



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 520** HLS 25RS 931

Bill Text Version: **ENGROSSED**

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

Proposed Amd.:

Sub. Bill For.:

Date: June 2, 2025	12:31 PM	Author: ILLG
Dept./Agy.: Revenue/Motor Vehicles		
Subject: Sales & Use Tax: Antique Vehicle Exemption		Analyst: John McKay

TAX/SALES-USE-EXEMPT

EG1 DECREASE GF RV See Note

Page 1 of 2

Establishes a state and local sales and use tax exemption for certain antique motor vehicles and increases the fee for issuance of special license plates for those vehicles

Proposed measure establishes a state and local sales & use tax exemption for the sale or purchase of certain antique motor vehicles. Proposed legislation sets the fee for issuing special plates for antique motor vehicles which qualify for the sales & use tax exemption at \$1,000. This bill requires the Office of Motor Vehicles (OMV) to create the “Louisiana Innovation” special prestige license plate, provided there is a minimum of 1,000 applicants for the plate. Proposed bill directs OMV to collect an annual royalty fee of \$50 to be deposited in the Louisiana Economic Development Innovation Fund.

Effective July 1, 2025.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$7,710	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$7,710
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

Proposed measure will create a minimal one-time SGF expenditure of \$7,710, in FY 26, to the Office of Motor Vehicles (OMV) associated with software updates and testing. The Department of Public Safety (DPS) estimates the proposed measure will require a one-time SGF expenditure of \$7,710 to implement application changes and to perform system testing. The Office of Technology Services (OTS) would perform this work at an estimated 80 hours of work by a Senior Application Developer (80 hours x \$95 per hour = \$7,600 x 1.45% Medicare tax = \$110.20; a total of \$7,710).

Additionally, this bill will have an indeterminable, likely marginal, impact on state expenditures for 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 old legacy system, which is over 45 years old, cannot accommodate additional 2-digit codes that are used to define a prestige plate as the currently available codes are all in use. Therefore, the 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.

(EXPENDITURE EXPLANATION CONTINUED ON PAGE 2)

REVENUE EXPLANATION

This fiscal note assumes that language in proposed law is sufficient to implement the exemption contemplated by the bill.

Proposed measure exempts sale or purchase of antique motor vehicles valued at \$10,000 or greater, if the owner registers the vehicle with an antique plate. Proposed law additionally increases the fee for the antique plate to \$1,000 (from \$25). Data on the number or price of antique vehicles sold annually is not available. Thus, the revenue impact is indeterminable.

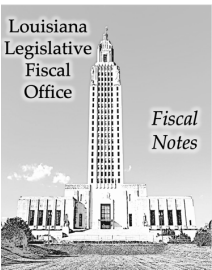
OMV reports that there are approximately 3,450 registered antique motor vehicles currently in Louisiana with a reported sale price of \$10,000 or more. As an illustration, if 10% of these vehicles were sold in a fiscal year at the threshold price of \$10,000, resulting in a sales volume of \$3.5 M, the general fund impact of proposed law would be a reduction of approximately \$173,000 in that year, and local funds would decrease by a similar amount, depending on varying local sales tax rates. Any estimate of the actual number of antique vehicle sales and prices would be speculative.

(REVENUE EXPLANATION CONTINUED ON PAGE 2)

<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}



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Deputy Fiscal Officer



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(CONTINUED EXPENDITURE EXPLANATION FROM PAGE 1)

The proposed law provides that DPS shall create the “Louisiana Innovation” plate when the department’s Vehicle Registration Platform system is updated to accommodate the creation of new plates. OMV, in conjunction with the Office of Technology Services (OTS), began the OMV Re-Engineering Project of the Vehicle Registration Platform system in FY 18 to build a new system to replace the current OMV legacy system. The project is scheduled to be completed over several 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.

Historically, legislation issuing a special prestige license plate results in an indeterminable, but likely marginal, increase in state expenditures for supplies associated with the manufacture of license plates. The proposed law will require \$3,700 in supply purchases to manufacture 1,000 “Louisiana Innovation” plates at a cost of \$3.70 per plate ($\$3.70 \times 1,000 = \$3,700$). Each additional license plate would result in an expenditure increase of \$3.70. DPS is limited to collecting only \$3.50 for administrative costs, every 1,000 plates issued each fiscal year results in an expenditure of \$200 SGF or SGR.

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.

(CONTINUED REVENUE EXPLANATION FROM PAGE 1)

The \$10,000 minimum value threshold makes it unlikely that a significant number of vehicle owners will choose to forego the antique plate and instead pay the state and local sales tax. Using the example of an antique motor vehicle that is sold for \$10,399 in a jurisdiction with a combined state & local sales tax rate of 9.45%: if the owner does not apply for the antique plate, they will pay approximately \$983 in state and local tax, in addition to the (minimum) regular license plate fee of \$20. In this case, the owner would be marginally better off paying the \$1,000 antique plate fee. This advantage becomes even more pronounced for higher-priced antique vehicles.

For vehicles valued well above the \$10,000 threshold, the amount of foregone state and local sales tax revenue will exceed the \$1,000 antique plate fee. As a result, local revenues would decrease due to proposed legislation, while the increase in OMV fee revenue would outweigh the reduction in SGF revenue.

Proposed legislation is silent on whether its provisions are retroactive, although the sales and use tax was repealed following the passage of Act 11 of the 2024 3rd ES.

Note: The majority of registration fees collected by OMV are deposited into the Transportation Trust Fund (TTF).

Additionally, this bill will have an indeterminable increase on SGR revenues for 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, the proposed law may generate \$7,000 in self-generated revenue for the Office of Motor Vehicles for every 2,000 plates that are issued. The proposed law authorizes OMV to charge a \$3.50 handling fee per license plate sold to offset a portion of administrative costs ($\$3.50 \times 1,000 \text{ plates} = \$3,500$).

Proposed law may also generate \$100,000 in royalty fees at \$50 annually per plate for every 1,000 plates issued ($\$50 \text{ per plate} \times 1,000 \times 2 \text{ years}$). Fees are collected every two years upon renewal. Royalties collected on the “Louisiana Innovation” plate will be deposited into an escrow account and then forwarded to the Louisiana Economic Development Innovation Fund (apparently created in SB 161 of this session, though this bill is not contingent).

<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}
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