

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 681** HLS 24RS 883

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

REVISED

Date: May 9, 2024	6:06 PM	Author: JORDAN
Dept./Agy.: Public Safety, Office of Motor Vehicles		Analyst: John McKay
Subject: Insurance Reinstatement Fees		

MTR VEHICLE/OFFICE EG DECREASE RV See Note Page 1 of 2
Provides relative to the office of motor vehicles reinstatement fees for no insurance

Proposed legislation changes the reinstatement fee to a flat \$75 fee regardless of the length of time the vehicle has been without security coverage. This measure removes the limitation that after sixty days of the date of the notice, all fees shall be considered final delinquent debt and therefore owed, and the \$850 limit for persons under 65 years shall no longer apply.

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.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Ded./Other	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

The Department of Public Safety (DPS), Office of Motor Vehicles (OMV) estimates the proposed measure will require a one-time SGF expenditure of \$24,094 to program and test software. The LFO believes that any additional IT work associated with this measure 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.

While proposed law does not otherwise directly impact state expenditures, it does reduce SGR and Statutory Dedications out of the Real Time Insurance Verification System Fund 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 revenues in the Department of Public Safety, Office of Motor Vehicles (OMV) as well as decrease revenues in the statutorily dedicated Real Time Insurance Verification System Fund as a result of reducing reinstatement fees on insurance cancellations to a flat fee of \$75. 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. This fiscal note presumes the proposed law will apply only to prospective revenues and not impact existing uncollected reinstatement fees. For illustrative purposes, based on a 5-year average, the amount of reinstatement fees imposed would decrease by approximately \$39 M annually as a result of this measure. The table below displays the net effect of proposed legislation using a 5-year average. **Note: Actual collections by OMV are substantially less than reinstatement fees imposed for insurance cancellations. The LFO is working with OMV to determine the impact on actual collections.**

Fee Tier	5 Year Average Cancellations	Fees Imposed/ Current Law	\$75 Fee Imposed/ Proposed Law	Decrease in Fees Imposed
\$100	126,741	\$12,674,080	\$9,505,560	(\$3,168,520)
\$250	39,656	\$ 9,914,100	\$2,974,230	(\$6,939,870)
\$500	67,803	<u>\$33,901,600</u>	<u>\$5,085,240</u>	<u>(\$28,816,360)</u>
		\$56,489,780	\$17,565,030	(\$38,924,750) See Page 2

*The table above includes collected and uncollected fees and excludes fees for which OMV is not able to determine the fee tier, which is approximately 96,967 insurance cancellations.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input 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}


Patrice Thomas
Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

Had proposed law been in effect in FY 19 - 23, fees imposed would have been approximately \$39 M per year. Below is a detailed calculation of how the annual decrease of \$39 M fees imposed was estimated.

	<u>Fee Tier</u>	<u>Estimated Cancellations</u>	<u>Fees Imposed</u>	<u>\$75 Flat Fee in Proposed Law</u>	<u>Decrease in Fees Imposed</u>
FY 19	\$100	134,687	\$13,486,700	\$10,115,025	(\$3,371,675)
	\$250	43,213	\$10,803,250	\$3,240,975	(\$7,562,275)
	\$500	64,157	\$32,273,500	\$4,841,025	(\$27,432,475)
	Total		\$56,563,450	\$18,197,025	(\$38,366,425)
FY 20	\$100	112,402	\$11,240,200	\$8,430,150	(\$2,810,050)
	\$250	36,940	\$9,235,000	\$2,770,500	(\$6,464,500)
	\$500	64,995	\$32,497,500	\$4,874,625	(\$27,622,875)
	Total		\$52,972,700	\$16,075,275	(\$36,897,425)
FY 21	\$100	114,786	\$11,478,600	\$8,608,950	(\$2,869,650)
	\$250	31,710	\$7,927,500	\$2,378,250	(\$5,549,250)
	\$500	60,548	\$30,274,000	\$4,541,100	(\$25,732,900)
	Total		\$49,680,100	\$15,528,300	(\$34,151,800)
FY 22	\$100	130,689	\$13,068,900	\$9,801,675	(\$3,267,225)
	\$250	42,160	\$10,540,000	\$3,162,000	(\$7,378,000)
	\$500	73,838	\$36,919,000	\$5,537,850	(\$31,381,150)
	Total		\$60,527,900	\$18,501,525	(\$42,026,375)
FY 23	\$100	140,960	\$14,096,000	\$10,572,000	(\$3,524,000)
	\$250	44,259	\$11,064,750	\$3,319,425	(\$7,745,325)
	\$500	75,088	\$37,544,000	\$5,631,600	(\$31,912,400)
	Total		\$62,704,750	\$19,523,025	(\$43,181,725)
Sum Total of FY 19-23					
	\$100		\$63,370,400	\$47,527,800	(\$15,842,600)
	\$250		\$49,570,500	\$14,871,150	(\$34,699,350)
	\$500		\$169,508,000	\$25,426,200	(\$144,081,800)
	Total		\$282,448,900	\$87,825,150	(\$194,623,750)
5 Year Average					
	\$100		\$12,674,080	\$9,505,560	(\$3,168,520)
	\$250		\$9,914,100	\$2,974,230	(\$6,939,870)
	\$500		\$33,901,600	\$5,085,240	(\$28,816,360)
	Total		\$56,489,780	\$17,565,030	(\$38,924,750)

Senate

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

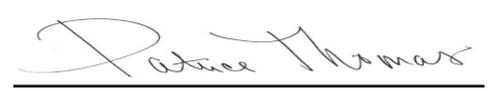
13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

Dual Referral Rules

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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Deputy Fiscal Officer