

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 833** HLS 15RS 1445
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ #2 SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.: HB 594

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|--|-----------------------------------|
| Date: June 3, 2015 8:56 AM | Author: HENRY |
| Dept./Agy.: Motor Vehicle Commission | Analyst: Matthew LaBruyere |
| Subject: Vehicle Distribution and Sales | |

MOTOR VEHICLES RE2 +\$59,500,000 GF RV See Note Page 1 of 1
 Provides with respect to the distribution and sale of vehicles

Proposed law makes multiple technical changes to the distribution and sale of motor vehicles.

Senate committee amendment increases certificate of title fee and salvage title fee from \$18.50 to \$68.50.

| 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. | \$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 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 5 -YEAR TOTAL |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| State Gen. Fd. | \$59,500,000 | \$59,500,000 | \$59,500,000 | \$59,500,000 | \$59,500,000 | \$297,500,000 |
| 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 | \$59,500,000 | \$59,500,000 | \$59,500,000 | \$59,500,000 | \$59,500,000 | \$297,500,000 |

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The proposed law will result in an increase state general fund in the amount of \$59.5 M as a result of increasing certificate of title and salvage title fees by \$50 each. The current certificate of title and salvage title fees are \$18.50. The proposed law raises the fees to \$68.50. 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 increased 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.

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| <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} |

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