

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 447** HLS 24RS 651

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|---|---------|----------------------------|
| Date: May 2, 2024 | 6:06 PM | Author: ILLG |
| Dept./Agy.: Office of Motor Vehicles | | Analyst: John McKay |
| Subject: Driver's License Fee Increase | | |

MTR VEHICLE/DRIVER LIC RE +\$3,900,000 SD RV See Note Page 1 of 1
Increases the driver's license fee and the specific portion directed to the litter abatement fund

Proposed legislation increases the basic license fee that every applicant for a Class A, B, C, D, and E license must pay by \$6. Under current law, \$1.50 of the driver's license fee shall be forwarded by the department to the litter abatement account. This measure changes the amount forwarded to the litter abatement account from \$1.50 to \$7.50 per license issued.

| EXPENDITURES | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 5 -YEAR TOTAL |
|---------------------|------------------|------------|------------|------------|------------|---------------|
| 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 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 5 -YEAR TOTAL |
|---------------------|--------------------|--------------------|------------|------------|------------|--------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$3,900,000 | \$3,900,000 | \$0 | \$0 | \$0 | \$7,800,000 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$3,900,000 | \$3,900,000 | \$0 | \$0 | \$0 | \$7,800,000 |

EXPENDITURE EXPLANATION

Proposed legislation will create a minimal expenditure impact to the Office of Motor Vehicles (OMV) associated with software updates and testing.

The Department of Public Safety (DPS) estimates the proposed measure will require a one-time SGF expenditure of \$38,744 to implement application changes and to perform 3 to 6 months of system testing. The Office of Technology Services (OTS) would perform this work at an estimated 402 hours of overtime by two Senior Developers (402 hours x \$95 per hour = \$38,190 x 1.45% Medicare tax = \$553.76; a total of \$38,744). 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, DPS may require additional resources.

REVENUE EXPLANATION

Proposed legislation will increase revenues for the statutorily dedicated Litter Abatement and Education Account within the Conservation Fund by an approximate average of \$3.9 M per year for 2 years following enactment, which is based on a 3 year average.

This measure increases the fee on Class A, B, C, D, and E licenses by \$6 statewide. The portion of the fee forwarded by OMV to the Litter Abatement and Education Account will increase from \$1.50 to \$7.50 per license. The increase from \$1.50 to \$7.50 represents a 400% ((7.50 - 1.50)/1.50) increase. Applying the 400% increase to the average deposit amount of \$978,736 yields an incremental increase in deposits by an estimated \$3.9 M (\$978,736 x 400%) annually.

Below is the prior 3 year history of deposits to the Litter Abatement and Education Dedicated Fund Account from motor vehicle licenses.

| | |
|------------------|----------------|
| \$1,024,162 | FY 22 |
| \$1,061,510 | FY 23 |
| <u>\$850,537</u> | FY 24 |
| \$978,736 | 3 Year Average |

Proposed legislation shall cease to exist two years from the effective date of this measure.

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


Patrice Thomas
Deputy Fiscal Officer