

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 271** HLS 16RS 795

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 11, 2016 7:40 AM	<b>Author:</b> PRICE
<b>Dept./Agy.:</b> Office of Motor Vehicles	<b>Analyst:</b> Mason Hess
<b>Subject:</b> Provides relative to the regulation of used motor vehicles	

MOTOR VEHICLES

RE SEE FISC NOTE SG

Page 1 of 2

Provides relative to the regulation of used motor vehicles

Present law empowers the Louisiana Used Motor Vehicle Commission (LUMVC) to take possession of certificates of title (COT) from used motor vehicle dealers (dealer) in certain circumstances. Proposed law expands LUMVC's authority to take possession of COT by adding floor plan financiers or other persons holding a security interest relative to a dealer who has failed or refused to provide a COT; empowers the LUMVC to take any necessary action to obtain and deliver a COT to a retail purchaser and to obtain a COT and endorsing a COT on behalf of any dealer who either refuses or is unavailable to sign or endorse the COT; and entitles LUMVC to an award of reasonable attorney fees and court costs to be paid by the individual or entity responsible for delivery of the COT. Present law establishes a penalty of \$100 for late renewal applications. Proposed law authorizes the LUMVC to assess a penalty, fine, or cost for operating without a license in addition to the \$100 late renewal penalty. Present law sets required bond amounts at \$25,000 or \$35,000. Proposed law sets the bond requirement at \$50,000 for all applicants. **CONTINUED ON PAGE 2**

<b>EXPENDITURES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

  

<b>REVENUES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

The Louisiana Used Motor Vehicle Commission (LUMVC) estimates no increase in expenditures as a result of proposed law. Proposed law largely clarifies the existing rules and practice of LUMVC by adding more specific language into statute.

It is the opinion of the Legislative Fiscal Office that certain elements of proposed law may result in an expenditure increase. R.S. 32:783(F)(8)(b)(i) empowers the the commission to take any necessary action to obtain and deliver a certificate of title to a retail purchaser as well as to obtain a certificate of title and endorsing a certificate of title on behalf of any used motor vehicle dealer who either refuses or is unavailable to sign or endorse the certificate of title. This may result in increased expenditures in the form of attorney fees, additional staff or staff overtime, and other such expenses needed to pursue legal action. However, R.S. 32:783(F)(8)(b)(ii) may allow the commission to offset potential expenses by entitling the commission to being awarded reasonable attorney fees and court costs paid by the individual or entity responsible for the delivery of the certificate of title.

**REVENUE EXPLANATION**

Present law states that any dealer who submits a renewal application after the expiration date of an existing license will be fined \$100. Proposed law adds language indicating that "any penalty, fine, or cost assessed for operating without a license" will be paid to the commission in addition to the \$100 fine. This is clarifying language that adds into statute existing practice, according to LUMVC, and will not result in a fiscal impact. Under present law, every applicant for license and renewal shall show proof of responsibility by depositing with the commission a continuing bond from \$25,000, if the applicant sold less than 120 vehicles during a 12-month period, or \$35,000, if the applicant sold more than 120 vehicles in a 12-month period. Proposed law increases the bond amount to \$50,000 for all applicants. Present law makes the bond payable to the State of Louisiana under certain circumstances. Proposed law clarifies these circumstance in greater detail to include the proper disposition of taxes, license fees, tags, or certificates of title as well as the indemnification of any purchaser of a used motor vehicle who suffers any loss, damage, or expense due to the failure of a dealer to comply with any law relating to the registration of a used motor vehicle, the payment of sales tax, and obtaining a license tag or certificate of registration. To the extent that any of these triggers are met, proposed law allows the LUMVC to receive a portion of these bonds and unpaid penalties, fines, and hearing costs imposed by the commission not to exceed twenty-five thousand dollars. These elements of proposed law may result in a revenue increase of an indeterminable amount.

Senate Dual Referral Rules 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 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 271** HLS 16RS 795

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 11, 2016 7:40 AM	<b>Author:</b> PRICE
<b>Dept./Agy.:</b> Office of Motor Vehicles	
<b>Subject:</b> Provides relative to the regulation of used motor vehicles	<b>Analyst:</b> Mason Hess

**CONTINUED EXPLANATION from page one:**

**CONTINUED SUMMARY FROM PAGE 1**

Present law requires certain representatives of used motor vehicle dealerships to include proof of attending an educational seminar with the exception of dealers licenses prior to 2003. Proposed law removes that exception. Present law enumerates certain requirements for the furnishment of the bond. Proposed law removes all requirements relative to the furnishment of the bond but retains the portion that requires the bond to be with a commercial surety. Present law establishes the period for which the bond shall be furnished and requires a new bond to be furnished at the beginning of each new license period. Proposed law clarifies that the aggregate liability of the surety in any calendar year shall not exceed \$50,000 in any event. Proposed law adds failing to have a written consignment agreement as required by present law to grounds whereby the commission may revoke or suspend, issue a fine or penalty, or enjoin a license. Proposed law adds advertising a down payment without including all restrictions or limitations in the same size lettering to the enumerated list provided for in the enumerated, nonexclusive list deemed to be false, misleading, or unsubstantiated in present law. Present law restricts purchase agreements by requiring pre-delivery sale disclosure statements to include implications of a consumer withdrawing from a purchase agreement. Proposed law provides that a customer shall be considered as having withdrawn from an agreement if the customer intentionally provided false or fraudulent information to the dealer regarding the transaction. Proposed law adds technical and clarifying language to existing practice that is not outlined in statute.

Senate      Dual Referral Rules      House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Evan Brasseaux*

**Evan Brasseaux**  
**Staff Director**