

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 30, 2009

TO: Honorable Joseph Pickett, Chair, House Committee on Transportation

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB300 by Isett (Relating to the continuation and functions of the Texas Department of Transportation, including the transfer of certain functions to the Texas Department of Motor Vehicles; providing penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB300, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

The bill would re-appropriate in fiscal year 2010 any unobligated and unexpended balance of any appropriations made to the Texas Department of Transportation for the 2008-09 biennium related to programs that would be transferred to the new Department of Motor Vehicles.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2010 | \$0 |
| 2011 | \$0 |
| 2012 | \$0 |
| 2013 | \$0 |
| 2014 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings from <i>State Highway Fund</i> 6 | Probable (Cost) from <i>State Highway Fund</i> 6 | Probable Revenue (Loss) from <i>State Highway Fund</i> 6 | Probable Revenue Gain from <i>Hwy Beautification</i> <i>Acct</i> 71 |
|-------------|---|--|---|---|
| 2010 | \$950,000 | (\$527,269) | (\$115,000) | \$115,000 |
| 2011 | \$1,370,862 | (\$675,411) | (\$115,000) | \$115,000 |
| 2012 | \$1,587,671 | (\$675,411) | (\$115,000) | \$115,000 |
| 2013 | \$1,587,671 | (\$675,411) | (\$115,000) | \$115,000 |
| 2014 | \$1,587,671 | (\$675,411) | (\$115,000) | \$115,000 |

| Fiscal Year | Change in Number of State Employees from FY 2009 |
|-------------|--|
| 2010 | 5.0 |
| 2011 | 0.0 |
| 2012 | 0.0 |
| 2013 | 0.0 |
| 2014 | 0.0 |

Fiscal Analysis

The bill would amend the Transportation Code to eliminate the five-member Texas Transportation Commission and replace the commission and the Executive Director of the Texas Department of Transportation (TxDOT) with a single appointed Commissioner of Transportation. The first Commissioner of Transportation would be appointed to serve a term that begins on January 1, 2011. The five-member commission and the Executive Director serving on the effective date of the bill would continue service until that time.

The bill would create the Transportation Legislative Oversight Committee (TLOC), composed of six members, including the chairs of the House and Senate committees on transportation, two Senate members appointed by the Lieutenant Governor, and two House members appointed by the Speaker of the House. The bill would authorize the TLOC to contract with an outside consulting firm to make recommendations regarding an effective and efficient organizational structure for TxDOT. The bill would require the transfer to the TLOC of all TxDOT employees who primarily perform duties associated with the department's government and public affairs research section on the effective date of the bill.

The bill would require TxDOT to redevelop and regularly update the Statewide Transportation Plan and to coordinate with metropolitan planning organizations (MPO) on funding assumptions for long-range planning. The bill would require TxDOT to establish a transportation project information reporting system that is available on the agency's website. The bill would authorize the creation of rural planning organizations (RPO). TxDOT would be required to facilitate the creation of RPOs with existing resources and provide funds and personnel to assist the RPOs with rural transportation planning.

The bill would eliminate provisions requiring TxDOT to place newspaper advertisements for upcoming construction and maintenance contracts. The bill would authorize TxDOT to use "design-build" contracts for non-tolled highway projects.

The bill would allow the use of money in the General Revenue – Dedicated Highway Beautification Account for the regulation of outdoor signs on rural roads. The bill would require the deposit of certain license fees and penalties related to the regulation of outdoor signs on rural roads to the General Revenue – Dedicated Highway Beautification Account rather than the State Highway Fund. The bill would require a municipality to pay just compensation to the owner of a sign if the removal of a sign is required because of a road project and the relocation of the sign is prohibited by local charter or ordinances.

The bill would create the Texas Department of Motor Vehicles (DMV) and a board of the DMV consisting of seven members appointed by the Governor with the advice and consent of the Senate. The bill would require the transfer of all powers, duties, obligations, rights of action, personnel, furniture, computers, other property and equipment, files, and related materials of the Motor Carrier Division, Motor Vehicle Division, Vehicle Titles and Registration Division, and the Automobile Burglary and Theft Prevention Authority Office of TxDOT to the DMV on December 1, 2009. The bill would transfer and re-appropriate to the DMV in fiscal year 2010 any unobligated and unexpended balance of any appropriations made to TxDOT for the state fiscal biennium ending August 31, 2009 (2008-09 biennium) for the transferred programs.

