

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 564** HLS 15RS 939
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 14, 2015 10:23 AM	Author: BURFORD
Dept./Agy.: Motor Vehicles	Analyst: Matthew LaBruyere
Subject: Motor Vehicle Inspections	

MTR VEHICLE/INSPECTION RE INCREASE SG RV See Note Page 1 of 1
 Provides relative to motor vehicle inspections

Present law permits the owner of a vehicle to have the option of purchasing a one year or two year certificate. Present law requires a charge or fee of \$10 to be charged for each year of validity of the certificate of inspection and approval issued. Proposed law retains present law and adds requirement that persons operating an official inspection to offer certificates of inspection that are valid for five years for motor vehicles that are seven model years old or newer. Present law and proposed law provide that the options for a two year or five year certificate do not apply to the inspection program for vehicles in non-attainment parishes and municipalities pursuant to the federal Clean Air Act or regulations promulgated by the Environmental Protection agency, to commercial vehicles, and to student transportation vehicles. Present law requires certain types of trailers bear a valid safety inspection certificate issued in the state of La. Proposed law exempts tandem axle trailers from this requirement unless the trailer is used in commerce and subject to Federal Motor Carrier Safety Administration regulations.

EXPENDITURES	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.	SEE BELOW	\$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	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.	INCREASE	INCREASE	DECREASE	DECREASE	DECREASE	
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						

EXPENDITURE EXPLANATION

The Department of Public Safety indicates the proposed law may require approximately 40 hours of overtime for the Office of Technology Services for a total of \$1,299 in personal services for system programming changes. 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.

REVENUE EXPLANATION

The proposed legislation may result in an increase in self-generated revenue as a result of allowing vehicle owners the option of purchasing a 5 year inspection certificate. The exact increase is indeterminable since it is unknown how many motorists will chose the 5 year certificate. Currently there are approximately 2.07 M cars that receive inspections on an annual basis. Of the 2.07 M cars, 1,050,000 vehicles (50%) purchase 1 year inspection certificates and 1,025,000 vehicles purchase 2 year inspection certificates.

Assumptions

1.) Based on the current percentage of vehicle owners that purchase 1 year and 2 year inspection certificates, 1 year certificate purchases will remain constant. 2.) The purchase of 2 year certificates will be reduced by half (to 512,500 certificates) and the remaining certificates purchased (512,500) in FY 16 & FY 17 will be 5 year certificates. 3.) The majority of 5 year certificates will be purchased in FY 16 and FY 17 and only 10% of the 2 year purchasers will purchase certificates in FYs 18, 19 & 20.

From each inspection certificate, DPS collects \$5.25 for a 1 year, \$10.50 for a 2 year and \$26.25 for a 5 year. Since the 2 year certificate has been in effect for approximately 2.5 years, every two years below will be similar since 2 year certificate purchasers may purchase 5 year certificates upon expiration. For comparison purposes, this fiscal note also assumes that if 5 year certificates were not available, the purchase rate of 1 and 2 year certificates would remain constant.

Year	FY 16	FY 17	FY 18	FY 19	FY 20	Total
Revenue with 5 year certificates	\$24,806,000	\$24,806,000	\$11,852,000	\$11,852,000	\$11,218,000	\$84,534,000
Revenue under current law	\$16,538,000	\$16,538,000	\$16,538,000	\$16,538,000	\$16,538,000	\$82,690,000
Increase/Decrease	\$8,268,000	\$8,268,000	(\$4,686,000)	(\$4,686,000)	(\$5,320,000)	\$1,844,000

NOTE: The proposed law states that only vehicles that are less than 7 years old can only receive a 5 year certificate. Vehicles that are in the non-attainment zone are not eligible for the 2 year and 5 year certificates.

- 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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