

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 445** HLS 15RS 1026  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.: **w/ PROP SEN COMM AMD**  
 Sub. Bill For.:

<b>Date:</b> May 21, 2015 9:52 AM	<b>Author:</b> MACK
<b>Dept./Agy.:</b> Public Safety	<b>Analyst:</b> Matthew LaBruyere
<b>Subject:</b> Public Tag Agents	

MOTOR VEHICLES RE +\$59,800,000 GF RV See Note Page 1 of 1  
 Provides relative to entities authorized to provide services related to motor vehicles

Proposed law requires each public license tag agent other than a municipal governing authority to execute a good and sufficient surety bond in a sum of \$100,000 for one office in this state and \$125,000 for more than one office in this state. Proposed law provides that OMV may deny a contract to any person seeking to be a public tag agent if that person has been found to be in violation of any rule or regulation promulgated by OMV pertaining to the issuance of a motor vehicle title, registration, or driver's license within the two-year period prior to the date of application. Proposed law authorizes OMV to suspend, revoke, cancel, or impose other restrictions on any public tag agent contract for certain causes. Proposed law provides that OMV may issue an order to any person engaged in any activity, conduct, or practice constituting a violation relating to public tag agent contracts or any rules or regulations adopted pursuant to present law or proposed law, directing such person to cease and desist from such activity, conduct, or practice. Proposed Senate committee amendment increases certificate of title fee and salvage title fee from \$18.50 to \$68.50, and the permit to sell motor vehicles from \$15 to \$65.

<b>EXPENDITURES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$59,800,000	\$59,800,000	\$59,800,000	\$59,800,000	\$59,800,000	<b>\$299,000,000</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$59,800,000</b>	<b>\$59,800,000</b>	<b>\$59,800,000</b>	<b>\$59,800,000</b>	<b>\$59,800,000</b>	<b>\$299,000,000</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

The proposed Senate committee amendment will result in an increase state general fund revenue in the amount of \$59.8 M as a result of increasing certificate of title, salvage title, and permit to sell fees by \$50 each. The current certificate of title and salvage title fees are \$18.50. The current permit to sell fee is \$15. The proposed committee amendment raises the fees to \$68.50 and \$65, respectively. However, materially higher fees may deter or delay obtaining appropriate titles or permits and this simple extrapolation constitutes a maximum potential revenue gain from these fee increases.

Based on a three year historical average from the Office of Motor Vehicles budget request, there are approximately 1,190,000 certificates of title granted annually that generate \$22 M (1.19 M titles x \$18.50 fee) annually. To the extent the number of titles issues remain static, the new total fee would generate \$81.5 M (1.19 M titles x \$68.50 fee) annually, an increase of \$59.5 M. Of the \$18.50 fee collected, \$4 is classified as self-generated revenue.

Based on a three year historical average from the Office of Motor Vehicles budget request, there are approximately 5,300 permits to sell issued annually that generate \$79,500 (5,300 permits x \$15 fee) annually. To the extent the number of titles issues remain static, the increased fee would generate \$344,500 (5,300 titles x \$65 fee) annually, an increase of \$265,000.

NOTE: The Department of Public Safety testified in Senate Commerce Committee on 5/20/15 that 2.4 M titles were issued in FY 14 that generated \$44.4 M. In addition, testimony stated that 26,000 permits to sell are granted annually that generate \$390,000. To the extent the \$50 fee increase is applied to certificates of titles and permits to sell based upon testimony figures, collections would be \$164.4 M (certificates of title) and \$1.7 M (permits to sell), an overall increase in revenue of 121.3 M. DPS has not indicated to the LFO why there is a large discrepancy between the 1.19 M titles derived from the department's budget request and the figured used in committee testimony.

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|-------------------------------------|--|--------------------------|---|
| Senate                              | <u>Dual Referral Rules</u>                         | House                    | <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 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}       |

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