

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 568** HLS 18RS 271
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 11, 2018 8:19 AM	Author: HILFERTY
Dept./Agy.: Dept. of Public Safety/Office of Motor Vehicles	Analyst: Ryan Guidry
Subject: Print-on-demand temporary license plate system	

MTR VEHICLE/LICEN PLATES OR DECREASE SG RV See Note Page 1 of 1
 Establishes requirements for temporary registration license plates

Proposed law requires the Dept. of Public Safety to implement a secure print-on-demand temporary license plate, record retention, and issuance system, and defines the term "secure print-on-demand" as a printing technology that allows validation of state registration data using methods that connect the department data system to a license plate printer and allows for the required plate to be printed immediately.

Proposed law provides certain requirements for the material and display of a temporary license plate.

Proposed law requires the Dept. of Public Safety to promulgate rules and regulations necessary to implement the provisions of proposed law.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
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>	<u>\$0</u>
Annual Total						
REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	(\$2,400,000)	(\$2,400,000)	(\$2,400,000)	(\$2,400,000)	(\$2,400,000)	(\$12,000,000)
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>	<u>\$0</u>
Annual Total	(\$2,400,000)	(\$2,400,000)	(\$2,400,000)	(\$2,400,000)	(\$2,400,000)	(\$12,000,000)

EXPENDITURE EXPLANATION

The Department of Public Safety (DPS), Office of Motor Vehicles (OMV) reports that proposed law will increase expenditures by \$32,971 (assumed to be SGF) for one-time programming changes by OTS to incorporate the changes for the secure print-on-demand temporary license system into the existing OMV system. The Legislative Fiscal Office believes 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.

Furthermore, OMV indicates that a private vendor would be contracted to develop and implement a secure print-on-demand electronic temporary license plate system at no cost to the department. Instead, the system would be provided by the vendor directly to the dealerships. Initial estimates received by OMV suggest the vendor would charge dealerships a fee ranging between \$3.16 and \$5 for each plate printed using the print-on-demand system. OMV indicates that current nominal expenditures to print each temporary plate would no longer be required by the agency, but administrative costs associated with maintaining the registration information would remain unchanged.

To the extent that OMV would be required to develop a secure print-on-demand system in-house, expenditures (likely SGF) for the department would increase by an indeterminable amount. The department would incur one-time expenditures to contract for the development of a secure print-on-demand system and an annual workload increase for implementation and maintenance of the system.

REVENUE EXPLANATION

Proposed law will result in an annual \$2.4 M decrease. Under present law, temporary license plates are provided to dealerships for a fee of \$4 each. OMV estimates that 600,000 temporary license plates are sold to dealerships each year, generating \$2.4 M annually (600,000 temporary license plates * \$4 per plate). Under proposed law, OMV would contract with a private vendor to provide the secure print-on-demand temporary license plate system and would no longer collect the \$4 per plate fee directly from the dealerships.

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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