

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 875** HLS 26RS 744

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

REVISED

Date: March 31, 2026 4:42 PM	Author: PHELPS
Dept./Agy.: Department of Public Safety; Office of Motor Vehicles	Analyst: Katherine Granier
Subject: Lapses in motor vehicle insurance; Reinstatement fees	

MTR VEHICLE/OFFICE EG DECREASE SG RV See Note
Provides relative to lapses in motor vehicle liability security

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Present law provides sanctions and reinstatement fees for a lapse in motor vehicle liability security. Present law requires a reinstatement fee for a lapse in vehicle security be \$100 per violation for lapses in coverage between one (1) to thirty (30) days. Proposed law reduces a reinstatement fee for a lapse in vehicle security from \$100 per violation to \$50 for lapses in coverage between one (1) to thirty (30) days. Present law requires a reinstatement fee for a lapse in vehicle security be \$250 per violation for lapses in coverage between thirty-one (31) to ninety (90) days. Proposed law reduces a reinstatement fee for a lapse in vehicle security from \$250 per violation to \$200 for lapses in coverage between thirty-one (31) to ninety (90) days. Present law requires a reinstatement fee for a lapse in vehicle security be \$500 per violation for lapses in excess of ninety (90) days. Proposed law reduces a reinstatement fee for a lapse in vehicle security from \$500 per violation to \$450 for lapses in coverage between in excess of ninety (90) days. Proposed law increases grace period before the imposition of a reinstatement fee.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
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		\$0	\$0	\$0	\$0	\$0

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	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						

EXPENDITURE EXPLANATION

Proposed law will require a one-time indeterminable SGR expenditure within the Department of Public Safety (DPS), Office of Motor Vehicles (OMV) to program and test software. The LFO believes that any additional IT work associated with this measure will be incremental in nature, and that 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, DPS may require additional resources.

While proposed law does not otherwise directly impact state expenditures, it does reduce SGR and Statutory Dedications out of the Real Time Insurance Verification System Fund used to support certain functions within the Department of Public Safety, specifically a portion of State Police trooper salaries and the general operating costs of the Office of Motor Vehicles. To the extent that the legislature continues to fund activities in the Department of Public Safety supported by these revenues at the same or a diminished level in subsequent fiscal years, the funding sources supporting the base expenditures must be replaced by SGF or another revenue source to supplant the loss of SGR and statutory dedications. These activities would compete for annual SGF resources along with other significant SGF supported services and activities of the state.

REVENUE EXPLANATION

Proposed law will decrease self-generated revenues in the Department of Public Safety, Office of Motor Vehicles (OMV) as well as decrease revenues in the statutorily dedicated Real Time Insurance Verification System Fund as a result of reducing reinstatement fees on insurance cancellations as follows: from \$100 per violation to \$50 for lapses in coverage between one (1) to thirty (30) days; from \$250 per violation to \$200 for lapses in coverage between thirty-one (31) to ninety (90) days; and from \$500 per violation to \$450 for lapses in coverage between in excess of ninety (90) days. Monies from the Real Time Insurance Verification Fund are used within the Office of State Police for trooper salaries. SGR collected by OMV in excess of appropriation is deposited into the SGF.

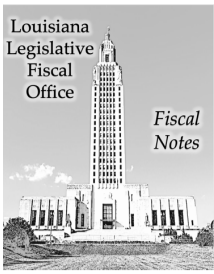
The potential loss in revenue from reinstatement fees is estimated at approximately \$25 M annually, including: \$22.5 M attributable to the reduction in the reinstatement fee; and \$2.5 M attributable to a reduction in OMV administrative fees. See Illustrative Tables on Page 2 for more details.

Continues on Page 2

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:
REVENUE EXPLANATION continues


For illustrative purposes, using historical averages from FY 22 through FY 25, the table below reflects a total estimated loss of \$25 M.

	Average	Old Fee	New Fee	Diff	Decrease	Admin Fee	Total
1-10 Days Lapse (first Time)	13,736	\$0	\$0	\$0	\$0	\$0	\$0
1-30 Days Lapse First Time (no 1-10 days)	8,311	\$100	\$0	(\$100)	(\$831,100)	(\$207,775)	(\$1,038,875)
1-30 Days Lapse (excluding first time)	139,401	\$100	\$50	(\$50)	(\$6,970,050)	\$0	(\$6,970,050)
31-90 Days Lapse	49,608	\$250	\$200	(\$50)	(\$2,480,400)	\$0	(\$2,480,400)
91 Days and Over Lapse	62,813	\$500	\$450	(\$50)	(\$3,140,650)	\$0	(\$3,140,650)
Subsequent violation 1-10 days lapse	90,755	\$100	\$0	(\$100)	(\$9,075,500)	(\$2,268,875)	(\$11,344,375)
Total	364,624				(\$22,497,700)	(\$2,476,650)	(\$24,974,350)

Note: Total OMV specific administrative fee of \$25 loss total per transaction only occurs when there is a reinstatement fee to be charged.

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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