

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5038-01  
Bill No.: SB 696  
Subject: Motor Vehicles; Law Enforcement Officers and Agencies; Insurance -  
 Automobile  
Type: Original  
Date: February 13, 2012

Bill Summary: This proposal allows uninsured motor vehicles to be towed under certain circumstances and increases fines, suspension and reinstatement fees for certain uninsured motorist.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(\$57,309)	\$0 or Unknown	\$0 or Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$57,309)</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Highway Fund	\$337,823	\$405,383	\$405,383
State School Money	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$337,823</b>	<b>\$405,383</b>	<b>\$405,383</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Local Government</b>	<b>\$112,608 to Unknown</b>	<b>\$135,128</b>	<b>\$135,128</b>

## FISCAL ANALYSIS

### ASSUMPTION

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

Officials from the **St. Joseph Police Department** and **St. Louis Metro Police Department** did not respond to our request for fiscal impact.

Officials from the **Department of Elementary and Secondary Education** state there is no anticipated state cost to the foundation formula associated with this proposal. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to school districts increases the deduction in the foundation formula the following year. Therefore, the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

Officials from the **Department of Revenue - Driver License Bureau (DLB)** state this legislation will require modifications to the Missouri Driver License System (MODL) to change the reinstatement fees for three suspension types, remove the "within the immediately preceding two year" edit for second offenses, and change the suspension period for second offenses.

MODL notices, forms, internal procedures, DLB's web site, and the Missouri Driver Guide will need to be revised. DLB estimates 320 hours of overtime for testing MODL system modifications and revising notices, forms and procedures for (one) Management Analysis Specialist II, (one) Administrative Analyst I, and (one) Revenue Band Manager.

DLB estimates 16 hours for revisions to the web site and Missouri Driver Guide for (one) Administrative Analyst III.

ASSUMPTION (continued)

1 - Management Analysis Specialist II (development & testing)	\$23 per hr x 320 hrs =	\$7,360
1 - Administrative Analyst I (development & testing)	\$16 per hr x 1 ½ = \$24 per hr x 320 hrs =	\$7,680
1 - Revenue Band Manager (development & testing)	\$25 per hr x 320 hrs =	\$8,000
1 - Administrative Analyst III (update web site & driver guide)	\$21.79 per hr x 16 hrs =	<u>\$ 349</u>
<b>Total =</b>		<b>\$23,389</b>

Officials from the **Department of Revenue - Information Technology - OA-ITSD (DOR)** state the Department's response to a proposal similar to or identical to this one 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's license legacy systems, changes cannot be made without significant impact to the Department's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$33,920 calculated on 1280 FTE hours.

In summary, DOR assumes a cost of \$57,309 ( \$23,389 + \$33,920) in FY 2013 to provide for the implementation of the changes in this proposal.

**Section 303.042.2(1) - (3)**

Officials from **Department of Revenue** state this proposal could increase the reinstatement fees for first, second, and third/subsequent offenses for violation of Section 303.025. This proposal would remove the language "within the immediately preceding two years" for a second offense.

FY11 statistics show that 3% of the total number suspended for violation of Section 303.025, were repeat offenders. Because it would be unknown how many first offenses would be counted as second offenses by removing the language "within the immediately preceding two years", for the purposes of this fiscal note, Driver License Bureau estimates there would be a 3% increase in second offenses, thus resulting in a 3% decrease in first offenses.

ASSUMPTION (continued)

First offense

Changed from \$20 to \$250, for an increase of \$230 per offense. In FY11, there were 2,306 first offenses reinstated. Assuming the same number of first offenses (2,306), less 3% ( $2,306 \times 3\% = 69$ ), a total of 2,237 first offenses would reinstate in the year following passage of this bill ( $2,306 - 69 = 2,237$ ). This would result in a net increase of \$514,510 in reinstatement fees collected ( $2,237 \times \$230 = \$514,510$ ).

Second offense

Changed from \$200 to \$400, for an increase of \$200 per offense. In FY11, there were 28 second offenses reinstated. Assuming the same number of second offenses (28), plus 3% of first offenses (69), a total of 97 second offenses would reinstate in the year following passage of this bill ( $28 + 69 = 97$ ). This would result in a net increase of \$19,400 in reinstatement fees collected ( $97 \times \$200 = \$19,400$ ).

Third/subsequent offense

Changed from \$400 to \$600, an increase of \$200 per offense. In FY11, there were 33 third/subsequent offenses reinstated. Assuming the same number of third offenses would reinstate in the year following passage of this bill, there would be a net increase of \$6,600 in reinstatement fees collected ( $33 \times \$200 = \$6,600$ ).

Total increase in reinstatement fees collected and distributed to the highway fund and local funds would be \$540,510 ( $\$514,510$  (1st offenses) +  $\$19,400$  (2nd offenses) +  $\$6,600$  (3rd/sub offenses) =  $\$540,510$ ).

