

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 225** HLS 16RS 479

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 23, 2016 3:56 PM	Author: MORENO
Dept./Agy.: Public Safety/Office of Motor Vehicles	Analyst: Zachary Rau
Subject: Krewe of NYX Prestige License Plate	

MTR VEHICLE/LICEN PLATES EG INCREASE SG RV See Note
Provides for the creation of the Krewe of NYX prestige license plate

Proposed law requires the Dept. of Public Safety & Corrections to issue the "Krewe of NYX" prestige license plate to any citizen of LA in the same manner as any other license plate if there is a minimum of 1,000 applicants. Proposed law requires the department to collect an annual royalty fee of \$25 to be diverted back to the Krewe of NYX for its organizational activities, as well as standard license plate registration and administrative fees to be used by the department. Proposed law requires the Dept. of Public Safety & Corrections to adopt rules and regulations to implement the provisions provided in proposed law.

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

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

EXPENDITURE EXPLANATION

The proposed law will result in an indeterminable, but likely marginal, increase in state expenditures for supplies associated with the manufacture of license plates. The proposed legislation will require \$3,700 in supply purchases to manufacture 1,000 "Krewe of NYX" plates at a cost of \$3.70 per plate ($\$3.70 \times 1,000 = \$3,700$).

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 also indicates the proposed law may require approximately 120 hours of overtime for the Information Services Section at an average cost of \$32 per hour ($\$32 \times 120 = \$3,840$) plus associated Medicare expenses ($\$3,840 \times 1.45\% = \56), or a total of \$3,896 in personal services. The legislation will require programming and database modifications performed by IT Applications Analysts to support the new license plate. 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, the Department may require additional resources.

REVENUE EXPLANATION

The proposed law may generate approximately \$3,500 in self-generated revenue for the Office of Motor Vehicles for every 1,000 "Krewe of NYX" plates that are issued. The bill authorizes the department to charge a \$3.50 handling fee per license plate sold to offset a portion of administrative costs ($\$3.50 \times 1,000 \text{ plates} = \$3,500$).

The proposed law would also generate \$50,000 in royalty fees at \$25 annually per plate for every 1,000 plates issued (collected every two years upon renewal). Royalties collected by the department are deposited into an escrow account and then would be forwarded to the Krewe of NYX. The monies received from the royalty fees are to be used to solely for the activities of the Krewe of NYX.

- | | | |
|---|--|--------------|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <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