



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 400** SLS 16RS 1036
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 5, 2016 8:32 AM	Author: BARROW
Dept./Agy.: Public Safety/Office of Motor Vehicles	Analyst: Zachary Rau
Subject: OMV Debt Amnesty Program	

MOTOR VEHICLES OR DECREASE SG RV See Note Page 1 of 2
 Provides debt amnesty program to individuals for excessive debt due the office of motor vehicles. (8/1/16)

Proposed law requires the Office of Motor Vehicles to establish a debt amnesty program prior to the end of 2016 for debtors owing \$1,000 or more for failure to appear, lapsed insurance, false affidavit, and proof of insurance violations. Proposed law establishes a debt cap of \$500 for debt associated with failure to appear violations. Proposed law establishes a debt cap of \$850 for debt associated with lapsed insurance violations. Proposed law establishes a debt cap of \$1,075 for debt associated with false affidavit violations. Proposed law establishes a debt cap of \$500 for debt associated with proof of insurance violations. Proposed law establishes a debt cap of \$250 for debts owed by persons 65-years or older. Proposed law requires OMV to clear driver records and reinstate driver's licenses and motor vehicle registrations upon receipt of the amnesty payment. Proposed law requires OMV to advertise the debt amnesty program.

EXPENDITURES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
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>	\$0
Annual Total		\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Ded./Other	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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>	\$0
Annual Total						

EXPENDITURE EXPLANATION

The Dept. of Public Safety & Corrections (DPS) anticipates a \$12,682 increase in expenditures associated with updating the Office of Motor Vehicles' mainframe to establish amnesty-period debt caps associated with the proposed legislation. The Office of Technology Services would perform this work with an estimate of approximately 190 man-hours needed to complete it. The Legislative Fiscal Office believes that any additional IT work associated with this legislation can potentially be accomplished utilizing existing resources. To the extent that numerous pieces of legislation are enacted that require additional programming efforts, DPS may require additional resources.

REVENUE EXPLANATION

Proposed law will decrease self-generated revenues for the Office of Motor Vehicles (OMV), as well revenues for the statutorily dedicated Real-Time Insurance Verification System Fund (Insurance Verification Fund) by an indeterminable amount. Furthermore, the proposed legislation may reduce self-generated revenues for the Office of Debt Recovery (ODR) by an indeterminable amount.

The proposed legislation provides for a two-month debt amnesty program for persons owing \$1,000 or more for failure to appear violations, lapsed insurance violations, false declaration violations, and proof of insurance violations. The debt amnesty program caps debts for violations in the following amounts: failure to appear violations - \$500; lapsed insurance violations - \$850; false declaration violations - \$1,075; and proof of insurance violations - \$500. Proposed law further provides that debts associated with violations of persons 65-years or older have a cap of \$250. The debt caps are inclusive of administrative costs the department may incur. The revenue reduction associated with proposed law is indeterminable because the number of persons owing \$1,000 or more for the aforementioned violations that will take advantage of the amnesty program is unknown.

Office of Motor Vehicles Impact

The Office of Motor Vehicles reports outstanding debts of approximately \$269.66 M associated with 126,400 driving records owing \$1,000 or more in fines for the aforementioned violations. To the extent that all persons owing debts to OMV take advantage of the amnesty program, the debt caps outlined in proposed law would result in a revenue reduction totaling up to \$164.14 M. The reductions associated with the specific sources are as follows:

Note: To the extent that the Office of Debt Recovery may be unsuccessful in collecting all outstanding existing debts enumerated above, the potential reduction in realized revenues would be offset accordingly.

