

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 572** HLS 16RS 1171

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 22, 2016 9:12 AM	Author: SMITH, P.
Dept./Agy.: Public Safety/Higher Education	Analyst: Zachary Rau
Subject: Increases Royalty Fees for Prestige License Plates	

MTR VEHICLE/LICEN PLATES OR SEE FISC NOTE GF RV
Provides relative to the special college and university license plates

Proposed law amends present law providing for prestige license plates of public institutions of higher education, increasing the current annual royalty fee by \$25, from \$26 to \$51. Proposed law also provides that persons desiring a personalized prestige license plate can order them at no additional cost. Proposed law provides that higher education institutions notify applicants that royalty fees derived from prestige license plates be deemed a charitable donation.

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

Proposed law will increase expenditures in FY 17 for the Dept. of Public Safety & Corrections (DPS) by an indeterminable amount. This bill requires (DPS) to manufacture personalized prestige license plates for institutions of higher education at no additional cost to the applicant, a service that it does not presently offer. Proposed law does not allow DPS to collect the current annual \$25 fee associated with manufacturing a personalized license plate if it is for an institution of higher education. The first 20% of each annual personalized plate fee is dedicated to Public Safety Services to offset programming and design costs, with the following 10% dedicated to Corrections to offset manufacturing costs. As a result, to the extent motorists order personalized prestige plates for higher education institutions, DPS and Corrections must absorb programming, design, and manufacturing costs within their budgets or receive an appropriation from another source to defray these costs.

The Office of Technology Service (OTS) anticipates a \$250,000 increase in expenditures associated with updating the Office of Motor Vehicles' license plate system to include personalized prestige license plates. The \$250,000 increase is associated with an estimated 3,750 man-hours needed to complete the project based upon the most recent system update that OTS completed in 2014, in excess of what DPS would normally budget for services from OTS. **cont. on Pg. 2)**

REVENUE EXPLANATION

Proposed law does not allow DPS to collect the current annual \$25 fee associated with manufacturing a personalized license plate if it is for an institution of higher education. The first 20% of each annual personalized plate fee is dedicated to Public Safety Services to offset programming and design costs, with the following 10% dedicated to Corrections to offset manufacturing costs. The remainder of each fee is then deposited in the state general fund. As a result, to the extent motorists order personalized prestige plates for higher education institutions, DPS and Corrections must absorb programming, design, and manufacturing costs within their budgets or receive an appropriation from another source to defray these costs. In addition, the state general fund will not receive the remaining fee revenue. The proposed law does not affect the \$4.50 fee (\$3.50 administrative + \$1 royalty) DPS receives to offset administrative costs, nor does it affect the \$8 handling fee on issuance transactions.

Proposed law increases the annual royalty fee for higher education prestige license plates by \$25, from \$26 to \$51 annually. Royalty fees are collected every two years, upon renewal of each plate, and transferred to higher education institutions to fund academic and need-based scholarships. DPS receives \$1 of each fee. Currently there are 34,763 higher education prestige plates active in LA. To the extent motorists renew all active plates, royalty payments to higher education institutions statewide will increase approximately \$869,075 (34,763 plates * \$25), from \$869,075 to approximately \$1.74 M annually.

Senate Dual Referral Rules House

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| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input checked="" 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

Evan Brasseaux
Staff Director

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CONTINUED EXPLANATION from page one:

(Expenditure Explanation cont. from Pg. 1) OTS also anticipates the need for a \$100,000 information technology professional services contract for specialized application development to assist in completing the project within a year. OTS anticipates needing 1 T.O. position for an IT Applications Programmer/Analyst 3 at a cost of approximately \$103,000 annually to handle ongoing programming needs associated with this service. The Legislative Fiscal Office believes that a portion of additional IT work associated with this legislation can potentially be accomplished utilizing existing personnel. To the extent that numerous pieces of legislation are enacted that require additional programming efforts, OTS may require additional personnel.

Proposed law will also increase expenditures for higher education institutions statewide by an indeterminable amount. Institutions of higher education must notify persons holding the prestige plates that the royalty fee paid biennially to DPS is a charitable donation. As a result, institutions of higher education may realize increased expenditures associated with mailing certification letters to higher education prestige license plate holders.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

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Staff Director