

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 621** HLS 21RS 560

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 25, 2021	2:13 PM	Author: PIERRE
Dept./Agy.: Public Safety, Office of Motor Vehicles		Analyst: Patrice Thomas
Subject: Six-Year Identification Cards		

MTR VEHICLE/DRIVER LIC EG +\$1,000,000 SD RV See Note
Provides relative to the issuance of identification cards

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Proposed law authorizes the Office of Motor Vehicles (OMV) to issue 6-year ID cards. Proposed law increases the handling fee for ID cards from \$8 to \$12 and requires \$3.75 of the handling fee be deposited into the Office of Motor Vehicles Customer Service and Technology Fund. Present law requires a \$3 fee for a two-year ID card and a \$5 fee for a four-year ID card for persons under the age of 16. Proposed law changes 4 years to 6 years and increases the fee of \$5 to \$7.50. Present law requires a \$10 fee for an ID card for persons 16 years or older. Proposed law changes the fee from \$10 to \$15. Proposed law creates the Office of Motor Vehicles Special Identification Card Escrow Fund and requires fee increases resulting from extending ID cards by 2 years under this measure to be deposited into the fund. Proposed law requires the State Treasurer to deposit 1/3 of the fee increase imposed on special ID cards for minors under this measure be deposited into the Office of Motor Vehicles Handling Fee Escrow Fund. Proposed law requires 1/2 of the balance in escrow funds to be appropriated in FY 26, FY 27, FY 32, FY 33, FY 38, and FY 39.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	SEE BELOW	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total		\$0	\$0	\$0		\$0

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$4,000,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$4,000,000

EXPENDITURE EXPLANATION

The Department of Public Safety (DPS), Office of Motor Vehicles (OMV) indicates the proposed law may require approximately 350 hours of overtime for the Information Services Section at an average cost of \$80 per hour (\$80 x 350 = \$28,000) plus associated Medicare expenses (\$28,000 x 1.45% = \$406), or a total of \$28,406. The legislation will require modifications to the OMV Driver's License Issuance system and transaction and batch processes, as well as modifications to issue a driver's license for 6 years and prevent a renewal for not less than 6 years. The Legislative Fiscal Office presumes additional IT workload associated with this proposed law is incremental in nature and will be accomplished utilizing existing resources and budget authority. To the extent that numerous pieces of legislation are enacted that require additional programming efforts, the department may require additional resources.

The monies from the Office of Motor Vehicles Special Identification Card Escrow Fund and the Office of Motor Vehicles Handling Fee Escrow Fund will be used in FY 26, FY 27, FY 32, FY 33, FY 38, and FY 39 to fund OMV expenses related to ID cards that will mitigate the loss of revenue during the 2-year gap.

REVENUE EXPLANATION

Proposed law will result in the same amount of revenue collected over a 12 year period. The proposed law authorizes the OMV to issue ID cards for 6 years instead of 4 years. By increasing the ID card renewal cycle to 6 years, there will be a 2-year gap in which ID cards are not renewed. Currently, the ID card renewal fee and handling fee generate approximately \$2.3 M annually. Under the proposed law, the ID card renewal fee and handling fee are anticipated to generate approximately \$3 M annually. The proposed law dedicates approximately \$1 M (1/3 of the \$3 M) into the statutorily dedicated Office of Motor Vehicles Special Identification Card Escrow Fund (\$600,000) and the statutorily dedicated Office of Motor vehicles Handling Fee Escrow Fund (\$400,000) from FY 22 to FY 25, totaling \$4 M (\$1 M x 4 years). Monies in the statutory dedications will be used to replace revenues that will not be collected in the 2-year gap period, FY 26 and FY 27. The proposed law allows 1/2 of the fund balances in the statutory dedications to be appropriated beginning in years FY 26 (\$2 M) and FY 27 (\$2 M). Appropriations will occur in FY 32, FY 33, FY 38, and FY 39.

The total amount that will be deposited annually into both statutory dedications from FY 22 to FY 25 is \$4 M (\$2.4 M from ID card fees into the Special Identification Card Escrow Fund and \$1.6 M from handling fees into the Handling Fee Escrow Fund).

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}

Alan M. Boxberger

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