

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4594-01
Bill No.: HB 1996
Subject: Insurance - Automobile; Motor Vehicles
Type: Original
Date: March 12, 2010

Bill Summary: Requires nonresident motorists to maintain financial responsibility which conforms to the requirements of the nonresident's state of residence.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(\$14,362)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(\$14,362)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Road	\$1,650	\$1,980	\$1,980
Total Estimated Net Effect on <u>Other</u> State Funds	\$1,650	\$1,980	\$1,980

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$550	\$660	\$660

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator, Department of Insurance, Financial Institutions, and Professional Registration, Missouri Department of Transportation, Department of Public Safety - Missouri State Highway Patrol, and Jefferson City Police Department** assume the proposal will have no fiscal impact on their organizations.

Officials at the **Department of Revenue (DOR)** provide the following assumptions regarding the proposed legislation:

Administrative Impact:

Driver License Bureau (DLB):

Section 303.025.1 includes nonresidents, which will require the DLB to impose a mandatory insurance suspension on any uninsured nonresident involved in a motor vehicle accident reported to the DLB. Modifications to the Missouri Drivers License (MODL) programs and suspension notices will require the DLB staff to complete the program design, internal testing and implementation phases. The DLB estimates this will require a total of one month of overtime estimated to cost \$9,096. The Department's website, procedure manuals and the Missouri Driver Guide will be updated using existing resources.

The proposal increases the number of mandatory insurance suspension notices generated by 399, according to the FY 09 number of uninsured nonresidents. Assuming 33% of those would be reinstated, an additional 132 reinstatement notices will be generated. The DLB will incur costs for printing the suspension notices and reinstatement notices, as well as the expenses for envelopes and postage. Costs are estimated to be \$226 for FY 11; \$279 for FY 12; and \$288 for FY 12. If the volume of accident reports increase as a result of this proposal, additional FTE will need to be requested through the appropriations process.

Section 303.025.2(1) requires nonresident vehicle owners to maintain financial responsibility which conforms to the requirements of the laws of the nonresident's state of residence. DLB staff will be required to research the laws of each state to determine the limits of liability and acceptable proof of financial responsibility of each state. The new compliance procedures and training materials will be researched and prepared by the Revenue Section Supervisor during the implementation phase and is estimated to cost \$800.

ASSUMPTION (continued)

Section 303.025.3(4) and **303.040.3** duplicates current efforts.

Total costs for the DLB section are estimated to be \$10,122 for FY 11; \$279 for FY 12; and \$288 for FY 13.

Office of Administration Information Technology Division (DOR/OAIT):

The DOR's response to a similar proposal in a previous session indicated the department planned to absorb the administrative costs to implement the proposal. Due to budget constraints, reduction of staff, and the limitations within the department's driver license system, changes cannot be made without significant impact to the DOR's resources and budget. Therefore, the information technology portion of the fiscal impact is estimated to cost \$4,240.

Revenue Impact:

The proposal includes nonresidents in the mandatory insurance suspension process. In FY 09, there were 399 uninsured nonresidents reported. The DOR assumed 399 uninsured nonresidents to determine the number of additional mandatory insurance suspensions for the next fiscal year, that these were first offenses carrying a \$20 reinstatement fee, and 33% would be reinstated (132). These assumptions result in the generation of an additional \$2,640 in reinstatement fees collected (132 X \$20). Revenue will be distributed 75% to Highways, 15% to Cities, and 10% to Counties.

Oversight assumes the DOR can absorb the supplies and postage costs for FY 12 and FY 13.

Officials from the **Boone County Sheriff's Department** state they will experience costs to develop a reporting procedure to the DOR since none has been established in the proposal.

Since the Boone County Sheriff's Department did not provide more specific estimates for the cost of this proposal, **Oversight** assumes the reporting procedure will be developed using current resources.

No other officials from **Sheriff's Departments, Police Departments, or Circuit Clerks** responded to our request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE FUND			
<u>Costs - DOR</u>			
Overtime and supplies expense to setup mandatory suspension of uninsured nonresidents	<u>(\$14,362)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$14,362)</u>	<u>\$0</u>	<u>\$0</u>
ROAD FUND			
<u>Income - DOR</u>			
Increase in reinstatement revenue	<u>\$1,650</u>	<u>\$1,980</u>	<u>\$1,980</u>
ESTIMATED NET EFFECT ON ROAD FUND	<u>\$1,650</u>	<u>\$1,980</u>	<u>\$1,980</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
LOCAL GOVERNMENTS			
<u>Income - Cities</u>			
Increase in reinstatement revenue	\$330	\$396	\$396
<u>Income - Counties</u>			
Increase in reinstatement revenue	<u>\$220</u>	<u>\$264</u>	<u>\$264</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>\$550</u>	<u>\$660</u>	<u>\$660</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal requires a nonresident motorist operating a vehicle within the state to maintain financial responsibility that meets the requirements of his or her state. If a nonresident motorist is found guilty of not maintaining financial responsibility, he or she will have his or her driving privileges suspended in Missouri and the Director of the Department of Revenue must notify the appropriate official of his or her state.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of State Courts Administrator
Department of Insurance, Financial Institutions, and Professional Registration
Missouri Department of Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Department of Revenue
Boone County Sheriff's Department
Jefferson City Police Department



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