

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 287** SLS 18RS 499
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Dept. of Public Safety/Office of Motor Vehicles		Analyst: Ryan Guidry
Subject: Motor vehicle liability security sanctions and penalties		

TRAFFIC OR DECREASE SD RV See Note Page 1 of 1
 Provides relative to compulsory motor vehicle liability security. (8/1/18)

Present law provides sanctions and reinstatement fees for a lapse in motor vehicle liability security. Proposed law reduces the fee for a lapse from 31 to 90 days from \$250 to \$200 and adds that a continuous period of noncoverage less than six months shall be deemed a single violation. Proposed law adds that a fee for a single continuous period of noncoverage shall never exceed \$500 unless the citizen is cited for driving a vehicle without compulsory liability security, in which case a separate fee may be imposed for each cited instance of driving without compulsory liability security. Present law provides sanctions and reinstatement fees for false declaration of motor vehicle liability security. Proposed law reduces the fee for false declaration on 3rd and subsequent offenses from \$1,000 to \$750. Present law provides the maximum fees for multiple violations to be paid shall not exceed \$850 for violations for a lapse of security and \$1,000 for violations for false declaration of liability security. Proposed law removes requirement for multiple violations and reduces total fees from \$850 to \$550 for lapse and \$1,000 to \$750 for false declaration. Proposed law caps the fees charged by the office of debt recovery at \$250 and costs of court. Present law caps the total fees for persons over 65 year of age at \$250. Proposed law reduces fee for 2nd offense for failure of motor vehicle liability security to be contained in vehicle from \$250 to \$200.

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.	\$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	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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 Department of Public Safety (DPS), Office of Motor Vehicles (OMV) reports that proposed law will result in a one-time expenditure of \$50,116 (assumed to be SGF) for one-time programming changes by OTS to the existing OMV system. The Legislative Fiscal Office believes that the department can potentially accomplish these tasks utilizing existing resources and budget authority as similar changes are enacted annually by legislative instrument and paid from base funding. 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 SGR revenue for OMV and the Office of Debt Recovery (ODR), as well as revenues for the statutorily dedicated Real-Time Insurance Verification Fund by an indeterminable amount. SGR collected by OMV in excess of appropriation is deposited into SGF. The LFO is unclear whether this legislation has both a prospective and retroactive effect or just a prospective effect. The fiscal impacts provided assume proposed law will impact existing uncollected reinstatement fees as well as revenues for prospective violations. To the extent that proposed law will only affect prospective revenues, the total revenue decrease would be lessened.

Proposed law will decrease the following reinstatement fees by the following amount: lapse in liability security from 31 to 90 days by \$50, from \$250 to \$200; false declaration of liability security on 3rd and subsequent offenses by \$250, from \$1,000 to \$750; and failure to maintain proof of liability security in the vehicle for 2nd offense by \$50, from \$250 to \$200. OMV reported 24,969 violation for lapse in liability security coverage from 31 to 90 days in FY 17 and averages 900 2nd violations annually for failure to maintain proof of liability security in the vehicle. Revenue would decrease by \$50 for each occurrence. The impact in FY 17 assuming 25,869 violations (24,969 + 900) would have resulted in a SGR reduction of \$1,293,450 if proposed law had been in effect.

Proposed law will also eliminates the requirement for multiple violations and reduces the maximum total reinstatement fees by the following amounts: lapse in liability security by \$300, from \$850 to \$550; and false declaration by \$250, from \$1,000 to \$750. Proposed law provides that the maximum fees are applicable regardless of the number of violations for an individual driver. OMV reports that 329,000 drivers are currently eligible for reinstatement under a maximum cap after a lapse in liability security. Whether or not these drivers will pay the reinstatement fees and in which fiscal year the revenue would be received is indeterminable. Proposed law would reduce potential reinstatement fee collections by an indeterminable amount, but the maximum exposure would total approximately \$98,700,000 (329,000 drivers * \$300).

Under present law, violations that are not cleared after 70 days are turned over to ODR for collection. Each violation for a lapse in liability security carries a \$500 reinstatement fee, a \$25 administration fee accessed by OMV, and a maximum \$131.25 (25%) fee accessed by ODR. OMV estimates 656,600 violations are currently eligible to be sent to ODR with a total value of \$344,715,000 (656,600 * \$525) eligible for collection by OMV and \$86,178,750 (656,600 * \$131.25) eligible for collection by ODR. Whether or not ODR will collect these revenues and in which fiscal year the revenue would be received is indeterminable. Proposed law would cap the total reinstatement fees for a driver, regardless of the number of violations, at \$550 for OMV and \$250 and court costs for ODR. Some portion of the 656,600 eligible cancellations includes multiple violations for individual drivers, therefore revenue eligible for collection for both OMV and ODR would be reduced by an indeterminable but potentially significant amount.

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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