.

Based on the information provided by TxDMV, it is assumed the department would incur a one-time cost of \$212,560 to the Texas Department of Motor Vehicles Fund No. 10 in fiscal year 2024 for programming changes to the department's automated systems and the Texas International Registration Plan (TxIRP) system.

Based on information provided, it is assumed that DPS costs associated with implementing the provisions of the bill can be accomplished with existing resources.

Note: The bill would reduce, rescind, or repeal the dedication of a specific source or portion of revenue dedicated to the Texas Mobility Fund. Article 3, Section 49-k, of the Texas Constitution, specifies that while money in the Texas Mobility Fund is pledged for the payment of any outstanding debt obligations, the Legislature may not reduce, rescind, or repeal the dedication of a specific source or portion of revenue dedicated to the Texas Mobility Fund unless the Legislature by law dedicates a substitute or different source of revenue that is projected by the Comptroller to be of a value equal to or greater than the source or amount being reduced, rescinded, or repealed.

Technology

Based on the information provided by TxDMV, it is assumed the department would incur a one-time cost of \$212,560 to the Texas Department of Motor Vehicles Fund No. 0010 in fiscal year 2024 for programming changes to the department's automated systems and the Texas International Registration Plan (TxIRP) system.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time.

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety, 582 Commission on Environmental Quality, 608 Department of Motor Vehicles

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