



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 221** HLS 25RS 148
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 25, 2025 3:20 PM **Author:** BAGLEY
Dept./Agy.: Public Safety, Office of Motor Vehicles **Analyst:** John McKay
Subject: Motor Vehicle Inspection Tax

MTR VEHICLE/INSPECTION OR +\$8,333,410 SG RV See Note Page 1 of 2
 Provides relative to a motor vehicle inspection tax

Proposed legislation establishes an annual \$10 motor vehicle inspection tax for all motor vehicles not required to obtain a certificate of inspection pursuant to R.S. 32:1301 through 1306. Proposed legislation requires the Dept. of Public Safety, Office of Motor Vehicles (OMV) to retain \$1.25 of the tax and remit the remaining \$8.75 to the Dept. of Public Safety, Office of State Police (OSP) for use in training of state police officers and traffic enforcement. Proposed legislation requires the commissioner to adopt rules and regulations to implement the provisions of proposed law, including, but not limited to, rules governing collection by the OMV and remittance to the OSP. Proposed legislation will be effective if and when the Act that originated as House Bill 232 of the 2025 RS of the Legislature becomes effective.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$8,333,410	\$8,333,410	\$8,333,410	\$8,333,410	\$8,333,410	\$41,667,050
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	\$8,333,410	\$8,333,410	\$8,333,410	\$8,333,410	\$8,333,410	\$41,667,050

EXPENDITURE EXPLANATION

Proposed legislation is a companion to HB 232 of the 2025 RS and contingent upon that bill's passage. Proposed measure will create a minimal one-time SGF expenditure impact of \$13,310, in FY 26, to the Department of Public Safety (DPS), Office of Motor Vehicles (OMV). Proposed measure will require a Senior Application Developer to update the current title and registration accounting system to implement changes for the proposed annual inspection tax. The necessary update is anticipated to require 120 hours at \$95 per hour including Medicare costs for a total cost of approximately \$11,565 (120 hours x \$95 per hour x 1.45% Medicare). **Continued on page two**

REVENUE EXPLANATION

Proposed legislation will increase SGR revenues for the Department of Public Safety (DPS), Office of Motor Vehicles (OMV) by approximately \$1 M and for DPS, Office of State Police (OSP) by approximately \$7.3 M, for a total increase of \$8.3 M annually from the \$10 motor vehicle inspection tax for all motor vehicles not required to obtain a certificate of inspection pursuant to R.S. 32:1301 through 1306. Proposed legislation will require these vehicles to pay the \$10 annual inspection fee at the time of the vehicle's registration or registration renewal. Proposed measure allocates \$1.25 of the \$10 fee to OMV, while the remaining \$8.75 would be directed to OSP: \$4 for training state police officers and \$4.75 for traffic enforcement.

The table illustrates the anticipated annual revenue increase to both OMV and OSP, based on an average of 833,341 annual renewals.

	<u>Avg. Annual Renewals</u>	<u>Fee</u>	<u>Annual Increase</u>
OMV	833,341	\$1.25	\$1.04 M
OSP	833,341	\$8.75	\$7.29 M
		\$10.00	\$8.33 M

Proposed legislation is contingent on the passage of HB 232 of the 2025 RS, which removed the inspection requirement for all vehicles except commercial motor vehicles and student transportation vehicles. HB 232 would reduce OMV revenues by \$3.5 M and OSP's revenues by \$10.7 M; therefore, the net projected change if both house bills are enacted is (\$2.4 M) for OMV and (\$3.5 M) for OSP.

Projected Net Annual SGR Revenues

	<u>HB 232</u>	<u>HB 221</u>	<u>Net Balance</u>
OMV	(\$3,451,796)	\$1,041,676	(\$2,410,120)
OSP	(\$10,741,876)	\$7,291,734	(\$3,450,142)
Total	(\$14,193,672)	\$8,333,410	(\$5,860,262)

<p><u>Senate</u></p> <p><input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}</p> <p><input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}</p>	<p><u>Dual Referral Rules</u></p>	<p><u>House</u></p> <p><input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}</p> <p><input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}</p>
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Patrice Thomas
 Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

Continued EXPENDITURE EXPLANATION from page one

Based on the average annual renewals of 833,341 (see revenue section), the \$10 motor vehicle inspection tax as provided in proposed legislation will generate approximately \$1 M to OMV for general operating expenses, \$3.3 M to the Office of State Police (OSP) for the training of state police officers, and \$4 M to OSP for traffic enforcement.

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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