

SUBJECT: Modifying processes governing TxDMV fees

COMMITTEE: Appropriations — committee substitute recommended

VOTE: 25 ayes — Pitts, Sylvester Turner, Ashby, Bell, G. Bonnen, Carter, Crownover, Darby, S. Davis, Dukes, Howard, Hughes, S. King, Longoria, Márquez, McClendon, Muñoz, Jr., Orr, Otto, Patrick, Perry, Price, Raney, Ratliff, Zerwas

0 nays

1 absent — Gonzales

1 present, not voting — Giddings

WITNESSES: For — Lori Levy, Texas Association of Realtors (*Registered, but did not testify*); Jim Allison, County Judges and Commissioners Association of Texas; Jay Barksdale, Dallas Regional Chamber; Victor Boyer, San Antonio Mobility Coalition, Inc.; Rebecca Bray, Real Estate Council of Austin; Gary Bushell, U S 190/Gulf Coast Strategic Highway Coalition, Alliance for I 69 Texas; C. Brian Cassidy, Alamo RMA, Cameron County RMA, Camino Real RMA, Central Texas RMA, Grayson County RMA, North East Texas RMA; Don Durden, Civil Engineering Consultants; John Esparza, Texas Motor Transportation Association; Daniel Gonzalez, Texas Association of REALTORS; Duane Gordy, Community Development Education Foundation; Tom Griebel, Transportation Advocates of Texas; Leslie Harlan, Wts-San Antonio; Debbie Ingalsbe, County Judges and Commissioners Association of Texas; Brandon Janes, Transportation Advocates of Texas; Dennis Kearns, BNSF Railway; James LeBas, TxOGA; Jennifer McEwan, Texas Transportation Alliance; Stephen Minick, Texas Association of Business; Eddie Miranda, Greater Houston Partnership; Seth Mitchell, Bexar County Commissioners Court; Martin Molloy, Dallas Regional Chamber; Scott Norman, Texas Association of Builders; Lawrence Olsen, Texas Good Roads Assn; TJ Patterson, City of Fort Worth; Jim Reed, San Antonio Medical Foundation; Louis Rowe, Goetting and Associates; Rider Scott, Transportation Advocates of Texas; Tom Sellers, Conocophillips; Tom Shaw, South Chamber of San Antonio Vic Suhm, Tarrant Regional Transportation Coalition; Chelsey Thomas, Texas Association of Realtors; Michael Vasquez, Texas Conference of

Urban Counties; Kelli Borbon; Rob Killen; John Shackett)

Against — (*Registered, but did not testify*: Chris Cornell, Reece Albert, Inc.; John Stuart, National Association of Social Workers Texas Chapter)

On — Victor Vandergriff, TxDMV (*Registered, but did not testify*: Whitney Brewster, , Michael Endlich, Linda Flores, and Jeremiah Kuntz TxDMV)

BACKGROUND: The 81st Legislature in 2009 enacted HB 3097 by McClendon, which created the Texas Department of Motor Vehicles (TxDMV) as a separate state agency and transferred to it certain functions previously performed by the Texas Department of Transportation. TxDMV became operational on November 1, 2009.

DIGEST: CSHB 2022 would modify provisions and transfers of funds from State Highway Fund (Fund 6) to the TxDMV.

The Texas Department of Motor Vehicles fund. The bill would establish the TxDMV fund as a special fund in the treasury outside the general revenue fund and the state highway fund. The fund would consist of:

- money appropriated by the legislature to TxDMV;
- money allocated to pay fund accounting costs and related liabilities of the fund;
- gifts, grants, and donations received by the department;
- money required by law to be deposited to the fund;
- interest earned on money in the fund; and
- other revenue received by the department.

Money appropriated to TxDMV for the Automobile Burglary and Theft Prevention Authority purposes could not be deposited into the fund.

Money required to be deposited in the TxDMV fund could be used only:

- to support TxDMVs operations and the administration and enforcement of the its functions; or
- to pay the accounting costs and related liabilities for the fund, including fringe benefits, workers' compensation, and

unemployment compensation.

