

SUBJECT: Re-establishing the Texas Department of Motor Vehicles fund

COMMITTEE: Transportation — committee substitute recommended

VOTE: 12 ayes — Pickett, Martinez, Burkett, Y. Davis, Fletcher, Harless, Israel, Minjarez, Murr, Paddie, Phillips, Simmons

0 nays

1 absent — McClendon

SENATE VOTE: On final passage, April 20 — 30-0

WITNESSES: (*On House companion bill, HB 4115*)
For — (*Registered, but did not testify:* Vic Suhm, Tarrant Regional Transportation Coalition; Donald Lee, Texas Conference of Urban Counties; Vincent May)

Against — None

On — Jeremiah Kuntz, Texas Department of Motor Vehicles; (*Registered, but did not testify:* Whitney Brewster and Linda Flores, Texas Department of Motor Vehicles; James Bass, Texas Department of Transportation)

BACKGROUND: HB 2202 by Pickett, enacted by the 83rd Legislature, established the Texas Department of Motor Vehicles (TxDMV) fund as a special fund in the treasury outside the general revenue fund and State Highway Fund.

Under Transportation Code, ch. 1001, subch. E established by HB 2202, the fund may be used only to support TxDMV's operations and duties and to pay the accounting costs and related liabilities for the fund. The fund consists of money statutorily dedicated to TxDMV, money appropriated to TxDMV by the Legislature, and certain other funds. In addition, under Sec. 502.356, HB 2202 authorized the department to collect a fee of up to \$1 per registration to be deposited in the fund to help pay for the automation of certain TxDMV registration and titling services.

HB 6 by Otto, also enacted by the 83rd Legislature, consolidated general revenue dedicated funds into general revenue, including the TxDMV fund. As a result, TxDMV currently is funded through general revenue, rather than the TxDMV fund as specified by HB 2202.

DIGEST:

CSSB 1512 would re-create the Texas Department of Motor Vehicles fund as a special fund in the state treasury outside the general revenue fund to support the operations and duties of Texas Department of Motor Vehicles. The fund would be supported under the terms established by HB 2202 by Pickett, enacted by the 83rd Legislature, and all revenue dedicated for deposit to the credit of the Texas Department of Motor Vehicles fund by that bill would be rededicated for that purpose by CSSB 1512.

On September 1, 2016, the comptroller would be required to transfer \$23 million from the general revenue fund to the Texas Department of Motor Vehicles fund.

The bill would take effect September 1, 2016.

**SUPPORTERS
SAY:**

CSSB 1512 would establish a source of funding for the Texas Department of Motor Vehicles (TxDMV) separate from the State Highway Fund and general revenue by re-creating the TxDMV fund. This would improve transparency in funding state agencies by ensuring that statutorily dedicated fees were used for their intended purposes.

The bill is a revenue-neutral measure that would ensure TxDMV had dedicated funding to support its operations, including its program to operate and adopt industry-standard technology for vehicle registrations using the \$1 automation fee authorized under Transportation Code, sec. 502.356. In total, according to the Legislative Budget Board's fiscal note, the fund would receive about \$126.8 million from general revenue in fiscal 2017, in addition to the \$23 million required by the bill, for a total of \$149.8 million to support TxDMV functions.

OPPONENTS
SAY: No apparent opposition.

NOTES: CSSB 1512 differs from the Senate-engrossed version in the revenue it would initially transfer to the Texas Department of Motor Vehicles fund. SB 1512 as engrossed would direct the comptroller to transfer an amount equal to the total amount of automation fees collected by TxDMV between November 1, 2009, and August 31, 2013, from the State Highway Fund, which according to the Legislative Budget Board (LBB) totals \$84.4 million. CSSB 1512 instead would direct the comptroller to transfer \$23 million from general revenue to the Texas Department of Motor Vehicles fund.

According to the LBB's fiscal note, CSSB 1512 would have a negative impact of \$149.8 million on general revenue during fiscal 2016-17, with a corresponding gain to the re-created Texas Department of Motor Vehicles fund during the same period.

The House companion bill, HB 4115 by Pickett, was reported favorably out of the House Transportation Committee on May 7 and sent to the Calendars Committee on May 8.

The House on April 28 passed HB 6 by Otto, which contains provisions similar to CSSB 1512. HB 6 would re-create the Texas Department of Motor Vehicles fund and exempt it from funds consolidation, but it would not transfer money to the fund. HB 6 has been referred to the Senate Finance Committee.