

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 496** HLS 18RS 884
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 12, 2018 1:11 PM	Author: HAZEL
Dept./Agy.: Office of Motor Vehicles/Dept. of Veterans Affairs	Analyst: Ryan Guidry
Subject: Driver's License Fee Increase, Provisions for Deposit	

MTR VEHICLE/DRIVER LIC OR INCREASE SG RV See Note Page 1 of 2
 Provides for a voluntary fee on driver's license applications to benefit the Military Family Assistance Fund

Present law provides for driver's license fees in the City of New Orleans and State of Louisiana for all classes. Proposed law increases all license fees by \$1. Proposed law also allows the applicant to choose to donate \$1 of the license fee to the Louisiana Military Family Assistance Fund.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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						

EXPENDITURE EXPLANATION

The Department of Public Safety (DPS) estimates the proposed legislation will require 196 hours of overtime at a cost of \$12,925 (assumed to be SGF) to update the Unisys mainframe from the \$1 fee increase (see Revenue Explanation), as well as modifications to the finance system, ISIS system, and Mapper/Bisprod 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, DPS may require additional resources.

For those applicants that elect to make the \$1 donation, revenue will accrue to the La Military Family Assistance Fund. While the proposed legislation allows for the fee revenue to be deposited into the fund, it does not alter the fund's purpose, functions, or associated expenditures. For reference, the LA Military Family Assistance Fund mainly receives revenues through donations, gifts, and grants. Resources in the fund are primarily used to pay need-based claims for family members of activated or honorably discharged military personnel as authorized by the LA Military Family Assistance Board. These funds are disbursed pursuant to LA R.S. 46:122, but the disbursements on a year-to-year basis are dependent on circumstances that are unpredictable and based upon identified need. For reference, the fund has received average deposits of \$91,788 during the three preceding fiscal years (FYs 15 - 17) and began FY 18 with a balance of \$429,833. The fund has disbursed \$115,528 to date and has a current balance of \$378,001.

For those applicants that do not elect to make the \$1 donation to the LA Military Family Assistance Fund, revenue will accrue to the SGR for the DPS/ Office of Motor Vehicles (OMV) and be deposited in the same manner as all other driver's license fees. One-third of the fee is deposited into an escrow account at the state treasury to alleviate irregularities in year-to-year collections caused by the change from a 4-year renewal cycle to a six year, and the remaining two-thirds of the fee collected as SGR for OMV. To the extent that the additional two-thirds of SGR is recognized by the Revenue Estimating Conference (REC) and appropriated, these funds will be available for expenditure by OMV. However, at this time there are no explicit expenditures identified for these additional revenues. To the extent that the additional two thirds of SGR is not appropriated or expended, these additional revenues will revert to the state general fund at the close of each fiscal year.

REVENUE EXPLANATION

Proposed law will increase SGR for DPS, OMV and revenues for the statutorily dedicated La Military Family Assistance Fund by an indeterminable amount annually. The proposed legislation increases fees on all classes of driver's licenses statewide by \$1 and allows the applicant to choose to donate \$1 of the license fee to the LA Military Family Assistance Fund. To the extent that an applicant elects to make the donation, revenues to the LA Military Family Assistance Fund will increase accordingly. **SEE REVENUE EXPLANATION CONTINUED ON PAGE 2**

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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CONTINUED EXPLANATION from page one:

REVENUE EXPLANATION CONTINUED FROM PAGE 1

For those applicants that do not elect to make the donation to the LA Military Family Assistance Fund, SGR for OMV will increase.

OMV reports approximately 3,000,000 licensed drivers (all classes) as of March 2018. Furthermore, OMV states that the transition from a four-year credential to a 6-year credential pursuant to ACT 807 of 2014 creates an uneven distribution of license renewals, with years 5 and 6 of the credential cycle realizing fewer renewals. Years 5 and 6 of the renewal cycle will occur in FYs 20-21. To level the affects of the uneven distribution, one-third of all driver's license fee collections are deposited into an escrow account at the state treasury to be utilized during years 5 and 6. To the extent that an applicant does not elect to donate \$1 to the LA Military Family Assistance Fund, one-third of the additional \$1 would be deposited into the escrow fund with the balance deposited as SGR for OMV in the fiscal year in which it was collected. For reference, DPS estimates a five-year potential revenue gain in the following amounts by fiscal year: FY 19 - \$787,497; FY 20 - \$44,439; FY 21 - \$38,456; FY 22 - \$676,315; FY 23 - \$676,315. However, whether these amounts are collected as revenue for the LA Military Family Assistance Fund or as SGR for OMV is completely dependent upon the decision of each applicant.

In the aggregate, revenues will approach approximately \$3,000,000 during the course of the 6-year renewal cycle. Actual collections will vary from year-to-year depending upon license renewals, issuance of new licenses, and the non-renewal of licenses.

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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