

SUBJECT: Continuing the Automobile Theft Prevention Authority

COMMITTEE: Transportation — committee substitute recommended

VOTE: 8 ayes — Alexander, Siebert, Edwards, Finnell, Hartnett, Hawley, Hill,  
Uher

0 nays

1 absent — Pickett

WITNESSES: For — Tom Martin, Texas Police Chiefs Association

Against — Donald Nettle, USAA; Melinda Wheatley, Texas Public Policy  
Foundation; Linda Young; Dawna Hubert

On — Katherine Closmann, Sunset Advisory Committee; Patty Williams,  
Chair, Automobile Theft Prevention Authority

BACKGROUND : The Texas Automobile Theft Prevention Authority (ATPA) was established  
in the criminal justice division of the Governor's Office in 1991 to assess the  
impact of automobile theft and analyze the various methods of combatting  
the problem in Texas. ATPA provides funding for public education and  
grants to pay salaries for local police and for other law enforcement tools to  
prevent auto theft. It is funded primarily through an assessment on  
automobile insurance policies sold in Texas, set at \$1 per motor vehicle year  
of insurance. Insurance companies remit all assessments for the preceding  
year by March 1 to the automobile theft prevention fund.

In 1995, the Legislature transferred operation and management of ATPA to  
the Texas Department of Transportation (TxDOT).

In fiscal 1996, ATPA had a budget of \$17.5 million and a staff of seven  
employees.

The authority is subject to the Sunset Act and underwent Sunset Advisory  
Commission review during the interim. It is scheduled to expire on  
September 1, 1997, unless continued by the Legislature.

**DIGEST:** CSHB 1387 would continue ATPA under TxDOT and remove it from separate Sunset review. The bill would eliminate the automobile theft prevention fund, change ATPA funding procedures, and limit its authority to use funds.

The bill would specify that ATPA could use only money appropriated to TxDOT for authority purposes. Excepting legal services provided by the Office of the Attorney General (OAG), ATPA could use only TxDOT staff to carry out its duties. TxDOT would provide personnel and services per prior agreement with the authority. ATPA and TxDOT would jointly develop and implement policies to distinguish ATPA's policymaking responsibilities from TxDOT's management responsibilities.

ATPA would be required to contract with OAG at an agreed cost for the use and enhancement of existing computer networks to investigate, apprehend, and prosecute auto theft carried out by organized crime groups.

The services that OAG and TxDOT provided to ATPA would have to be paid from appropriations made for authority purposes. Administrative expenses — including salaries, travel and marketing, and other overhead — could not exceed eight percent of ATPA's total expenditures in the fiscal year.

CSHB 1387 also would modify the schedule by which insurance companies remit the required assessments to the authority. Insurers would have to remit by March 1 fees paid on policies issued, delivered, or renewed during the period July 1 to December 31 of the previous year. Fees on policies issued, delivered or renewed during the period January 1 through June 30 would have to be paid by August 1 of the same year.

Other changes proposed by the bill include standard Sunset Advisory Commission recommendations on gubernatorial appointment of the presiding officer, grounds for removal of members, conflict of interests, training for members, public access, and financial reporting.

The bill would take effect September 1, 1997. The revised schedule for remitting assessments on insurance policies would take effect August 1, 1998.

SUPPORTERS  
SAY:

CSHB 1387 would help strengthen ATPA's ability to carry out its mission and clarify its relationship with TxDOT. The changes proposed by the bill would allow TxDOT to assume more responsibility for administrative tasks and management duties, freeing ATPA to devote full attention to its primary job of making sure state and local law enforcement agencies and organizations have the tools the need to prevent auto thefts around the state.

The bill would not alter the basic structure of ATPA as an essentially independent body focused on the prevention of auto thefts and recovery of stolen vehicles. At the same time, the bill would enable tighter management and administrative control to be exercised by TxDOT, an agency with considerable experience in these areas. These measures would help increase the efficiency of ATPA and ultimately lower its administrative costs and overhead, since even a small organization with only seven full-time employees still requires a minimum level of administrative expense. The current board of ATPA is fully supportive of the changes mandated by the bill. The two entities have forged positive working relationships in the two years that ATPA has been housed within TxDOT.

CSHB 1387 would cap total expenditures for personnel. This cap would guarantee that the assessments paid to the authority are indeed used for the purpose of preventing auto theft in Texas.

In addition to more efficient operations at the authority, HB 1387 would generate a positive financial impact for the state by modifying the way in which insurers remit their assessments. The fiscal note to the bill estimates a net positive impact of more than \$6.4 million to general revenue related funds through fiscal 1999, due increased interest earnings. The new schedule for payments would not increase the amounts owed by insurers or otherwise adversely affect the industry. These assessments are fees owed to the state; Texas does itself a disservice by allowing insurers to keep taxpayer money for extended periods of time. Under the current schedule, assessments collected on policies in January of one year are not due until March of the next year. The proposed schedule would increase the frequency of payments to twice a year, but still allow insurers plenty of time to remit the assessments.

OPPONENTS  
SAY:

CSHB 1387 would compromise ATPA's mission and goals by diminishing its independent status. Under CSHB 1387, ATPA would lose authority to hire and pay its own staff, making it totally dependent on TxDOT for the conduct of essential business. Since ATPA could only obtain services by or through TxDOT, its independent status would be in name only.

ATPA has shown itself to be a very effective agency during its few years of existence. Since it was established, the rate of auto theft in Texas has been reduced by 41 percent. ATPA has been judged as the most effective auto theft prevention agency in the nation. Its small size has allowed the authority to maintain great flexibility and initiative in responding to the concerns of the general public and law enforcement, in marked contrast to the process-oriented methods typical of a large, bureaucratic structure.

When a small agency is consolidated within a massive organization like TxDOT, it often must compete for attention with older established programs. In addition, because of the bureaucracy inherent in large bodies, the small agency may find it difficult to retain the flexibility to make rapid responses to changing circumstances among its target group of grantees.

OTHER  
OPPONENTS  
SAY:

CSHB 1387 would place an unfair burden on insurance companies in Texas. Insurers already are forced to collect ATPA assessments and forward them to the authority once a year. The recordkeeping and paperwork requirements, which are considerable now, would be magnified by a twice-yearly remittance process.

Furthermore, the positive fiscal impact that would be generated by this change would be a "one-time speed-up," according to the comptroller. After fiscal 1999, the change actually would produce a negative impact due to interest losses.

NOTES:

The committee substitute deleted a requirement that ATPA contract with TxDOT for staff, imposed requirements that the two entities develop an agreement on provision of personnel and services and coordinate policies to separate their areas of responsibility, and required ATPA to contract with OAG on a computer network

The companion bill, SB 355 by Armbrister, has been referred to the Senate State Affairs Committee.