AN ACT
relating to the issuance of specialty license plates to honor recipients of the Commendation Medal with Valor and Military Outstanding Volunteer Service Medal.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
SECTION 1. Section 504.3015(a), Transportation Code, is amended to read as follows:
(a) A person applying for a set of license plates under this subchapter shall pay the registration fee required under Chapter 502 and the applicable special plate fee required under this section, except that one set of license plates shall be issued [under Section 504.308, 504.315, or 504.319] without the payment of the registration fee under:
(1) Section 504.308;
(2) Section 504.315, other than Subsections (c) and (q) of that section; and
(3) Section 504.319.
SECTION 2. Section 504.315, Transportation Code, is amended by adding Subsections (c) and (q) to read as follows:
(c) The department shall issue specialty license plates for recipients of the Commendation Medal with Valor for each branch of the military and for joint service. License plates issued under this subsection must include the appropriate Commendation Medal emblem and must include the name of the medal at the bottom of each
License plates issued under this subsection that are not personalized must also include the letter "V" as a prefix or suffix to the numerals on each plate.

(q) The department shall issue specialty license plates for recipients of the Military Outstanding Volunteer Service Medal. License plates issued under this subsection must include the Military Outstanding Volunteer Service Medal emblem and must include the words "Military Outstanding Volunteer Service Medal" at the bottom of each plate.

SECTION 3. This Act takes effect September 1, 2017.
S.B. No. 1371

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1371 passed the Senate on April 19, 2017, by the following vote: Yeas 30, Nays 0, one present not voting.

Secretary of the Senate

I hereby certify that S.B. No. 1371 passed the House on May 24, 2017, by the following vote: Yeas 145, Nays 1, two present not voting.

Chief Clerk of the House

Approved:

6-10-2017

Date

Governor

FILED IN THE OFFICE OF THE SECRETARY OF STATE
3 P.M. O'CLOCK

Secretary of State
TO: Honorable Robert Nichols, Chair, Senate Committee on Transportation

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1371 by Menéndez (Relating to the issuance of specialty license plates to honor recipients of the Commendation Medal with Valor and Military Outstanding Volunteer Service Medal.), Committee Report 1st House, Substituted

The bill would amend Transportation Code §504.315 to require the Texas Department of Motor Vehicles to issue specialty license plates for recipients of the Commendation Medal with Valor for each military branch and for joint service and recipients of the Military Outstanding Volunteer Service Medal. A person applying for a set of license plates would be required to pay the regular vehicle registration fees required under Chapter 502 of the Transportation Code. There would be no additional fee for the specialty plates. The bill would take effect on September 1, 2017.

Based on LBB's analysis of information provided by TxDMV, it is assumed any costs or duties associated with implementing the provisions of the bill could be absorbed within existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 601 Department of Transportation, 608 Department of Motor Vehicles

LBB Staff: UP, AG, EH, TG
TO: Honorable Robert Nichols, Chair, Senate Committee on Transportation

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1371 by Mendndez (Relating to the issuance of specialty license plates to honor recipients of the Commendation Medal, Commendation Medal with Valor, and Military Outstanding Volunteer Service Medal.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB1371, As Introduced: an impact of $0 through the biennium ending August 31, 2019.

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

General Revenue-Related Funds, Five-Year Impact:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$0</td>
</tr>
<tr>
<td>2019</td>
<td>$0</td>
</tr>
<tr>
<td>2020</td>
<td>$0</td>
</tr>
<tr>
<td>2021</td>
<td>$0</td>
</tr>
<tr>
<td>2022</td>
<td>$0</td>
</tr>
</tbody>
</table>

All Funds, Five-Year Impact:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Probable Revenue (Loss) from State Highway Fund 6</th>
<th>Probable Revenue (Loss) from Tx Dept of Motor Vehicles Fnd 10</th>
<th>Probable Revenue (Loss) from Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>($14,842,170)</td>
<td>($738,942)</td>
<td>($4,475,875)</td>
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<tr>
<td>2019</td>
<td>($15,064,804)</td>
<td>($750,026)</td>
<td>($4,543,013)</td>
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<td>2020</td>
<td>($15,290,779)</td>
<td>($761,276)</td>
<td>($4,611,160)</td>
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<td>2021</td>
<td>($15,520,779)</td>
<td>($772,693)</td>
<td>($4,680,314)</td>
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<tr>
<td>2022</td>
<td>($15,752,910)</td>
<td>($784,284)</td>
<td>($4,750,522)</td>
</tr>
</tbody>
</table>

Fiscal Analysis

The bill would amend Transportation Code §504.315 to require the Texas Department of Motor
Vehicles to issue specialty license plates for recipients of the Commendation Medal and Commendation Medal with Valor for each military branch and for joint service and recipients of the Military Outstanding Volunteer Service Medal. The bill would repeal Transportation Code §504.320, as added by enactment of House Bill 127, Eighty-fourth Legislature, 2015, relating to the issuance of Commendation Medal specialty license plates.

