

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 13, 2011

TO: Honorable Larry Phillips, Chair, House Committee on Transportation

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

IN RE: SB1035 by Williams (Relating to motor vehicle title services; providing penalties.),
Committee Report 2nd House, Substituted

It is assumed the provisions of the bill would result in an indeterminate revenue gain to the State Highway Fund in amounts that would exceed costs to the State depending on the amount of the licensing fee that would be established by the Department of Motor Vehicles.

The bill would amend Subchapter E, Chapter 520 of the Transportation Code, relating to motor vehicle title services, to authorize any county to require a motor vehicle title service or a title service runner to obtain a permit from the county in which the titles are required to be filed (rather than a required license in certain counties under current law). The bill would authorize a county tax assessor-collector to charge a permit fee in an amount not to exceed the amount of the applicable licensing fee established by DMV as authorized under other provisions of the bill. The bill would authorize a civil penalty not to exceed \$10,000 for each violation of the provisions of Subchapter E, Chapter 520, and require an applicable county to make rules to establish factors to be considered in determining the amount of a civil penalty assessed by a county. The bill would create a state jail felony for operating without a required county permit or violations of certain county permitting provisions.

The bill would add new Subchapter F to Chapter 520 of the Transportation Code to require motor vehicle title services and title service runners to obtain a license from the Department of Motor Vehicles (DMV), in addition to a county permit from an applicable county, to conduct business in Texas. The bill would require a title service license applicant to demonstrate to DMV evidence of an established and permanent place of business and proof of a properly executed surety bond as prescribed by the bill. The bill would require DMV by rule to establish license fees in amounts not to exceed \$500 for an original license and \$200 for a renewal, the proceeds of which would be deposited to the State Highway Fund. The bill would require the board of the DMV to establish rules for the term of a license and renewal of a license. The bill would require the DMV to prescribe license applications forms and authorize DMV to prescribe forms for the recording and maintenance of certain transaction information by license holders. The bill would require DMV to adopt rules that establish grounds for the denial, suspension, revocation, or reinstatement of a license and procedures for disciplinary action. The bill would authorize a civil penalty not to exceed \$10,000 for each violation of the provisions of new Subchapter F, Chapter 520, and require DMV to make rules to establish factors to be considered in determining the amount of a civil penalty. A civil penalty collected under Subchapter F would be deposited to the State Highway Fund. The bill would authorize DMV to investigate complaints involving an alleged violation of new Subchapter F or a rule adopted under that Subchapter. The aforementioned provisions of the bill would take effect on January 1, 2012.

The bill would require DMV to adopt rules and forms required by the bill no later than November 1, 2011.

Except as otherwise provided by the bill, the bill would take effect on September 1, 2011.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

Based on a survey of County Tax-Assessor Collectors conducted by DMV, DMV anticipates that approximately 3,999 initial license applications would be received and approximately 2,832 licenses would be issued under the new state licensing program for motor vehicle title services and title service runners. Based on the information and analysis provided by DMV, it is assumed the agency would require 5 additional Licensing Specialist employees at a salary of \$33,966 each to process license applications, review criminal history background checks on applicants, and to verify each applicant's proof of permanent place of business. Total annual costs for the 5 additional employees is estimated to be \$217,145 including \$169,830 for salaries and \$47,315 for employee benefits (estimated to be 27.86 percent of salary costs) beginning in fiscal year 2012. Also based on the analysis of DMV, it is assumed the agency would retrieve criminal history background information from the Department of Public Safety database at a cost of \$1 per application for a total estimated cost of \$3,999 each fiscal year beginning in 2012. For the purposes of this analysis, it is assumed these costs would be covered by State Highway Fund 0006.

Based on the analysis of DMV, it is assumed any additional costs associated with implementing the provisions of the bill could be absorbed within the agency's existing resources.

Because the amount of the licensing and renewal fees that may be established by DMV rules under the provisions of the bill is unknown, the amount of licensing fee collections and deposits to State Highway Fund 0006 cannot be determined at this time. However, based on the analysis of the Comptroller's office, it is assumed the fee provisions of the bill would result in an indeterminate revenue gain to the State Highway Fund. This analysis assumes DMV would establish licensing fees in amounts that would generate revenue collections sufficient to exceed the direct and indirect costs of implementing the state licensing and regulatory provisions of the bill.

Local Government Impact

The bill would authorize a county tax assessor-collector to charge a permit fee, in an amount not to exceed the amount of the applicable state licensing fee, to cover the administrative costs of complying with the provisions of the bill.

Texas Association of Counties (TAC) surveyed Williamson, Brazoria, and Dallas counties with regards to the anticipated fiscal impact of the bill. Williamson County reported that the fee is anticipated to cover the costs of complying with the provisions of the bill. Brazoria County and Dallas County anticipate a positive, though not significant, fiscal impact associated with the bill.

TAC anticipates that the bill's fiscal impact will be neutral or slightly positive in most counties.

Source Agencies: 304 Comptroller of Public Accounts, 608 Department of Motor Vehicles

LBB Staff: JOB, KJG, MW, TG, KKR