



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 516** HLS 20RS 396

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 31, 2020 11:15 AM	Author: BAGLEY
Dept./Agy.: Public Safety, Office of Motor Vehicles	Analyst: Patrice Thomas
Subject: Eliminates State Inspection Stickers for Certain Vehicles	

MTR VEHICLE/INSPECTION OR -\$15,898,169 SG RV See Note
Eliminates the state inspection sticker requirement for certain vehicles

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Under the present law, every motor vehicle, trailer, semi-trailer and pole trailer registered in the state must have a safety inspection sticker for an annual fee of \$10, which \$5.25 remitted to the Department of Public Safety & Corrections, Public Safety Services (\$4 to Office of State Police and \$1.25 to the Office of Motor Vehicles). Proposed law eliminates the requirement of a safety inspection sticker. Proposed law modifies present law by requiring only commercial vehicles and student transportation vehicles to have a safety inspection sticker. Present law exempts overweight and oversize mobile homes when being moved by a bonded carrier and used motor vehicles in transit by a dealer from obtaining a certificate of inspection and approval. Proposed law retains present law requires vehicles registered in parishes or municipalities governed by the US Clean Air Act/US EPA obtain an emissions inspection as required by present law. Proposed law eliminates inspection stickers and safety statements for assembled vehicles. Proposed law eliminates law enforcement's ability to require drivers to submit to a vehicle inspection and test.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	(\$15,898,169)	(\$15,898,169)	(\$15,898,169)	(\$15,898,169)	(\$15,898,169)	(\$79,490,845)
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	(\$15,898,169)	(\$15,898,169)	(\$15,898,169)	(\$15,898,169)	(\$15,898,169)	(\$79,490,845)

EXPENDITURE EXPLANATION

Proposed law may create a minimal expenditure impact to the Department of Public Safety (DPS), Office of Motor Vehicles (OMV) associated with coding changes to the Mapper Business Information Server (BIS) System to separate emission testing from one-year inspection stickers. DPS estimates a one-time SGF cost of \$6,493 to make coding changes. The Office of Technology Services (OTS) would perform this work at an estimated 80 hours of overtime by an IT Management Consultant Developer (80 hours x \$80 per hour = \$6,400 x 1.45% Medicare tax = \$93; Total of \$6,493). The LFO believes that any additional IT work associated with this legislation will be incremental in nature and 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.

While the proposed law does not directly impact other expenditures, \$3.89 M of the revenues collected by OMV is utilized as general operating expenses. Additionally, approximately \$12 M of SGR revenues is transferred to the Office of State Police to be utilized for general operations. A reduction of approximately \$15.89 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 State Police.

REVENUE EXPLANATION

Proposed law reduces annual SGR revenues in the Department of Public Safety (DPS), Office of Motor Vehicles (OMV) by approximately \$3.9 M and the Office of State Police (OSP) by approximately \$12 M, resulting in a total reduction of \$15.75 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, State Police 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. In FY 19, OMV collected \$148,169 in handling fees. Based on actual inspection sticker sales in FY 19 under present law, excluding commercial motor vehicles and student transportation vehicles, OMV anticipates a total loss of state revenue of approximately \$15.89 M (\$15.75 M inspection stickers + \$148,169 handling fees).

Note: Proposed law is anticipated to significantly reduce the revenues MVI stations receive from inspection stickers by approximately \$14.25 M.

The table on page 2 illustrates projected annual revenue reductions of this measure by agency.

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<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:

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Continued REVENUE EXPLANATION from Page 2

Projected Reduction Annual SGR Revenues

	Insp. Stickers	OMV	State Police	Total
1 year Inspection Stickers	800,000	(\$1,000,000)	(\$3,200,000)	(\$4,200,000)
2 year Inspection Stickers	1,100,000	(\$2,750,000)	(\$8,800,000)	(\$11,550,000)
# Sticker Books (\$8/book)	18,521	(\$148,168)	\$0	(\$148,168)
Total		(\$3,898,168)	(\$12,000,000)	(\$15,898,168)

For informational purposes

Department of Environmental Quality

Proposed law does not eliminate vehicles in parishes governed by the US Clear Air Act from obtaining an annual emissions control sticker and paying the accompanying \$8 fee to Motor Vehicle Inspection (MVI) stations performing the test. Emission control stickers are required in East Baton Rouge, West Baton Rouge, Ascension, Livingston, and Iberville parishes. For reference, MVI stations retains \$6 of the \$8 emission test fee and the Department of Environmental Quality (DEQ) receives the remaining \$2. DEQ will still receive the \$2 associated with emissions tests under the provisions of proposed law. Annually, approximately 322,000 emission control stickers are sold resulting in \$640,000 of revenue for DEQ.

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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