

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 536** HLS 21RS 682

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 10, 2021	2:37 PM	Author: PHELPS
Dept./Agy.: Public Safety, Office of Motor Vehicle		Analyst: Patrice Thomas
Subject: Insurance Reinstatement Fees		

MTR VEHICLE/VIOLATIONS OR -\$9,778,438 RV See Note
Provides relative to sanctions for a lapse in required liability security

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Under present law, if a vehicle has a insurance lapse, the following reinstatement fees apply: (1)\$100 per violation for 1-30 days, (2) \$250 per violation for 31-90 days, (3) \$500 per violation over 90 days. Proposed law changes the number of days that trigger the \$100 per violation penalty from 1-30 days to 11-30 days.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	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	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	(\$3,911,375)	(\$3,911,375)	(\$3,911,375)	(\$3,911,375)	(\$3,911,375)	(\$19,556,875)
Ded./Other	(\$5,867,063)	(\$5,867,063)	(\$5,867,063)	(\$5,867,063)	(\$5,867,063)	(\$29,335,315)
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	(\$9,778,438)	(\$9,778,438)	(\$9,778,438)	(\$9,778,438)	(\$9,778,438)	(\$48,892,190)

EXPENDITURE EXPLANATION

Proposed law will result in a one-time programming change of \$12,986 (assumed to be SGF) in the Department of Public Safety (DPS), Office of Motor Vehicles (OMV). 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 instruments 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.

While proposed law does not otherwise directly impact state or local governmental expenditures, it does eliminate a combined \$9.78 M (\$3.91 M SGR and \$5.78 M Statutory Dedications out of the Real Time Insurance Verification System Fund) revenues used to support certain functions within the Department of Public Safety, specifically a portion of State Police trooper salaries and the general operating costs of the Office of Motor Vehicles. To the extent that the legislature continues to fund activities in the Department of Public Safety supported by these revenues at the same or a diminished level in subsequent fiscal years, the funding sources supporting the base expenditures must be replaced by SGF or another revenue source to supplant the loss of SGR and statutory dedications. These activities would compete for annual SGF resources along with other significant SGF supported services and activities of the state.

REVENUE EXPLANATION

Proposed law will decrease self-generated revenue in the Department of Public Safety, Office of Motor Vehicles (OMV) by \$3.91 M as well as revenues in the statutorily dedicated Real Time Insurance Verification System Fund by \$5.87 M as a result of eliminating reinstatement penalties on insurance cancellations from 1-10 days. This fiscal note presumes the proposed law will apply only to prospective revenues and not impact existing uncollected reinstatement fees. Monies from the Real Time Insurance Verification Fund are used within the Office of State Police for trooper salaries. SGR collected by OMV in excess of appropriation is deposited into the SGF.

Under present law, a \$100 reinstatement fee is charged on insurance cancellations less than 30 days plus a \$25 administrative fee. Of the \$100 fee, \$25 is credited to self-generated revenue, and \$75 is credited to the Real Time Insurance Verification System Fund. The proposed law eliminates the \$100 reinstatement fee on insurance cancellations from 1 - 10 days. Based on actual revenue collections from the prior four fiscal years (FY 17 - FY 20), the proposed law would eliminate reinstatement fees on an average of 78,250 insurance cancellations that have insurance lapses from 1 - 10 days with an average revenue collection of \$9.78 M (78,250 x \$125) - See table detailing estimates on the following page.

REVENUE EXPLANATION CONTINUED ON PAGE TWO

<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 checked="" 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}

Alan M. Boxberger

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Staff Director

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CONTINUED EXPLANATION from page one:

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REVENUE EXPLANATION CONTINUED FROM PAGE ONE

	Violations (1-10 days)	Current fee	Current collections
FY 16-17	74,586	\$125	\$9,313,250
FY 17-18	80,554	\$125	\$10,069,250
FY 18-19	85,891	\$125	\$10,735,375
FY 19-20	71,967	\$125	\$8,995,875
Average	78,250		\$9,778,438

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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