

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 29, 2025

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SB2807** by Hagenbuch (Relating to the considerations when determining whether an operator of a motor vehicle is an employee of a motor carrier or an independent contractor.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2807, As Passed 2nd House: 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>Texas Department of Motor Vehicles Fund 10</i>
2026	(\$216,622)
2027	(\$75,676)
2028	(\$75,676)
2029	(\$75,676)
2030	(\$75,676)

Fiscal Analysis

The bill would amend Transportation Code, Chapter 545, Subchapter J, relating to operation of autonomous vehicles, to stipulate that a person may not operate an automated motor vehicle (AMV) to transport property or passengers for commercial purposes on a highway or street in Texas without a human driver unless the person receives and maintains authorization from the Texas Department of Motor Vehicles (TxDMV). The bill would require TxDMV by rule to prescribe the form and manner in which a person may apply to the department for authorization to operate AMVs on highways and streets in Texas without a human driver. Upon approval of an application, the bill would require TxDMV to issue a unique operating number authorizing the operation of the

AMV. The bill would establish circumstances under which TxDMV may suspend, revoke, or cancel an authorization or impose restrictions on the operation of an AMV. The bill would authorize the holder of an authorization aggrieved by a TxDMV enforcement action to request a formal hearing to be conducted by an administrative law judge (ALJ) at the State Office of Administrative Hearings (SOAH). The bill would require TxDMV to refer such request to SOAH within 10 days after an authorization holder requests a hearing and require a SOAH hearing to be conducted within 60 days. The bill would create a Class B misdemeanor offense if a person operates an AMV in violation of the operating authority and other requirements for operation of an AMV established by the bill. The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to each house or, otherwise, on September 1, 2025.

Methodology

Based on the information provided by TxDMV, it is assumed the department would incur a one-time technology cost of \$195,000 from the Texas Department of Motor Vehicles Fund No. 10 in fiscal year 2026 to program its automated systems to provide functionality to the department's Motor Carrier Credentialing System to issue operating authority and track automated motor vehicles.

Based on the analysis provided by SOAH, it is assumed TxDMV would refer an average of seven cases per fiscal year to SOAH. SOAH estimates each case would take an average of 52 ALJ hours to complete at a rate of \$207.90 per ALJ hour, billable to TxDMV. Based on this analysis and an assumed implementation date of December 1, 2025, it is assumed TxDMV would incur SOAH billing costs of \$21,622 in fiscal year 2026 and \$75,676 in each fiscal year thereafter.

It is assumed that any impact on state correctional populations or on the demand for state correctional resources would not be significant.

Technology

The Texas Department of Motor Vehicles would incur a one-time technology cost of \$195,000 in fiscal year 2026 to program its automated systems to provide functionality to the department's Motor Carrier Credentialing System to issue operating authority and track automated motor vehicles.

Local Government Impact

It is assumed that any fiscal impact to units of local government associated with enforcement, prosecution, supervision, or confinement would not be significant.

Source Agencies: 360 State Office of Administrative Hearings, 405 Department of Public Safety, 452 Department of Licensing and Regulation, 608 Department of Motor Vehicles

LBB Staff: JMc, KDw, GDZ, TG