The bill would take effect on September 1, 2017.

Methodology

Transportation Code §504.3015 authorizes the issuance of one set of license plates established under §504.315 without payment of vehicle registration fees under Chapter 502. The bill would add the existing Commendation Medal plates to §504.315 and create five new Commendation Medal with Valor plates, and a new Military Outstanding Volunteer Service Medal specialty plate within §504.315. The Texas Department of Motor Vehicles (TxDMV) estimates a significant number of plate applicants due to the waived vehicle registration fees. Based on the information and analysis below, it is assumed approximately 301,609 eligible applicants would register vehicles with the new specialty plate without payment of the regular registration fees beginning in fiscal year 2018, resulting revenue losses of $14.8 million to the State Highway Fund 6 (SHF), $0.7 million to the Texas Department of Motor Vehicles Fund 10 (TxDMV Fund), and $4.5 million to the counties. This analysis assumes the number of vehicle registrations and revenue losses would increase by 1.5 percent each fiscal year thereafter.

Based on the Army having awarded 1.4 million Commendation Medals and 86,000 Commendation with Valor Medals to date and the ratios of veterans for all branches of service from the Veterans Administration, TxDMV estimates that 3.0 million Commendation Medals and 190,000 Commendation with Valor Medals have been awarded to date nationally to all branches of the military. Of these, TxDMV estimates 13 percent are Texans. Based on TxDMV's assumption that 50 percent of those eligible would apply for this plate in the first year and applying a 1.5 percent annual growth rate, it is estimated that 200,894 Commendation Medal recipients and 12,878 Commendation Medal with Valor recipients are expected to apply for a new plate under the bill's provisions.

To estimate the number of Texas residents who have received the Military Outstanding Volunteer Service Medal, TxDMV compared the rate of civilian volunteerism measured in 2015 by the U.S. Department of Labor Bureau of Labor Statistics and found 25 percent of Americans volunteer through or for an organization at least once in one year. For the purposes of this analysis, it is assumed 20 percent of volunteers would be awarded the medal. Using that information and applying a 1.5 percent annual growth rate, TxDMV estimates that 87,837 of Texas' nearly 1.7 million veterans would be eligible and apply for the specialty plate in FY 2018.

The average passenger vehicle and light truck registration fee is $50.75 per year. Revenue from the registration fee is split between the state (95 percent to the SHF) and local government (5 percent to the counties). For the purposes of this analysis, it is assumed all specialty plate applications would be for passenger vehicles or light trucks, and an annual growth rate of 1.5 percent is applied to estimate the number of new plate applications each fiscal year. TxDMV registration processing and handling fees vary depending on how the transaction is processed. For this analysis, TxDMV assumes all processing and handling fees are from walk-in/mail-in transactions which are charged a $4.75 processing and handling fee that is split between the state ($2.45) and the counties ($2.30). The state share is deposited to the TxDMV Fund (Fund 0010). For this analysis, it is assumed that the entire $1.00 Department of Public Safety - Vehicle Financial Responsibility fee collected will be deposited to the SHF.
Counties would experience a revenue loss from optional local fees which vary by county. For this analysis, TxDMV assumes the county Road and Bridge fee is $10 per vehicle registration.

Based on LBB's analysis of information provided by TxDMV, it is assumed any costs or duties associated with implementing the provisions of the bill could be absorbed within the agency's current resources.

Local Government Impact

Counties would experience a loss of registration fee revenue. Revenue losses would vary by county depending on the number of vehicles registered with the specialty plate without payment of regular vehicle registration fees and optional county fees as applicable.

Source Agencies: 601 Department of Transportation, 608 Department of Motor Vehicles

LBB Staff: UP, AG, EH, TG, LBO