	FY 2013	FY 14 & 15
75 % State Highway Fund	\$337,823	\$405,383
15% Local Cities	\$67,565	\$81,077
10% Local Counties	\$45,043	\$54,051

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE</b>			
<u>Cost</u> - Department of Revenue Administrative changes to prepare for updates in the proposal	(\$57,309)	\$0	\$0
<u>Savings</u> - potential savings from less money distributed to the local school districts. (Section 303.025)	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>(\$57,309)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>STATE SCHOOL MONEY FUND</b>			
<u>Savings</u> - less money distributed to local school districts resulting from the potential increase in fine revenue (Section 303.025)	\$0	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> - Reduction in money transferred from the General Revenue Fund (Section 303.025)	<u>\$0</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO THE STATE SCHOOL MONEY FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>HIGHWAY FUND</b>			
<u>Income</u> - Increase in Reinstatement Fees (Section 303.042)	<u>\$337,823</u>	<u>\$405,383</u>	<u>\$405,383</u>
<b>ESTIMATED NET EFFECT TO THE HIGHWAY FUND</b>	<b><u>\$337,823</u></b>	<b><u>\$405,383</u></b>	<b><u>\$405,383</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Income</u> - Local Cities increase in Reinstatement Fees (Section 303.042)	\$67,565	\$405,383	\$405,383
<u>Income</u> - Local Counties increase in Reinstatement Fees (Section 303.042)	<u>\$45,043</u>	<u>\$54,051</u>	<u>\$54,051</u>
<b>ESTIMATED NET EFFECT TO THE LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$112,608</u></b>	<b><u>\$135,128</u></b>	<b><u>\$135,128</u></b>

**LOCAL SCHOOL DISTRICTS**

<u>Income</u> - potential increase in fine revenue from changes to Section 303.025 regarding driving without maintaining financial responsibility	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Loss</u> - decrease in funding from the State School Money Fund because fine revenue is a deduction (Section 303.025)	<u>\$0</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
<b>ESTIMATED NET EFFECT TO LOCAL SCHOOL DISTRICTS</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

This proposal may have an impact on towing companies, vehicle storage lots, and small businesses that own motor vehicles subject to impoundment.

FISCAL DESCRIPTION

Under this proposal, a person who is found guilty of operating a motor vehicle without financial responsibility a second time shall be assessed an additional fine of \$1,000. Currently, a second or subsequent violation is punishable by a fine not to exceed \$300.

FISCAL DESCRIPTION (continued)

This proposal also imposes an additional fine of \$5,000 on persons who violate the financial responsibility law a third or subsequent time.

Under the terms of the proposal, a court may order the impoundment of person's motor vehicle for period of 6 months if the person is convicted of violating Missouri's financial responsibility law a second or subsequent time. An impounded vehicle shall not be released until the defendant provides proof of financial responsibility and pays all associated towing, impoundment, and storage fees.

The proposal also requires a law enforcement officer to order the impoundment the motor vehicle of a driver who is unable to present proof of insurance if his or her vehicle is involved in an accident. The act provides that the towing and storage provisions of the abandoned property law apply to the impoundment unless such provisions otherwise conflict with this act. Under the terms of the act, the impounded vehicle shall not be released until the person:

- (1) Submits proof that a person with a valid driving privileges will be operating the motor vehicle;
- (2) Submits proof of financial responsibility;
- (3) Pays to the law enforcement agency an administrative fee determined by the agency to be sufficient to cover its actual administrative costs for the impoundment;
- (4) Submits proof that the operator has:
  - (a) Been released from liability resulting from the motor vehicle accident;
  - (b) Been adjudicated not to be liable for the accident;
  - (c) Made restitution for damages resulting from such accident as may be recovered against the operator;
  - (d) Executed a duly acknowledged written agreement providing for the payment of an agreed amount in installments with respect to all claims for injuries or damages resulting from the motor vehicle accident; or
  - (e) Filed a security deposit with the Department of Revenue consistent with Missouri law; and

FISCAL DESCRIPTION (continued)

(5) Pays any towing and storage costs associated with the impoundment of the motor vehicle.

The proposal increases the reinstatement fee for a first time financial responsibility law offender from \$20 to \$250. The second time offenders, the act increases the driver's license suspension period from 90 days to 180 days and increases the reinstatement fee from \$200 to \$400. For persons who have 3 or more financial responsibility law violations, the act increases the license reinstatement fee from \$400 to \$600.

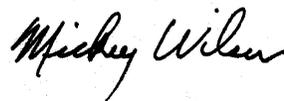
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
Department of Insurance, Financial Institutions and Professional Registration  
Office of the State Courts Administrator  
Department of Public Safety  
Department of Transportation  
Department of Elementary and Secondary Education

NOT RESPONDING

City of St. Joseph Police Department  
City of St. Louis Metropolitan Police Department



Mickey Wilson, CPA  
Director  
February 13, 2012