

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 593** HLS 15RS 1157

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.: **w/ PROP HSE COMM AMD**

Sub. Bill For.:

Date: May 4, 2015	5:38 PM	Author: LANDRY, TERRY
Dept./Agy.: Motor Vehicles		Analyst: Matthew LaBruyere
Subject: Motor Vehicle Inspections		

MTR VEHICLE/INSPECTION OR SEE FISC NOTE GF EX Page 1 of 2
To provide for automation of the motor vehicle inspection process

Proposed law allows the Dept. of Public Safety and Corrections (DPS&C) to develop a system of electronic filing on inspection information and print on demand motor vehicle inspection certificates. Proposed law establishes requirements for the system, including but not limited to, each station contracting with the DPS&C's vendors for the acquisition of any hardware, software, or supplies necessary to implement the system of electronic filing or inspection and print on-demand motor vehicle inspection certificates, and to connect to the system. Proposed law specifies that two years after implementation of the system the DPS&C may establish a system of administrative fines to be assessed against the registered owner of any vehicle if the vehicle record shows a lapse of a valid inspection sticker for a period of more than 60 days. Proposed law specifies that DPS&C's system of electronic filing on inspection information and print on demand motor vehicle inspection certificates must be in place and operational by December 31, 2016.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	SEE BELOW	SEE BELOW	\$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	\$0	\$0	\$0			\$0

EXPENDITURE EXPLANATION

The proposed legislation with proposed committee amendments may result in an increase in state resources. To the extent the department develops a system that would print on-demand inspection stickers, the likely funding source would be state general fund. The exact cost of the system is indeterminable since the cost would be determined through a Request For Proposals (RFP). A Government Efficiency Management Support (GEMS) Report states that in order to implement the system, the current inspection fee would have to be increased by approximately \$5 for each inspection sticker.

Currently, the department spends \$130,515 per year to purchase inspection stickers. The department purchases 2.75 M stickers for \$108,350 and 5.5 M month and year inserts for \$11,165. The cost for each sticker with month and year inserts is \$0.047. The department would no longer purchase these stickers once an on-demand sticker system is operational.

A commercial off-the-shelf system to print the tickets and send information to the OMV database could potentially cost \$5 for each ticket printed based on the GEMS Report. On average, there are between 1.5 M and 2 M vehicle inspections annually in Louisiana according to OMV. To the extent the system does cost \$5 per sticker, the annual cost would be between \$7.5 M (\$5 sticker x 1.5 M inspections) and \$10 M (\$5 sticker x 2.0 M inspections). In the event the cost is less than \$5, the total annual cost would be lower.

(Continued on Page 2)

REVENUE EXPLANATION

To the extent the department does develop the sticker system, OMV may recognize an increase in self-generated revenue as a result of fines collected by the department on vehicle owners that have a lapse of a valid inspection sticker by more than 60 days. The exact impact is indeterminable since it is unknown how many vehicle owners would have lapse in inspection stickers by more than 60 days and how much the fine amount will be. The proposed legislation does state that the fine amount cannot exceed twice the fee amount for the inspection sticker of a particular vehicle.

NOTE: The proposed legislation states the system may be operational by December 31, 2016 and that fines will be assessed no sooner than 2 years after implementation. To the extent the system is operational before December 31, 2016, the fines will be assessed 2 years after that date.

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|---|----------------------------|--------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} |
| <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} |

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:

(CONTINUED EXPENDITURE EXPLANATION FROM PAGE ONE)

The Department of Public Safety indicates the proposed law may require approximately 280 hours of overtime for the Office of Technology Services at an average cost of \$32 per hour ($\$32 \times 280 = \$8,960$) plus associated Medicare expenses ($\$8,960 \times 1.45\% = \130), or a total of \$9,090 in personal services. The legislation will require the development on a mainframe to store inspection information within the vehicle registration master record, modifications to the transactions and batch processes to report the inspection information, the addition of revenue codes, and expand the registration/driver's license database to store the inspection information. The LFO 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, the Department may require additional resources.

Senate

Dual Referral Rules

House

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

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

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

6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}

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

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