



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 520** HLS 25RS 931
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 18, 2025	7:11 PM	Author: ILLG
Dept./Agy.: Revenue/Motor Vehicles		
Subject: Sales & Use Tax: Antique Vehicle Exemption		Analyst: John McKay

TAX/SALES-USE-EXEMPT OR DECREASE GF RV See Note Page 1 of 1
Establishes a state and local sales and use tax exemption for certain antique motor vehicles and increases the fee for issuance of special license plates for those vehicles
Proposed measure establishes a state and local sales & use tax exemption for the sale or purchase of certain antique motor vehicles. Proposed legislation sets the fee for issuing special plates for antique motor vehicles which qualify for the sales & use tax exemption at \$1,000.
Effective July 1, 2025.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$7,710	\$0	\$0	\$0	\$0	\$7,710
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	\$7,710	\$0	\$0	\$0	\$0	\$7,710


REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Annual Total						

EXPENDITURE EXPLANATION
Proposed measure will create a minimal one-time SGF expenditure of \$7,710, in FY 26, 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 \$7,710 to implement application changes and to perform system testing. The Office of Technology Services (OTS) would perform this work at an estimated 80 hours of work by a Senior Application Developer (80 hours x \$95 per hour = \$7,600 x 1.45% Medicare tax = \$110.20; a total of \$7,710).

REVENUE EXPLANATION
This fiscal note assumes that language in proposed law is sufficient to implement the exemption contemplated by the bill.
Proposed measure exempts sale or purchase of antique motor vehicles valued at \$10,000 or greater, if the owner registers the vehicle with an antique plate. Proposed law additionally increases the fee for the antique plate to \$1,000 (from \$25). Data on the number or price of antique vehicles sold annually is not available. Thus, the revenue impact is indeterminable.

OMV reports that there are approximately 3,450 registered antique motor vehicles currently in Louisiana with a reported sale price of \$10,000 or more. As an illustration, if 10% of these vehicles were sold in a fiscal year at the threshold price of \$10,000, resulting in a sales volume of \$3.5 M, the general fund impact of proposed law would be a reduction of approximately \$173,000 in that year, and local funds would decrease by a similar amount, depending on varying local sales tax rates. Any estimate of the actual number of antique vehicle sales and prices would be speculative.
The \$10,000 minimum value threshold makes it unlikely that a significant number of vehicle owners will choose to forego the antique plate and instead pay the state and local sales tax. Using the example of an antique motor vehicle that is sold for \$10,399 in a jurisdiction with a combined state & local sales tax rate of 9.45%: if the owner does not apply for the antique plate, they will pay approximately \$983 in state and local tax, in addition to the (minimum) regular license plate fee of \$20. In this case, the owner would be marginally better off paying the \$1,000 antique plate fee. This advantage becomes even more pronounced for higher-priced antique vehicles.

For vehicles valued well above the \$10,000 threshold, the amount of foregone state and local sales tax revenue will exceed the \$1,000 antique plate fee. As a result, local revenues would decrease due to proposed legislation, while the increase in OMV fee revenue would outweigh the reduction in SGF revenue.
Proposed legislation is silent on whether its provisions are retroactive, although the sales and use tax was repealed following the passage of Act 11 of the 2024 3rd ES.
Note: The majority of registration fees collected by OMV are deposited into the Transportation Trust Fund (TTF).

<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}	Patrice Thomas
<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}	Deputy Fiscal Officer