

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 601** HLS 19RS 828

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 16, 2019 5:58 PM	Author: BAGLEY
Dept./Agy.: Public Safety/Motor Vehicles	Analyst: Willis Brewer
Subject: Motor Vehicle Inspection Tax	

MTR VEHICLE/INSPECTION EG +\$34,800,000 SG RV See Note
Provides relative to a motor vehicle inspection tax

Proposed law establishes an annual \$10 motor vehicle inspection tax for all motor vehicles not required to obtain a certificate of inspection pursuant to R.S. 32:1301 through 1306. **Proposed law** requires the Dept. of Public Safety and Corrections, Office of Motor Vehicles (OMV) to retain \$1.25 of the tax and remit the remaining \$8.75 to the Dept. of Public Safety and Corrections, Office of State Police (OSP) for use in training of state police officers and traffic enforcement. **Proposed law** requires the secretary to adopt rules and regulations to implement the provisions of proposed law, including, but not limited to, rules governing collection by the OMV and remittance to the OSP. **Proposed law** will be effective if and when the Act that originated as House Bill 546 of the 2019 Regular Session of the Legislature becomes effective.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$34,800,000	\$34,800,000	\$34,800,000	\$34,800,000	\$34,800,000	\$174,000,000
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$34,800,000	\$34,800,000	\$34,800,000	\$34,800,000	\$34,800,000	\$174,000,000

EXPENDITURE EXPLANATION

Proposed law is a companion to HB 546 of the 2019 Regular Session and contingent upon that bill's passage. **Proposed law** may create a minimal expenditure impact (approximately \$12,174) to the Department of Public Safety (DPS), Office of Motor Vehicles (OMV) for an IT Applications programmer to make coding changes to the vehicle registration accounting system. This is anticipated to require 160 hours at \$75 per hour including Medicare costs for a total cost of approximately \$12,174 (160 hours x \$75 per hour x 1.45% Medicare). The Legislative Fiscal Office believes that any additional IT work associated with this legislation will be incremental in nature, and that the Department can potentially accomplish these tasks utilizing existing resources and budget authority. To the extent that numerous pieces of legislation are enacted that require additional programming efforts and system modifications, the Department will likely require additional resources.

Based on the average annual renewals of 1.4 M (see revenue section), the \$10 motor vehicle inspection tax as provided in **proposed law** will generate approximately \$4.35 M to OMV for general operating expenses, \$13.92 M to DPS Office of State Police (OSP) for the training of state police officers, and \$16.53 M to OSP for traffic enforcement.

REVENUE EXPLANATION

Proposed law will increase SGR revenues for the Department of Public Safety (DPS), Office of Motor Vehicles (OMV) by approximately \$4.4 M and for DPS Office of State Police (OSP) by approximately \$30.5 M, for a total increase of \$34.8 M from the \$10 motor vehicle inspection tax for all motor vehicles not required to obtain a certificate of inspection pursuant to R.S. 32:1301 through 1306. **Proposed law** will require these vehicles to pay the \$10 annual inspection fee at the time of the vehicle's registration or registration renewal. Renewals can be annual, biennial, and quadrennial.

OMV reports there are approximately 1.4 M renewals annually on average. The table below illustrates projected annual revenue increase by type of renewal:

Renewal period	# of Registration	Years	Fee	Total Revenue	OMV \$	OSP \$
Annual	120,000	1	\$10	\$1,200,000	\$150,000	\$1,050,000
Biennial	960,000	2	\$10	\$19,200,000	\$2,400,000	\$16,800,000
Quadrennial	360,000	4	\$10	\$14,400,000	\$1,800,000	\$12,600,000
	1,440,000			\$34,800,000	\$4,350,000	\$30,450,000

SEE REVENUE EXPLANATION CONTINUED ON PAGE TWO

Senate	<u>Dual Referral Rules</u>	House
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux
Evan Brasseaux
Staff Director

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 601** HLS 19RS 828

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 16, 2019	5:58 PM	Author: BAGLEY
Dept./Agy.: Public Safety/Motor Vehicles		Analyst: Willis Brewer
Subject: Motor Vehicle Inspection Tax		

CONTINUED EXPLANATION from page one:
REVENUE EXPLANATION CONTINUED FROM PAGE ONE

Page 2 of 2

Proposed law is contingent on the passage of HB 546 of 2019, which removed the inspection requirement for all vehicles except commercial motor vehicles and student transportation vehicles. HB 546 would reduce OMV revenues by \$4.4 M and OSP's revenues by \$12.1 M; therefore, the net projected change if both house bills are enacted is (\$14,000) for OMV and \$18.3 M for OSP.

Projected Net Annual SGR Revenues

	<u>HB 546</u>	<u>HB 601</u>	<u>Net Balance</u>
OMV	(\$4,364,000)	\$4,350,000	(\$14,000)
OSP	(\$12,130,584)	\$30,450,000	\$18,319,416
Total	(\$16,494,584)	\$34,800,000	\$18,305,416

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

Evan Brasseaux
Staff Director