

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 11, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1902 by Nichols (Relating to the administration of the dealer-issued license plates database and to the removal and transfer of license plates.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1902, As Introduced: an impact of \$0 through the biennium ending August 31, 2027.

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>
2026	\$0
2027	\$0
2028	\$0
2029	\$0
2030	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>Tx Dept of Motor Vehicles Fnd</i> 10
2026	(\$4,610,520)
2027	(\$4,345,920)
2028	(\$4,345,920)
2029	(\$4,345,920)
2030	(\$4,345,920)

Fiscal Analysis

The bill would amend the Transportation Code to require a motor vehicle dealer who holds a general distinguishing number (GDN) to transfer each license plate it removes from a vehicle it obtains via a sale or a transfer to another vehicle if the other vehicle is purchased from the dealer and the license plates are appropriate for the class of vehicle to which the plates are to be transferred. On the sale or transfer of a vehicle to a person who does not hold a GDN, the bill would require the seller to remove license plates issued for the vehicle and authorize the removed license plates to be transferred to another vehicle titled in the seller's name if the plates are appropriate for the class of vehicle to which the plates are being transferred. The bill would require a license plate removed from a motor vehicle to be disposed of in a manner prescribed by the Texas

Department of Motor Vehicles (TxDMV) if it is not transferred to a motor vehicle within 10 days of the date of removal.

The bill would take effect on July 1, 2025, if it receives a vote of two-thirds of all members elected to each house or, otherwise, on September 1, 2025.

Methodology

Under current law, each license plate issued for a motor vehicle sold or transferred to a GDN holder would be reassigned to a subsequent purchaser of the vehicle at retail sale or, for a vehicle sold or transferred to a person who does not hold a GDN, each license plate assigned to the vehicle would remain with the vehicle. The bill would amend current law to require license plates assigned to a vehicle to be removed at the time of sale or transfer of the vehicle and allow the license plates to be reassigned to another vehicle of the same class within 10 days after the license plates were removed from the original vehicle.

Analysis provided by TxDMV estimates that out of 3.7 million vehicle transactions conducted in fiscal year 2024, approximately 1.2 million vehicles would likely not have a set of license plates able to be assigned to the vehicle at the time of sale or transfer under the provisions of the bill. Based on this analysis, TxDMV estimates that 1.2 million vehicles sold or transferred each fiscal year would have a high probability to require the issuance of new license plates under the provisions of the bill beginning in fiscal year 2026. DMV estimates the annual cost to manufacture 2.4 million license plates (two plates per applicable vehicle) at a unit cost of \$1.81 would be \$4,345,920 from the Texas Department of Motor Vehicles Fund No. 10. It is assumed similar manufacturing costs would be incurred in each subsequent fiscal year.

Based on the analysis provided by TxDMV, it is assumed the agency would incur a one-time information technology cost of \$264,600 out of the Fund 10 in fiscal year 2026 to make programming changes to the agency's automated systems to implement the provisions of the bill.

Technology

TxDMV would incur a one-time information technology cost of \$264,600 out of the Texas Department of Motor Vehicles Fund 10 in fiscal year 2026 to make programming changes to the agency's automated systems 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, AAL, GDZ, TG