(See Revenue Explanation cont. on Pg. 2)

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

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Staff Director

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CONTINUED EXPLANATION from page one:
(Revenue Explanation cont. from Pg. 1)

Lapsed Insurance Violations

OMV currently reports 122,861 driving records owing \$1,000 or more for lapsed insurance violations with total outstanding fines of approximately \$263.72 M. The outstanding fines are associated with 442,006 total violations. To the extent all persons owing debts for lapsed insurance violations participate in the amnesty program pay the debt cap of \$850, OMV would generate approximately \$104.43 M (122,861 records * \$850 cap) in revenue, a reduction of approximately \$159.29 M from the current outstanding total of \$263.72 M from this source. Approximately 47% of revenues from this source are classified as SGR for OMV, with the remaining 53% being remitted to the statutorily dedicated Insurance Verification Fund. Using the totals provided by OMV, the \$159.29 M reduction in revenue would represent an SGR reduction of \$74.87 M (\$159.29 M * 47%) and a reduction of revenues totaling \$84.42 M (\$159.29 M * 53%) for the statutorily dedicated Insurance Verification Fund.

Proof of Insurance Violations

OMV currently reports 231 driving records owing \$1,000 or more for proof of insurance violations with total outstanding fines of \$339,440. The outstanding fines are associated with 1,301 total violations. To the extent all persons owing debts for proof of insurance violations participate in the amnesty program pay the debt cap of \$500, OMV would generate approximately \$115,500 in revenue (231 records * \$500 cap), a reduction of approximately \$223,940 from the current outstanding total of \$339,440 from this source. Approximately 50% of revenues from this source are classified as SGR for OMV, with the remaining 50% being remitted to the statutorily dedicated Insurance Verification Fund. Using the totals provided by OMV, the \$223,940 reduction in revenue would represent an SGR reduction of \$111,970 (\$223,940 * 50%) and a reduction of revenues totaling \$111,970 (\$111,970 * 50%) for the statutorily dedicated Insurance Verification Fund.

Failure to Appear Violations

OMV currently reports 559 driving records owing \$1,000 or more for failure to appear violations with total outstanding fines of \$734,220. The outstanding fines are associated with 7,619 total violations. To the extent all persons owing debts for failure to appear violations participate in the amnesty program pay the debt cap of \$500, OMV would generate approximately \$279,500 in revenue (559 records * \$500 cap), a reduction of approximately \$454,720 from the current outstanding total of \$734,220 from this source. Approximately 50% of revenues from this source are classified as SGR for OMV, with the remaining 50% being remitted to the statutorily dedicated Insurance Verification Fund. Using the totals provided by OMV, the \$223,940 reduction in revenue would represent an SGR reduction of \$111,970 (\$223,940 * 50%) and a reduction of revenues totaling \$111,970 (\$111,970 * 50%) for the statutorily dedicated Insurance Verification Fund.

Debt for Persons 65-years or Older

OMV currently reports 2,749 driving records owing \$1,000 or more for the aforementioned violations with outstanding fines of approximately \$4.86 M. The outstanding fines are associated with 13,258 total violations. To the extent persons 65-years or older owing debts to OMV participate in the amnesty program and pay the debt cap of \$250, OMV would generate \$687,250 in revenue (2,749 records * \$250 cap), a reduction of approximately \$4.17 M from the current outstanding total of \$4.86 from this source. Revenues from this source may be classified as SGR for OMV, or may be remitted to the statutorily dedicated Insurance Verification Fund depending on the violation.

Note: OMV does not anticipate a revenue reduction associated with the loss of fines associated with persons presenting false declaration violations, as the department rarely receives funds from this source due to a number of legal challenges associated with collecting the fines.

Office of Debt Recovery Impact

Proposed law may decrease self-generated revenues for the Office of Debt Recovery (ODR) by an indeterminable amount. Presently ODR is allowed to retain an amount equal to 25% of debts referred to the office. Currently there is no maximum with respect to the number of OMV violations a person can accrue, meaning debt amounts may exceed the debt caps provided for in the amnesty program outlined in the proposed law. As a result, revenues for 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 record varies, and the number of persons participating in the debt amnesty program is unknown. Furthermore, it is unclear in the proposed legislation if the amnesty program allows for ODR to collect the 25% retainage, as it appears to direct the amnesty program to be administered by OMV rather than ODR.

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}

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