

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 546** HLS 19RS 68

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 16, 2019	5:59 PM	Author: BAGLEY
Dept./Agy.: Public Safety/Motor Vehicles		Analyst: Willis Brewer
Subject: Eliminates the state inspection sticker requirement for		

MTR VEHICLE/INSPECTION EG -\$16,494,584 SG RV See Note
Eliminates the state inspection sticker requirement for certain vehicles

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Present law requires all motor vehicles have an inspection sticker. **Proposed law** modifies present law by requiring only those vehicles required by proposed law have an inspection sticker. **Proposed law** authorizes certain law enforcement agencies to issue citations for motor vehicles that are unsafe or not equipped according to **present law**.

Proposed law requires only commercial vehicles and student transportation vehicles have an inspection sticker.

Proposed law also requires those vehicles registered in parishes governed by the U.S. Clean Air Act to obtain an emissions inspection as required under federal law. **Proposed law** eliminates the requirement of assembled vehicles to have an inspection sticker. **Proposed law** eliminates law enforcement's ability to require drivers to submit to a vehicle inspection and test. Effective if and when the Act which originated as House Bill No. 601 of the 2019 Regular Session of the Legislature becomes effective.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	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	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	(\$16,494,584)	(\$16,494,584)	(\$16,494,584)	(\$16,494,584)	(\$16,494,584)	(\$82,472,920)
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	(\$16,494,584)	(\$16,494,584)	(\$16,494,584)	(\$16,494,584)	(\$16,494,584)	(\$82,472,920)

EXPENDITURE EXPLANATION

Proposed law may create a minimal expenditure impact (approximately \$6,087) to the Department of Public Safety (DPS), Office of Motor Vehicles (OMV) for an IT Applications programmer to make coding changes regarding the sale of emission stickers in OMV's Mapper Business Information Server (BIS) System. This is anticipated to require 80 hours at \$75 per hour including Medicare costs for a total cost of approximately \$6,087 (80 hours x \$75 per hour x 1.45% Medicare). 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 and system modifications, the Department will likely require additional resources.

While **proposed law** does not directly impact other expenditures, \$4.4 M of the revenues collected by OMV are utilized for its general operating expenses. Additionally, approximately \$12.1 M of SGR revenues are currently transferred to the Office of State Police (OSP) for general operations. A reduction of approximately \$16.5 M in SGR revenues may require an offsetting appropriation of SGF to maintain current activity levels or may require a significant SGR expenditure reduction within OMV or (OSP) for unspecified activities.

REVENUE EXPLANATION

Proposed law is anticipated to reduce annual SGR revenues for the Department of Public Safety (DPS), Office of Motor Vehicles (OMV) by approximately \$4.4 M and for DPS Office of State Police (OSP) by approximately \$12.1 M for a total reduction of \$16.5 M. **Proposed law** removes the inspection sticker requirement for all vehicles except for commercial motor vehicles and student transportation vehicles, which will eliminate approximately 95% of the inspection stickers sold each year.

The annual inspection sticker fee is \$10. For each \$10 fee collected, OSP receives \$4, OMV receives \$1.25, and the remaining \$4.75 is retained by the local Motor Vehicle Inspection (MVI) station. OMV also collects an \$8 handling fee per book of inspection stickers sold. Using data from FY 14 - FY 18 to project future fiscal year inspection stickers sales under **present law** (excluding commercial motor vehicles and student transportation vehicles), OMV estimates issuance of approximately 634,000 one-year inspection stickers, 1.2 M two-year inspection stickers, and 71,600 inspection sticker books.

The table below illustrates projected annual revenue reductions by agency.

SEE REVENUE EXPLANATION CONTINUED ON PAGE TWO

<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 checked="" 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
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Staff Director

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CONTINUED EXPLANATION from page one:
REVENUE EXPLANATION CONTINUED FROM PAGE ONE

Projected Reduction Annual SGR Revenues

	Projected	OMV	OSP	Total
1 year Inspection Stickers	634,239	\$792,799	\$2,536,957	\$3,329,756
2 year Inspection Stickers	1,199,203	\$2,998,008	\$9,593,627	\$12,591,635
# Sticker Books	71,649	\$573,193	\$0	\$573,193
Total		\$4,364,000	\$12,130,584	\$16,494,584

Note: **Proposed law** is anticipated to significantly reduce the revenues MVI stations receive from inspection stickers by approximately \$14.4 M.

Proposed law is contingent on the passage of HB 601 of 2019, which will increase SGR revenues for the Department of Public Safety (DPS), Office of Motor Vehicles (OMV) by approximately \$4.4 M and for DPS Office of State Police (OSP) by approximately \$30.5 M from a \$10 annual inspection fee at the time of the vehicle's registration or registration renewal. Therefore, the net projected change if both house bills are enacted is (\$14,000) for OMV and \$18.3 M for OSP.

Projected Net Annual SGR Revenues

	HB 546	HB 601	Net Balance
OMV	(\$4,364,000)	\$4,350,000	(\$14,000)
OSP	(\$12,130,584)	\$30,450,000	\$18,319,416
Total	(\$16,494,584)	\$34,800,000	\$18,305,416

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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