The bill would establish a rail transportation division within TxDOT and would establish certain duties of the division related to the transportation planning, development, and financing for passenger and freight rail.

The bill would require TxDOT to manage a system of changeable message signs on highways under the jurisdiction of TxDOT for the purpose of mitigating traffic congestion and providing information to the travelling public.

The bill would take effect on September 1, 2009.

Methodology

Based on the analysis and information provided by TxDOT and Sunset Advisory Commission staff, it is assumed the elimination of the five-member transportation commission (effective January 1, 2011) would result in a cost savings to the State Highway Fund of \$420,862 in fiscal year 2011 and \$637,671 each year thereafter from the elimination of salaries for five commissioners and five assistants (5 full-time-equivalent [FTE] positions) and the associated travel, operating, and employee benefits costs. It is assumed the salary costs for the full-time, appointed Commissioner of Transportation would be accommodated within existing resources.

Based on the analysis of Sunset Advisory Commission staff, it is assumed 6 FTEs and approximately \$1.2

million in State Highway Fund appropriations would transfer from TxDOT to the TLOC to assist in implementing the duties of the TLOC prescribed by the bill.

Based on the information provided by TxDOT and Sunset Advisory Commission Staff, it is assumed the elimination of the newspaper advertising requirement for upcoming contracts would result in an annual savings to the State Highway Fund of approximately \$950,000 each year.

Based on the analysis of Sunset Advisory Commission staff it is assumed the provisions of the bill that require the deposit of outdoor rural sign fee and penalty revenues to the General Revenue – Dedicated Highway Beautification Account No. 27 instead of the State Highway Fund would result in a \$115,000 revenue gain to the General Revenue - Dedicated Fund and a corresponding decrease to State Highway Fund in each fiscal year.

Based on the analysis and information provided by TxDOT and Sunset Advisory Commission staff, it is assumed the new DOV would require an additional four FTEs: one Executive Director (\$150,000 per year), two FTEs for executive management and board support (\$209,600 total per year), and one auditor position (\$66,838 per year). Employee benefits costs associated with the four new FTEs is estimated to be \$121,833 per year (28.57 percent of annual salary). It is assumed the travel and support expenses for the nine-member board of the DOV would cost an estimated \$44,296 each year. Since the transfer of powers and duties would not be effective until December 1, 2009, this analysis assumes only 75 percent of the increased costs would be required in fiscal year 2010. It is assumed any unobligated and unexpended TxDOT appropriations from the 2008-09 state fiscal biennium would be re-appropriated to the DMV and would be used to cover any additional transition costs. It is also assumed 712 FTEs and approximately \$109.5 million in appropriations would transfer from TxDOT to the new DMV. It is assumed any appropriations transferred from TxDOT and any new appropriations made to the new DMV would be made from the State Highway Fund.

Based on the analysis of TxDOT and Sunset Advisory Commission staff, it is assumed the establishment of a rail transportation division within TxDOT would require one additional FTE for a division director at a salary of \$64,435 each year. Employee benefits costs for the additional FTE are estimated to be \$18,409 each year.

Based on the analysis of TxDOT and Sunset Advisory Commission staff, it is assumed the transportation planning and coordination between TxDOT and MPOs and RPOs could be accommodated within existing resources. Additionally, it is assumed any staff and funding assistance provided by TxDOT to RPOs would be accommodated within the department's existing transportation planning budget.

Based on the analysis of TxDOT, it is assumed any other costs or duties associated with implementing the provisions of the bill could be absorbed within existing resources.

Local Government Impact

The potential costs to municipalities to compensate owners of outdoor signs under the provisions of the bill would vary. Costs for compensation are likely to be higher for cities with more stringent billboard ordinances.

Source Agencies: 116 Sunset Advisory Commission, 308 State Auditor's Office, 601 Department of Transportation

LBB Staff: JOB, KJG, MW, TG