

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: HB 1063 HLS 16RS 1703

Bill Text Version: ORIGINAL

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Table with 2 rows and 2 columns. Row 1: Date: April 18, 2016 7:45 AM, Author: CARTER, R. Row 2: Dept./Agy.: Public Safety Services/Office of Motor Vehicles, Analyst: Zachary Rau. Subject: Lapsed Motor Vehicle Insurance Violation Receipts

INSURANCE/LIABILITY OR INCREASE SG EX See Note Page 1 of 1
Provides that certain fees assessed by the office of motor vehicles for failure to maintain automobile liability insurance become final delinquent debt sixty days after receipt of notice by the owner
Present law provides that fees associated with lapses in liability insurance for motor vehicles will be declared final delinquent debt by the Office of Motor Vehicles 60 days after the issuance of a notice of noncompliance to the owner. Proposed law provides that fees will become final delinquent debt 60 days after receipt of a notice of noncompliance by the owner. Proposed law limits the total limit of reinstatement fees that may be owed as final delinquent debt to \$850, regardless of the amount of violations for lapsed insurance a person has on their driving record.

Table with 7 columns: EXPENDITURES, 2016-17, 2017-18, 2018-19, 2019-20, 2020-21, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agcy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total. Similar structure for REVENUES.

EXPENDITURE EXPLANATION
Proposed law will increase expenditures for the Office of Motor Vehicles by an indeterminable amount. The proposed legislation alters timelines for when persons must pay reinstatement fines due to OMV for insurance lapses. Under the proposed law, the time persons have to pay reinstatement fines begins on the day the notice is received, rather than when the notice is issued by the department. To meet the requirements of the proposed legislation, OMV anticipates mailing notices of lapsed insurance by certified mail rather than using conventional postage.

For reference, OMV reports that they mail approximately 40,000 lapsed insurance notices on average each month. Because the contents of the mailing will remain the same, the department anticipates paying increased postage costs only. The U.S. Postal Service issues certified mail at a rate of \$3.30 per mailing. Conventional postage costs \$0.47 per mailing. Subtracting the cost of conventional postage (\$0.47) from the cost of certified mail (\$3.30) yields a per-unit cost increase of \$2.83 (\$3.30 - \$0.47). Multiplying the per-unit cost by an average of 40,000 mailings yields a monthly cost increase of \$113,200 (\$2.83 * 40,000). Multiplying the monthly cost of \$113,200 by 12 months yields an annual cost of approximately \$1.36 M. However, because the number of lapsed insurance violation notices OMV may issue in a given month varies, the exact cost increase is indeterminable.

REVENUE EXPLANATION
Proposed law may decrease self-generated revenues for the Office of Motor Vehicles and the Office of Debt Recovery (ODR) by an indeterminable amount. The proposed legislation restores an \$850 limit to the amount of reinstatement fees a person may owe OMV after the department declares it final delinquent debt and refers it to the Office of Debt Recovery.

Currently the maximum reinstatement fee for one violation is \$525 plus an additional 25% of the fee which ODR retains, yielding a total cost of \$656.25. There is no maximum with respect to the number of violations a person can accrue, meaning reinstatement fees may exceed the \$850 limit provided for in proposed law. As a result, by limiting the amount of reinstatement fees for all violations to \$850, revenues may decrease by an indeterminable amount for OMV. In addition, the proposed legislation caps the amount ODR may retain as a total of referred debt at \$212.50 (\$850 * 25%). As a result, revenues for both OMV and ODR may decrease as a result of the proposed legislation. However, the exact revenue decrease is indeterminable, as the number of violations a person may have attached to their driving record varies.

Senate Dual Referral Rules House
[X] 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} [X] 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}

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