

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3450-03
Bill No.: HCS for HB 1155
Subject: Insurance - Automobile; Liability; Motor Vehicles
Type: Original
Date: February 14, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(\$32,269)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(\$32,269)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Highway	\$751,650	\$901,980	\$901,980
Insurance Dedicated	\$0 to \$14,150	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$751,650 to \$765,800	\$901,980	\$901,980

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$250,550	\$300,660	\$300,660

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety (DPS) - Director's Office, DPS - Missouri State Highway Patrol**, and **Office of State Courts Administrator** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Attorney General (AGO)** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Missouri Department of Transportation (DOT)** state the DOT would receive an additional \$80 for first time reinstatement fees for a suspended driver's license due to the owner not maintaining financial responsibility on a motor vehicle. According to the Department of Revenue, the number of drivers' licenses suspended for the first time for failure to maintain financial responsibility on a motor vehicle for FY 05 was 15,033. Therefore, DOT's estimated increase in revenue would be \$1,202,640 (15,033 suspensions X \$80 increase in reinstatement fees).

This proposal could also have a positive fiscal impact on the DOT in cases where damages resulting from a motor vehicle accident with an officer or employee of DOT are limited to economic recovery due to the other driver being an uninsured motorist. The amount of savings as a result of this provision are unknown.

ASSUMPTION (continued)

Officials from the **Office of Administration - Division of Risk Management/General Services** state the proposed legislation has the potential for savings to the State Legal Expense Fund by requiring payment of economic damages only in a motor vehicle accident where the claimant is found to be operating a motor vehicle without liability insurance. Currently, when an uninsured motor vehicle is involved in an accident, the claimant has the right to pursue recovery for pain and suffering.

Oversight assumes accidents with uninsured individuals resulting in non-economic losses to the State Legal Expense Fund or DOT's Road Fund would be fairly infrequent. Therefore, **Oversight** assumes there will not be a consistent annual savings for these accounts.

Officials from the **Department of Revenue (DOR)** assume that the court will require the vehicle to be impounded and provide the following assumptions regarding the fiscal impact of the proposal:

Driver License Bureau (DLB) Processing Impact:

- MODL Testing:
This proposal will require programming to the Missouri Driver License System (MODL). These changes will need to be tested by internal staff. This can be handled during normal work time.
- Forms:
DOR-4929 - Forms would need to be destroyed, revised, and re-printed. The destruction cost would be less than \$500.
DOR-4807 - Forms would need to be destroyed, revised, and re-printed. The destruction cost would be less than \$500.
Driver Guide - No cost for revisions - changes will not be made until the guide is revised.

Information Technology:

This proposal will require MODL programming to create a new reinstatement fee category, modify reinstatement fee edits/routines, create new mandatory action types, modify action update programs, and modify action/reinstatement screens.

FY07:

1280	Estimated programming hours
<u>x \$25.21</u>	Overtime hourly rate for Computer Information Technician Specialist I
\$32,268.80	Total Overtime MODL Programming Costs

ASSUMPTION (continued)

If the effective date of this legislation is changed to January 1, 2007, the programming costs associated with this proposal could be absorbed internally.

Revenue Impact

The current reinstatement fee for a first time offense of driving and/or owning a motor vehicle without liability insurance is \$20. This proposal revises Section 303.042 by increasing the reinstatement fee amount for a first offense to \$100.

The total number of mandatory suspensions reinstated in 2005 was 15,033. This generated \$300,660 in fees collected. Assuming the same number of suspensions will reinstate in 2006, there would be an additional \$1,202,640 collected (based on the \$80 increase).

FY07:

\$1,202,640
<u> /12 </u>
\$ 100,220
<u> x10 </u>
<u>\$1,002,200</u>

Distribution of the funds would be as follows:

\$751,650	State Highway Fund
\$150,330	Cities
<u>\$100,220</u>	Counties
\$1,002,200	

FY08 & FY09:

\$1,202,640 (15,033 X \$80) with distribution of the funds as follows:

\$901,980	State Highway Fund
\$180,396	Cities
<u>\$120,264</u>	Counties
\$1,202,640	

Officials from the **Department of Insurance (INS)** state auto insurers may refile their policy forms to amend the cancellation notice for nonpayment of premiums. There are currently 283

ASSUMPTION (continued)

auto insurers. Policy form amendments must be submitted to the INS along with a \$50 filing fee. One time revenues, deposited into the Insurance Dedicated Fund, are expected to be \$0 to \$14,150 (283 insurers X \$50).

Officials from the **Department of Corrections (DOC)** did not respond to our request for a statement of fiscal impact. Based on responses to proposals with similar violation provisions (Class A and B misdemeanors), **Oversight** assumes the proposal would have a \$0 to minimal fiscal impact on the DOC.

Officials from the **Office of Prosecution Services** and **Office of State Public Defender** did not respond to our request for a statement of fiscal impact.

This proposal will result in an increase in total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE FUND			
<u>Costs - Department of Revenue</u>			
Programming costs	<u>(\$32,269)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$32,269)</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
HIGHWAY FUND			
<u>Income - Department of Revenue</u>			
Driver's license reinstatement fees	<u>\$751,650</u>	<u>\$901,980</u>	<u>\$901,980</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>\$751,650</u>	<u>\$901,980</u>	<u>\$901,980</u>

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
INSURANCE DEDICATED FUND			
<u>Income - Department of Insurance</u>			
Form filing fees	<u>\$0 to \$14,150</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$0 to \$14,150</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
CITIES			
<u>Income - Cities</u>			
Reinstatement fees	<u>\$150,330</u>	<u>\$180,396</u>	<u>\$180,396</u>
ESTIMATED NET EFFECT ON CITIES	<u>\$150,330</u>	<u>\$180,396</u>	<u>\$180,396</u>
COUNTIES			
<u>Income - Counties</u>			
Reinstatement fees	<u>\$100,220</u>	<u>\$120,264</u>	<u>\$120,264</u>
ESTIMATED NET EFFECT ON COUNTIES	<u>\$100,220</u>	<u>\$120,264</u>	<u>\$120,264</u>
<u>FISCAL IMPACT - Small Business</u>			

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

DESCRIPTION

This proposal establishes the Uninsured Motorist Stipulation of Benefits Act of 2006.

Any person who violates section 303.025 by not maintaining financial responsibility of an owned vehicle is guilty of a Class B misdemeanor for the first offence and a Class A misdemeanor, with vehicle impounding, for subsequent offenses.

DESCRIPTION (continued)

An uninsured motorist involved in an accident with a complying policyholder will waive any right to recover non-economic loss and punitive damages. Recovery would be limited to any economic loss. This waiver will not apply if it can be proven that the insured operator caused the accident and was under the influence of drugs or alcohol or is convicted of vehicular assault or homicide. Passengers in the uninsured motor vehicle are not subject to the waiver. The proposal will not apply to a motorist whose insurance policy was terminated for failure to pay the premium unless notice of termination for failure to pay was provided by the insurer at least 30 days prior to the time of the accident.

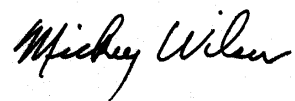
Additionally, the first time reinstatement fee for a suspended driver's license due to the owner not maintaining financial responsibility on a motor vehicle is increased from \$20 to \$100.

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 Administration -
Division of Risk Management/General Services
Office of State Courts Administrator
Department of Revenue
Missouri Department of Transportation
Department of Public Safety -
Director's Office
Missouri State Highway Patrol
Department of Insurance

**NOT RESPONDING: Department of Corrections, Office of Prosecution Services, and
Office of State Public Defender**



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