

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 430** HLS 17RS 1113

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 17, 2017 3:21 PM	Author: PYLANT
Dept./Agy.: Used Motor Vehicle Commission	Analyst: Colleen McCrory
Subject: Regulation of Used Motor Vehicles	

MOTOR VEHICLES OR SEE FISC NOTE SG EX Page 1 of 2
Provides relative to the regulation of used motor vehicles

Proposed law transfers oversight of the independent used motor vehicle dealers sales finance licenses from the Louisiana Motor Vehicle Commission (LMVC) to the Louisiana Used Motor Vehicle Commission (LUMVC) which would take effect on January 1, 2018. Proposed law enumerates a list of legislative findings regarding to the purpose and necessity of the commission; provides for loan activity, licensing requirements and penalties for non compliance; requires that any application for a used motor vehicle sales finance license be on a form prescribed by LUMVC; provides for licensing fees. Proposed law provides for changes to the definition and duties of the LUMVC which will take effect upon the signature of the governor. Proposed law clarifies certain provisions relative to advertising which will take effect on January 1, 2020.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
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	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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						

EXPENDITURE EXPLANATION

There will be a net increase in expenditures totaling approximately \$306,420 (\$956,420 - \$650,000) over the next five years. There is an estimated increase in total expenditures for the Louisiana Used Motor Vehicle Commission (LUMVC) of \$956,420 due to the transfer of authority to LUMVC from the Louisiana Motor Vehicle Commission (LMVC) to issue sales finance licenses for independent used motor vehicle dealers. In FY 18 estimated expenditures total \$78,492 including operating expenses (\$16,306), professional services (\$16,857), equipment (\$1,000), and 1 additional employee (\$44,329). In FY 19 estimated expenditures total \$169,016 which includes the purchase of a new vehicle and the addition of a compliance investigator. In FY 20 estimated expenditures total \$247,169 which includes the purchase of a new vehicle and the addition of a second compliance investigator. In FY 21 estimated expenditures total \$226,612. In FY 22 estimated expenditures total \$235,132.

There is an expected decrease in expenditures of \$130,000 per year (\$650,000 over 5 years) for the Louisiana Motor Vehicle Commission (LMVC) due to the proposed legislation. LMVC estimates the elimination of two positions totaling \$130,000 due to the loss of oversight on an estimated 600 sales finance licenses from the independent used motor vehicle dealers. One position would be an administrative coordinator (\$50,000) and the other would be a compliance investigator (\$80,000).

REVENUE EXPLANATION

There will be a net decrease in revenues totaling approximately \$235,300 (\$1.2 M - \$964,700) over the next five years. There is an expected increase in revenues for the Louisiana Used Motor Vehicle Commission (LUMVC) due to the collection of vehicle sales finance license fees from independent used motor vehicle dealers. The annual license fee will be \$150 for the principal place of business for dealers and \$100 for each additional branch of the business. LUMVC will begin to issue 2 year licenses in FY 19 to align with their other districts' licensing schedules. The new fee structure for sales finance licenses will be \$300 for the principal place of business and \$200 for each additional branch of business. The chart below reflects estimated revenues to be generated from the sale of sales finance licenses to independent used motor vehicle dealers. These amounts are based on the number of dealers that are already being licensed for other areas through LUMVC. Continued on page 2.

	Sales Finance License Revenue (\$)	Principal Licenses (#)	Additional Licenses (#)
FY 18	\$98,700	636	33
FY 19	\$234,800	756	40
FY 20	\$198,200	638	34
FY 21	\$234,800	756	40
FY 22	<u>\$198,200</u>	638	34
Total:	\$964,700		

Senate
 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:

Page 2 of 2

CONTINUED REVENUE EXPLANATION:

There is an expected decrease in revenues of \$240,000 per year (\$1.2 M over 5 years) for the Louisiana Motor Vehicle Commission (LMVC) due to the transfer of authority to license, regulate and educate all independent used motor vehicle dealers to the Louisiana Used Motor Vehicle Commission (LUMVC), which takes effect on January 1, 2018. Currently, LMVC issues all sales finance licenses (\$400 for primary location; \$400 for additional location) and approximately 600 of these entities are independent used motor vehicle dealers.

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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