

LEGISLATIVE FISCAL OFFICE
Fiscal Note



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

Date: May 26, 2015	6:57 PM	Author: MACK
Dept./Agy.: Public Safety		Analyst: Matthew LaBruyere
Subject: Public Tag Agents		

MOTOR VEHICLES RE1 +\$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 law 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.

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.	\$59,800,000	\$59,800,000	\$59,800,000	\$59,800,000	\$59,800,000	\$299,000,000
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$59,800,000	\$59,800,000	\$59,800,000	\$59,800,000	\$59,800,000	\$299,000,000

EXPENDITURE EXPLANATION

The Department of Public Safety indicates the proposed law may require approximately 350 hours of overtime for the Office of Technology Services for a total of \$11,362 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 law 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.

- | | | | |
|--|----------------------------|--------------|--|
| <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 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} |

Gregory V. Albrecht
Chief Economist