Method of finance. The bill would amend various provisions of the Transportation Code to direct certain fees or portions of fees currently deposited to Fund 6 to the TxDMV fund, including fees related to the titling and registration of vehicles, issuance of license plates, registration and regulation of commercial vehicles, and issuance of disabled parking placards.

Registration process and handling fee. TxDMV could collect a fee, in addition to other registration fees for the issuance of a license plate, a set of license plates, or another device used as the registration insignia, to cover the expenses of collecting those registration fees, including a service charge for registration by mail.

The TxDMV board would set the fee by rule in an amount that included the existing \$1 fee for mail-in registration, and was sufficient to cover the expenses associated with collecting registration fees by:

- TxDMV
- a county tax assessor-collector;
- a private entity with which a county tax assessor-collector contracts; or
- a deputy assessor-collector that is deputized in accordance with rules.

The county tax assessor-collector, a private entity with which a county tax assessor-collector contracted, or a deputy assessor-collector could retain a portion of the fee collected as provided by board rule. Remaining amounts collected would be deposited to the credit of the TxDMV Fund.

The TxDMV board could adopt a fee, currently set in statute at \$1, of between 50 cents and \$1 for registration and tiling. The fee would be deposited into a subaccount in the TxDMV Fund.

Other provisions. TxDMV's executive director could authorize a business to perform a department function in accord with rules determined by the TxDMV board.

The TxDMV board would adopt rules to determine the classification types

of:

- deputies performing titling and registration duties;
- the duties and obligations of deputies;
- the type and amount of any bonds that may be required for a deputy to perform titling and registration duties; and
- the fees that may be charged or retained by deputies.

A county assessor-collector could deputize an individual to perform titling and registration services with the approval of the county commissioners court.

**SUPPORTERS
SAY:**

CSHB 2022 would consummate the financial transition of duties related to titling and registration of vehicles from TxDOT to TxDMV that began in 2009 when the Legislature moved administrative functions to the new agency. The legislation that completed the transition to the TxDMV provided for the transfer of duties and related appropriations from TxDOT to TxDMV. The Legislature did not at the time, however, revise the financial framework to mirror the change in practice. Funds collected for TxDMV were still deposited into Fund 6, where TxDOT would accordingly transfer the portion of funds appropriated to TxDMV.

CSHB 2022 would uphold the 83rd Legislature's priority of pursuing truth in taxation and honest budgeting practices. The bill would eliminate the practice of revolving funds destined for and collected by TxDMV through Fund 6 and TxDOT. Creating a clear path for these funds, in addition to improving transparency, enhances administrative efficiency. Funds collected for a specific purpose go to a fund set up to finance that purpose.

The bill also would move to the TxDMV fund \$59 million collected for vehicle registration automation that have been languishing in Fund 6. These funds are dedicated by statute to registration purposes, but have been sitting idle in Fund 6. The bill would move this balance to the TxDMV fund, where it could be appropriated for its intended purposes.

The fee-setting authority the bill would grant to the TxDMV board would be a good governance measure designed to allow the board sufficient flexibility to set uniform fees for services that cover costs of administration. There is no reason to believe the board would significantly increase fees. The bill only authorizes the board to set the fee to cover costs and, in addition, all amounts are subject to appropriation by the

Legislature.

**OPPONENTS
SAY:**

Increasing the authority of the TxDMV board to set fees could open the door to higher fees for current services. Costs may be more likely to rise where a body is given the authority to increase fees to match. Vehicle registration-related fees are regressive in that they place heavier burdens on low-income individuals, who depend on their vehicles as a means of work and transportation.

NOTES:

The Legislative Budget Board fiscal note estimates a net gain to the TxDMV fund of \$161.4 million in fiscal 2014 and \$103.6 million in fiscal 2015. This gain would be attended with a corresponding net loss to Fund 6.