



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 1127** HLS 16RS 1769

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

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

Sub. Bill For.:

<b>Date:</b> April 29, 2016	2:37 PM	<b>Author:</b> HOWARD
<b>Dept./Agy.:</b> Public Safety/Office of Motor Vehicles		
<b>Subject:</b> Auto Title Company Contracts, License Plate Sales		<b>Analyst:</b> Zachary Rau

MOTOR VEHICLES

OR SEE FISC NOTE SG RV

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Provides relative to requirements of auto title companies

Present law and present regulation provide for annual contracts for auto title companies (ATCs) operating in LA. Proposed law and proposed regulation provide for two-year contracts. Present law and present regulation require the remittance of a \$200 annual fee to the Dept. of Public Safety (DPS) for ATCs operating in LA and for a \$50 annual fee for each additional location an ATC operates. Proposed law and proposed regulation change the \$200 annual fee and the \$50 annual fee to a \$400 biennial fee and a \$100 biennial fee, respectively. Proposed law requires ATCs to execute a \$100,000 surety bond for one location and a \$125,000 surety bond for multiple locations. Proposed law requires the sale of license plates to ATCs in increments no less than 10 and requires the advanced payment of plate production costs by the ATCs. Proposed law provides for the repayment of the advanced payment upon a registration transaction. Proposed law requires ATCs to submit images of required documents to DPS. Proposed law requires ATCs to notify DPS when license plates are removed and destroyed. Proposed law provides for ATCs currently under contract.

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

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
Annual Total						

EXPENDITURE EXPLANATION

Proposed law may increase state general fund expenditures by an indeterminable amount. The Department of Public Safety indicates the proposed legislation will require approximately 80 hours of overtime for the Office of Technology Services (OTS) billable at an average cost of \$62.50 per hour (\$62.50/hour \* 80 hours = \$5,000) plus associated Medicare expenses (\$5,000 \* 1.45% = \$73), or a total of \$5,073. The legislation will require programming and database modifications to allow for the sale of license plates to auto title companies (ATCs) that are not also contracted as public tag agents (PTAs) with the department. The Legislative Fiscal Office 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

There is no anticipated direct material effect on governmental revenues as a result of this measure. Proposed law allows auto title companies (ATCs) to enter into contracts with the Dept. of Public Safety (DPS) for a period of two years, rather than the current one-year contracts in present law. Included in the lengthening of contract terms from 1 to 2 years is an advanced remittance of the current \$200 annual fee for one business location, which will now be collected biennially (\$400 upon renewal of each 2-year contract). Furthermore, proposed law alters the \$50 annual fee for businesses operating ATCs at more than one location in a similar manner, changing the \$50 annual fee to a \$100 biennial fee collectible every two years upon renewal of the contract. As a result, the proposed legislation will not increase revenues overall, but will advance timelines in which the department receives revenues. To manage the advanced remittances of revenues, the department anticipates escrowing approximately half of funds received in renewal years to fund expenditures in non-renewal years.

Proposed law also requires ATCs contracted as public license tag agents (PTAs) to purchase license plates in increments of ten, as well as remit the costs of production for the plates prior to receiving them. DPS reports that they currently collect the cost of a license plate at the point of sale pursuant to LA R.S. 47:303(B)(1) and 47:480. DPS further reports the proposed law would result in PTAs remitting the fee collected to defray the cost of the license plate after a sale, in addition to paying the initial cost of the license plate, essentially creating a double fee collection based upon present law and practice. To negate the double fee collection, the proposed law provides that the department will reimburse PTAs for every plate sold by a to-be-determined method.

<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}

*Evan Brasseaux*

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