

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



Fiscal Note On: **HB 317** HLS 19RS 838

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action: **w/ SEN COMM AMD**

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 20, 2019 6:47 AM	<b>Author:</b> HOWARD
<b>Dept./Agy.:</b> Public Safety/Office of Motor Vehicles (OMV)	<b>Analyst:</b> Alan M. Boxberger
<b>Subject:</b> "Louisiana REALTORS" special prestige license plate	

MTR VEHICLE/LICEN PLATES EG1 SEE FISC NOTE GF EX See Note  
Creates the "Louisiana REALTORS" special prestige license plate

**Proposed law** requires the secretary of the Dept. of Public Safety and Corrections to issue special prestige license plates to be known as the "Louisiana REALTORS" license plate, provided there is a minimum of 1,000 applicants for such plate. **Proposed law** requires the secretary work in conjunction with the Louisiana Realtors to select the color and design of the plate; requires the design include the words "Louisiana REALTORS;" specifies that the license plate be issued, upon application, to any member or affiliate of the Louisiana Realtors upon verifying membership in a manner that is mutually determined by the secretary and the board of directors of the Louisiana Realtors; requires the department collect an annual royalty fee of \$10 in addition to the standard motor vehicle license tax and a \$3.50 handling fee for each plate to be retained by the department to offset a portion of administrative costs; requires the department to forward the royalty monies to the Louisiana Realtors Association Relief Fund; and requires the secretary to promulgate and adopt rules and regulations to implement the provisions provided in **proposed law**. **Proposed law** requires OMV to create the special prestige plate when the applicable statutory provisions are met and their system is updated to accommodate new plates.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>						

  

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
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	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>						

**EXPENDITURE EXPLANATION**

**Proposed law** will have an indeterminable impact on state expenditures for the Department of Public Safety (DPS), Office of Motor Vehicles (OMV) to issue a special prestige license plate because of the inability of OMV's legacy system to create additional special prestige license plates at this time. OMV's 45 years old legacy system cannot accommodate additional 2-digit codes that are used to define a prestige plate as the current available codes are all in use. Therefore, proposed law is not likely to create a direct expenditure impact within the five-year scope of this fiscal note; however, there will be a marginal cost once the plate is issued based on historical costs (see NOTE ON PAGE 2).

OMV, in conjunction with the Office of Technology Services (OTS), began the OMV Re-engineering Project in FY 18 to build a new system to replace the current OMV legacy system. The projected FY 20 budget (HB 105) includes \$1.6 M SGR for the Re-engineering Project. The project is scheduled to be completed over five to seven years, assuming ongoing appropriations are made, at an annual cost of approximately \$1.6 M for a total cost of \$8 M - \$11 M SGR. OMV reports that once completed the replacement system will be capable of coding additional prestige plates created by statute in the interim period.

**EXPENDITURE EXPLANATION CONTINUED ON PAGE 2**

**REVENUE EXPLANATION**

**Proposed law** will have an indeterminable impact on SGR revenues for the Department of Public Safety (DPS), Office of Motor Vehicles (OMV) derived from the issuance of special prestige license plates because of the OMV legacy system's inability to create additional prestige plates at this time. To the extent these plates are issued in the future, **proposed law** may generate approximately \$3,500 SGR for the Office of Motor Vehicles for every 1,000 "Louisiana REALTORS" plates issued from the \$3.50 handling fee per license plate sold to offset a portion of administrative costs (\$3.50 x 1,000 plates = \$3,500).

**Proposed law** would also generate \$20,000 in royalty fees at \$10 annually per plate for every 1,000 plates issued (\$10/plate \* 1,000 plates \* 2 years). Fees are collected every two years upon renewal. Royalties collected by the department are deposited into an escrow account and then would be forwarded to the Louisiana Realtors Association Relief Fund, administered by the Louisiana Realtors Association. The revenues received from the royalty fees are to be utilized to provide financial relief to realtors and others following a disaster and as permitted by the Association's bylaws.

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*  
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**Staff Director**

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**CONTINUED EXPLANATION from page one:**  
**EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE**

**NOTE:**  
Historically, legislation issuing special prestige license plates results in an indeterminable, but likely marginal, increase in state expenditures for supplies associated with the manufacture of license plates. **Proposed law** will require \$3,700 in supply purchases to manufacture 1,000 "Louisiana REALTORS" plates at a cost of \$3.70 per plate (\$3.70 x 1,000 = \$3,700). Because DPS is limited in collecting only \$3.50 for administrative costs, each 1,000 plates issued each fiscal year result in an expenditure of \$200 SGF or SGR. For informational purposes, OMV reports 12,201 special prestige license plates were issued in FY 18 at a manufacturing and administrative cost of \$45,144, of which \$2,440 was paid by state monies (\$0.20 per plate x 12,201 issued).

The total expenditures in the first year are approximately \$3,700, assuming 1,000 plates are manufactured and sold. Each additional license plate would result in an expenditure increase of \$3.70. Because the cost of manufacturing a plate exceeds the administrative fee allowed to the department, each plate manufactured would result in a \$0.20 impact that would be absorbed within the department's existing budget authority, or may require SGF support if the existing budget is insufficient.

The Department of Public Safety (DPS) anticipates a \$8,115 increase in SGF expenditures associated with updating the Office of Motor Vehicles' (OMV) vehicle registration and financial accounting systems to accommodate the new license plate. The Office of Technology Services (OTS) would perform this work with an estimate of approximately 120 man-hours needed to complete it. The Legislative Fiscal Office believes that any additional IT work associated with this legislation is incremental and can potentially be accomplished utilizing existing resources. To the extent that numerous pieces of legislation are enacted that require additional programming efforts, DPS may require additional resources.

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}

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