

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 245** HLS 16RS 621

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

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

Sub. Bill For.:

Date: April 19, 2016 8:59 AM	Author: MARCELLE
Dept./Agy.: Public Safety/Office of Motor Vehicles	Analyst: Zachary Rau
Subject: Installment Payments for Reinstatement Fees	

MOTOR VEHICLES OR DECREASE SG RV See Note Page 1 of 1
Provides for methods of payment for debts owed to the office of motor vehicles

Proposed law allows the Office of Motor Vehicles to enter into installment plan agreements for persons owing reinstatement fees of \$250 or greater associated with lapsed motor vehicle insurance. Proposed law allows for reinstatement of a driver's license if a person enters into an installment agreement to pay reinstatement fees owed. Proposed law allows for restoration of the installment payment agreement if a person owing outstanding fees seeks to reenact it within 30 days of the missed payment. Proposed law provides that if a request for reinstatement is not made with 60 days of the missed payment, the agreement is null and void and the debt is declared final delinquent debt and referred to the Office of Debt Recovery with credits for any sums paid against it. Proposed law allows the Office of Debt Recovery to collect installment payments on behalf of the Office of Motor Vehicles and to assess a per-transaction fee of up to \$3.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	DECREASE	DECREASE	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>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will increase agency self-generated expenditures for the Office of Debt Recovery by an indeterminable amount. The proposed legislation allows the Office of Motor Vehicles to enter into installment agreements with persons owing reinstatement fees associated with lapsed insurance violations. Proposed law also allows OMV to utilize the Office of Debt Recovery's (ODR) existing third-party solution for installment payments. ODR reports that use of the existing third-party system carries a per-transaction cost of approximately \$0.95 and has a monthly subscription fee ranging from \$500 to \$1,000. Proposed law allows ODR to charge a per-transaction fee of up to \$3, which the department reports it will use to offset expenditures associated with OMV utilizing the third-party solution. ODR staff also indicated that they are unaware of any one-time startup costs associated with allowing OMV to use the third-party solution for accepting installment payments. The Legislative Fiscal Office is currently seeking more information from the Office of Technology Services, who holds the contract for ODR's third-party solution, to determine if the department's assessment is accurate.

Proposed law will also result in marginal expenditure and workload increases for the Office of Motor Vehicles. The department will be responsible for setting up accounts for persons seeking to utilize ODR's third-party system for accepting installment plan payments. OMV staff have indicated that the department will absorb the marginal expenditure and workload increases utilizing existing personnel and resources.

REVENUE EXPLANATION

Proposed law may decrease net self-generated revenues for the Dept. of Public Safety & Corrections and the Office of Debt Recovery (ODR) by an indeterminable amount. The proposed legislation allows the Office of Motor Vehicles to enter into installment agreements with persons owing more than \$250 in reinstatement penalties or fees. To the extent persons owing reinstatement fees enter into agreements and penalties do not continue to accrue, DPS may realize a decrease in revenue. Furthermore, if persons owing reinstatement penalties enter into installment plan agreements with DPS, the department may not refer reinstatement penalties it declares final delinquent debt to ODR, which would be subject to the maximum penalty of \$525 plus the 25% fee ODR retains, resulting in a total of \$656.25 (\$525 + \$525 * 25%). There is also no maximum with respect to the maximum amount of fines a person can accrue. However, the decrease in revenues is indeterminable because the number of persons who will utilize the installment plan for reinstatements, as well as their associated reinstatement penalties, is unknown.

Furthermore, proposed law allows ODR to assess a fee of up \$3 per transaction for each payment made utilizing their existing third-party solution for installment payments. This provision of the proposed legislation will result in an indeterminable self-generated revenue increase for the department. The increase is indeterminable because the number of transactions associated with OMV installment payments is unknown. ODR staff have indicated that the department will use the transaction fee to offset any costs associated with accepting the installment payments.

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| <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} | |
| <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} | |

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