

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1647 [Revised 3/9/15]**

**Bill Subtitle: TO REQUIRE ANY TEMPORARY TAG FEE IN EXCESS OF TWO DOLLARS AND FIFTY CENTS (\$2.50) TO BE RETAINED BY THE STATE AND TO ESTABLISH A PENALTY FOR INAPPROPRIATE ISSUANCE OF TEMPORARY TAGS.**

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**Basic Change :** Sponsors: Representative Douglas and Senator Pierce

Under current law, the fee for a temporary tag is set by the Director in an amount not to exceed \$4.00 for each unregistered vehicle, and all amounts in excess of \$3.00 is credited to the Revenue Division to offset the administrative costs. Under the bill, all amounts in excess of \$2.50 would be credited to the Revenue Division to offset administrative costs for issuance of temporary tags. The bill adds a new section to provide that, in addition to any other penalty prescribed by law, if the department determines that an employee of a dealership issues temporary tags in violation of law, the director of the department may impose a \$10.00 penalty for each improperly issued temporary tag. The director is required to notify a dealer in writing of an imposition of a penalty and a dealer who desires a hearing on the penalty must notify the director within twenty (20) days of receiving the notice.

The fee for a temporary cardboard tag is set by the DFA Director. The current maximum amount allowed by law is set at \$4 per tag. The current fee charged for the tags is \$2.50 and all amounts collected are deposited into general revenue. The cost of the tags is paid out of the Revenue Division's budget. In FY2014, approximately 162,700 temporary tags were issued for which fees were collected. This law change will allow any fees collected above the current \$2.50 fee to go to the Revenue Division to offset current administrative costs being absorbed by the Revenue Division to administer the temporary tax process.

**Revenue Impact :**

If the fee is raised to \$4 per tag, approximately \$244,000 in additional revenue will be received by the Revenue Division to pay the expenses of the temporary tag program.

**Taxpayer Impact :**

None, unless temporary tag fees are increased.

**Resources Required :**

No additional resources required.

**Time Required :**

Adequate time is provided.

**Procedural Changes :**

None, unless a decision is made to increase fees.

**Legal Analysis :**

HB1647 provides that the first \$2.50 of the fee collected by the Office of Motor Vehicle for each temporary preprinted paper buyer's tag fee shall be deposited into general revenues. HB1647 provides that all amounts in excess of the first \$2.50 of the fee shall be deposited into the State Treasury and shall be credited as cash revenue to the DFA Revenue Division to offset administrative costs. The effective date is on the first day of the calendar quarter following the effective date of the Act.