



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 232** HLS 25RS 147
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 25, 2025 3:42 PM **Author:** BAGLEY
Dept./Agy.: Public Safety, Office of Motor Vehicles **Analyst:** John McKay
Subject: Eliminates State Inspection Stickers for Certain Vehicles

MTR VEHICLE/INSPECTION OR -\$14,193,672 SG RV See Note Page 1 of 2
 Eliminates the state inspection sticker requirement for certain vehicles

Under the present law, every motor vehicle, trailer, semitrailer 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 legislation eliminates the requirement of a safety inspection sticker. Proposed legislation 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 as well as used motor vehicles in transit by a dealer from obtaining a certificate of inspection and approval. Proposed legislation retains present law requiring vehicles registered in parishes or municipalities governed by the US Clean Air Act/US EPA to obtain an emissions inspection. Proposed legislation eliminates law enforcement's ability to require drivers to submit to a vehicle inspection and test. Proposed legislation eliminates inspection stickers and safety statements for assembled vehicles. Proposed measure will be effective if and when the Act that originated as House Bill 221 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.	SEE BELOW					
Agy. Self-Gen.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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.	(\$14,193,672)	(\$14,193,672)	(\$14,193,672)	(\$14,193,672)	(\$14,193,672)	(\$70,968,360)
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	(\$14,193,672)	(\$14,193,672)	(\$14,193,672)	(\$14,193,672)	(\$14,193,672)	(\$70,968,360)

EXPENDITURE EXPLANATION

Proposed measure is a companion to HB 221 of the 2025 RS and contingent upon that bill's passage. Proposed legislation will decrease annual expenditures by approximately \$138,063 for the Department of Public Safety (DPS), Office of Motor Vehicles (OMV) associated with the cost to produce inspections stickers. DPS reports that the average annual number of stickers sold from FY 21 to FY 24 was 1,255,119. Proposed measure eliminates the \$0.09 per sticker production costs. In addition, each sticker includes two inserts, with each insert costing approximately \$0.01 (1,255,119 stickers x \$0.09 cost per sticker = \$112,961) plus (1,255,119 stickers x \$0.01 cost per insert x 2 inserts per sticker = \$25,102).

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REVENUE EXPLANATION

Proposed law reduces annual SGR revenues in the Department of Public Safety (DPS), Office of Motor Vehicles (OMV) by approximately \$3.5 M and the Office of State Police (OSP) by approximately \$10.7 M, resulting in a total reduction of \$14.2 M. Proposed law removes the inspection sticker requirement for all vehicles except for commercial motor vehicles and student transportation vehicles, which will eliminate an estimated \$1.6 M 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 transaction fee when books of inspection stickers are sold to inspection stations, regardless of the number of books. In FY 24, OMV collected \$96,616 in transaction fees. Based on the average annual number of inspection stickers sold from FY 21 to FY 24 under current law, excluding commercial motor vehicles and student transportation vehicles, OMV anticipates a total loss of state revenue of approximately \$14.2 M (\$14.1 M from inspection stickers and \$94,960 in handling fees). The table below illustrates projected annual revenue reductions of this measure by agency.

Projected Reduction Annual SGR Revenues

	<u>Insp. Stickers</u>	<u>OMV</u>	<u>State Police</u>	<u>Total</u>
1 year Inspection Stickers	549,919	(\$687,399)	(\$2,199,676)	(\$2,887,075)
2 year Inspection Stickers	1,067,775	(\$2,669,438)	(\$8,542,200)	(\$11,211,638)
# Sticker Books (\$8/transaction)*	11,870	(\$94,960)	\$0	(\$94,960)
Total		(\$3,451,796)	(\$10,741,876)	(\$14,193,672)

Department of Environmental Quality

Proposed legislation 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 retain \$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 legislation. Annually, approximately 362,575 emission control stickers are sold resulting in \$725,150 of revenue for DEQ.

Senate
 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}

Patrice Thomas
Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

Continued EXPENDITURE EXPLANATION from page one

While the proposed legislation does not directly impact other expenditures, \$3.5 M of the revenues collected by OMV is utilized as general operating expenses. Additionally, approximately \$10.7 M of SGR revenues is transferred to the Office of State Police to be utilized for general operations. A reduction of approximately \$14.2 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.

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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