

SUBJECT: Requiring refusal of vehicle registration for failure to pay certain fees

COMMITTEE: Transportation — favorable, without amendment

VOTE: 8 ayes — Krusee, Phillips, Harper-Brown, Deshotel, Haggerty, Hill, Macias, Murphy
1 nay — Harless

SENATE VOTE: On final passage, May 3 — 31-0, on Local and Uncontested Calendar

WITNESSES: No public hearing

BACKGROUND: Transportation Code, sec. 502.185 allows a county assessor-collector or the Texas Department of Transportation (TxDOT) to refuse to register a motor vehicle if its owner has outstanding fines, fees, or taxes with the county that have been unpaid for at least 90 days. A county can contract with TxDOT to provide applicable information under this program and can charge an additional late fee to the vehicle owner to reimburse TxDOT for expenses incurred in providing services under the contract. The county must notify the agency when no past-due payments remain, whether through payment, successful appeal, or other means. Once the vehicle owner's delinquent payments have been resolved, registration no longer may be denied.

County assessor-collectors act as agents of TxDOT in renewing vehicle registrations and collecting annual vehicle registration fees. The State Highway Fund (Fund 6) receives two-thirds of the revenue generated by the fees, and the counties keep the remaining one third.

DIGEST: SB 1897 would amend Transportation Code, sec. 502.185 to require TxDOT to refuse registration of a vehicle if the owner had not paid county fines, fees, or taxes for at least 90 days. The county would be required to send a notice of delinquency to TxDOT, which then would notify the vehicle owner in writing that registration would be refused until all outstanding charges had been reconciled. A notice from the county to TxDOT and the subsequent notice from TxDOT to the owner would have to include:

- the name of the owner and the license number or vehicle identification number of the vehicle;
- the amount of each fine, fee, or tax that was past due;
- the name of the entity to which each fine, fee, or tax was due; and
- the address of the office where payment of each fine, fee, or tax could be made or sent and the telephone number for that office.

The bill would add a time frame – within three business days of final resolution – in which a county assessor-collector would be required to notify TxDOT when a vehicle owner no longer was delinquent on any county payments. It would require a county to send the notice before imposing any additional fees to reimburse TxDOT for services rendered, and it would require that all fees be reasonable. Money sent to TxDOT under this program would be deposited to the credit of Fund 6. TxDOT would be authorized to enter into a contract with a private vendor to implement this program.

The bill would take effect September 1, 2010, at which time any contract between TxDOT and a county under this program would be terminated.

**SUPPORTERS
SAY:**

SB 1897 would take advantage of TxDOT's planned technical overhaul to create a more effective and efficient system to recover outstanding payments from motorists. It would make the registration refusal program mandatory for any county that opted to participate, yet it also would provide safeguards for vehicle owners by notifying them of outstanding fees and of the registration refusal instead of waiting for them to discover these issues at the assessor-collector's office.

Only a few counties participate in the current registration refusal program because of the technological deficiencies of its associated computer program. Only one outstanding payment or debt can be stored for each vehicle record, and any time another fee is added to a vehicle's record, it overwrites any previous outstanding fine. Any data contained in the system cannot be shared with other counties, and the problems with multiple records prevent TxDOT from cataloguing delinquent payments from different jurisdictions.

TxDOT's planned upgrade of its computer system would rectify the problems with today's system. The bill would account for these changes by creating a more effective program aimed at recovering delinquent payments. Delaying the effective date of the bill until 2010 would ensure

that the agency would have enough time to properly implement such a system. Although the refusal would be mandatory, the agency could provide leeway for a county assessor-collector to override a computer message denying vehicle registration to an owner if the owner provided documentation proving the outstanding payments had been resolved. The hope is that the new system would be less complicated for counties, prompting more to participate.

All residents should pay the associated fines any time they are caught breaking the law, but if a person believes there is little consequence for failing to remit a payment, those payments sometimes remain unpaid. Counties have limited ability and resources to seek out these delinquent offenders, and it would not necessarily be cost effective to actively pursue these people even if they had the manpower to do that. However, all vehicle owners have to renew their vehicle registration annually, and the penalties for failing to do that are more significant. By attaching these overdue fines to the ability to register the vehicle, this program provides a greater incentive to a vehicle owner to pay outstanding fines.

TxDOT would alert offenders through a notice informing them of delinquent payments and the refusal of registration. In doing so, this program would clearly inform drivers of the pending consequences. This process also would eliminate concerns about a vehicle owner being punished by mistake or without knowledge of a violation. It would protect county assessor-collectors from having to break the news to a vehicle owner attempting to renew a vehicle's registration. Adding a timeline for a refusal to be lifted upon payment would create further protection for vehicle owners and assessor-collectors, making it less likely that an owner would have to navigate a bureaucratic maze to ensure a clean record.

**OPPONENTS
SAY:**

Although this bill is aimed at recovering money for a county, it could end up doing the opposite if its main effect led more vehicle owners to opt not to register their vehicles. The state already has a huge problem convincing vehicle owners to register their vehicles, and any program that would hinder this process would result in reduced revenue for both the county and state for vehicle registration. It also would create additional problems for law enforcement, which would have an even harder time identifying ownership of unregistered vehicles on the roads.

Many people depend on vehicles for their livelihoods, and this bill would take away the ability of some drivers to earn the money needed to pay the

finer. It is unknown whether this program in fact would increase the number of people paying parking fines, and it is possible that drivers with large, outstanding fines instead illegally would forgo vehicle registration, exacerbating the financial impact this bill would have on counties and the state.

This bill could affect a number of innocent drivers who might be punished for someone else's action, such a college student driving a vehicle titled in a parent's name or a person who had purchased a vehicle from a driver who had not paid late fees. Even if a system could account for these scenarios in some instances, it would never be perfect and would penalize people who had not done anything wrong.

**OTHER
OPPONENTS
SAY:**

SB 1897 should provide a certain baseline for outstanding payments to ensure denying vehicle registration and its associated fees would be cost effective for both the county and TxDOT. On average, a driver pays about \$60 for vehicle registration, and any outstanding payments should at least surpass that figure. Aside from the time and cost of tracking and notifying an offender for a minimal fine, it would defeat the purpose of this measure if a county turned away a person from whom it would receive \$20 for a vehicle registration because the driver owed \$5 for a late fee.

This bill also should provide for the event that TxDOT's computer system is not complete when the bill would become effective in 2010. Because this program is dependent on the completion of the overhaul, such a contingency should be reflected in the legislation.