



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 380** HLS 19RS 844
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 9, 2019 7:51 AM	Author: CHANEY
Dept./Agy.: Public Safety/Motor Vehicles/Emergency Response Network	Analyst: Willis Brewer
Subject: Fee increase for driver's license cards	

MTR VEHICLE/DRIVER LIC OR +\$416,000 SG RV See Note Page 1 of 2
 Authorizes a fee increase for the issuance and renewal of certain identification cards

Proposed law requires that every applicant for a Class "A", "B", "C", "D", or "E" driver's license or renewal of a Class "A", "B", "C", "D", or "E" driver's license pay, in addition to any other fee imposed by present law, a fee of \$2.75 which must be paid by the department to the La. Emergency Response Network.

EXPENDITURES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total		\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$416,000	\$383,000	\$2,170,000	\$2,250,000	\$2,590,000	\$7,809,000
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	\$416,000	\$383,000	\$2,170,000	\$2,250,000	\$2,590,000	\$7,809,000

EXPENDITURE EXPLANATION

Proposed law will create a minimal expenditure impact to the Department of Public Safety (DPS), Office of Motor Vehicles (OMV) in order to add a new fee for every applicant for a Class A, B, C, D, or E driver's license or renewal and to make programming changes to OMV's revenue classification program to credit these additional fees to the Louisiana Emergency Response Network (LERN). OMV estimates an IT programmer will require approximately 160 hours at \$75 per hour for a total cost of \$12,174, including Medicare (160 hours x \$75 x 1.45% Medicare) to make programming changes to the revenue classification system. The Legislative Fiscal Office believes that any additional IT work associated with this legislation 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 and system modifications, the Department will likely require additional resources.

REVENUE EXPLANATION

Proposed law will significantly increase SGR revenues received by the Office of Motor Vehicles (OMV) from the \$2.75 increase in Class "A", "B", "C", "D", or "E" driver's license fees that would be credited to the Louisiana Emergency Response Network (LERN). It is anticipated that these revenues will be transferred directly to LERN as they are received by OMV and will not be deposited into any OMV account.

There are three million driver licenses in the current OMV system and OMV estimates that an estimated 500,000 credentials could be renewed each year (3 M credentials/6 year renewal schedule) that would generate approximately \$1.3 M in revenues for LERN, assuming an equal distribution of driver's license acquisitions and renewals between fiscal years. Using historical and projected data regarding the issuance and renewal of driver's licenses, the LFO projects that the annual revenues for LERN will vary each year from \$383,000 to \$2.6 M depending on the driver's license renewal schedule (see explanation on page 2).

SEE REVENUE EXPLANATION CONTINUED ON PAGE 2

Senate <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 type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}
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Evan Brasseaux
 Staff Director

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CONTINUED EXPLANATION from page one:

Page 2 of 2

CONTINUED REVENUE EXPLANATION from page two

Act 807 of 2014 increased the driver's license renewal period from every four years to every six years beginning on July 1, 2015 (FY 16). By increasing the cycle to 6 years, there is a 2-year gap in which many driver licenses are not renewed compared to the schedule under prior law. For example, renewals that occurred in FY 16 and FY 17 would have previously been renewed in FY 20 and FY 21, but now these renewals will occur in FY 22 and FY 23. This new six-year renewal schedule creates a significant decrease in the number of driver license renewals in the fifth and sixth years of each renewal cycle (FY 20 and FY 21, FY 26 and FY 27, FY 32 and FY 33, and so on). While OMV anticipates it will take 30 years to smooth out the number of driver's licenses renewed annually in the new schedule, the severity of these gap years is anticipated to significantly diminish as the number of individuals first acquiring a driver's license after FY 16 become an ever-increasing proportion of the driving public.

Prior to the change in the renewal schedule, the number of either new or renewed driver licenses ranged from 771,000 to 896,500 annually. The Office of Motor Vehicles (OMV) estimates in FY 20 there will only be 151,000 new or renewed driver licenses. By FY 24, there may be as many as 945,000 new or renewed driver licenses. Using OMV renewal projections for FY 20 - FY 24, and assuming the number of new driver's licenses issued remains constant at the FY 18 amount, a \$2.75 fee increase effective July 1, 2019, for Class "A", "B", "C", "D", or "E" licenses is projected to generate approximately \$416,000 in FY 20, \$383,000 in FY 21, \$2.17 M in FY 22, \$2.25 M in FY 23, and \$2.59 M in FY 24 to be transferred to LERN. It is anticipated there will be substantial decrease in revenues in FY 26 and FY 27 compared to FY 24. While these revenues may be similar to projections for FY 20 (\$416,000) and FY 21 (\$383,000), the total number of renewals in those years cannot be projected at this time.

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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