

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4335-01
Bill No.: HB 1395
Subject: Insurance - Automobile; Insurance Dept.; Licenses - Motor Vehicle; Motor Vehicles
Type: Original
Date: February 7, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(Unknown exceeding \$643,731)	(Unknown exceeding \$586,610)	(Unknown exceeding \$600,940)
Total Estimated Net Effect on General Revenue Fund	(Unknown exceeding \$643,731)	(Unknown exceeding \$586,610)	(Unknown exceeding \$600,940)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Highway	\$41,250	\$49,500	\$49,500
Total Estimated Net Effect on <u>Other</u> State Funds	\$41,250	\$49,500	\$49,500

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	\$13,750	\$16,500	\$16,500

FISCAL ANALYSIS

ASSUMPTION

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

Officials from the **Office of State Courts Administrator (CTS)** state the proposed legislation would make it a crime for an uninsured motorist involved in an accident to fail to pay restitution for the other person or person's insurance deductible and requires license suspension.

There were 19,196 failure-to-maintain-financial responsibility cases filed in FY 05. The CTS has no way of knowing how many of these involved accidents. The CTS would anticipate some increase in the workload of the courts, but is unable to predict the possible impact on the judiciary at this time.

Officials from the **Department of Revenue (DOR)** provided the following assumptions for this proposal:

ADMINISTRATIVE IMPACT

Constitutional Amendment 3 (2004) authorizes 3% of highway funds to be used to offset the actual cost to collect such funds by the Department of Revenue.

ASSUMPTION (continued)

For purposes of this fiscal note, the Department of Revenue assumes all costs will be appropriated from the General Revenue Fund. Through the appropriations process, the General Assembly may appropriate the constitutionally permissible Highway Fund amount to offset the General Revenue Fund cost shown in this fiscal note.

Customer Services Division - Driver License Bureau (DLB)

The proposed legislation would require DLB to collect information submitted by the defendant of an accident regarding the payment of the insured's deductible for damages caused by a motor vehicle accident.

The proposed legislation would require DLB to suspend the driving privileges of the owner or operator of an uninsured vehicle that was involved in an accident in which there was a fatality, personal injury, or property damage if restitution of the plaintiff's insurance deductible was not made to the plaintiff within ninety days of the date of the accident.

Implementation will involve program testing (design and development), forms changes and creation, creating suspension notices, creating new Correspondence Tracking and Generation (CTG) letters, creating new hearing notices, creating new determination letters, training, creating new processes and suspensions, and conducting hearings.

The DLB assumes this legislation will produce an estimated 10,000 "Deductible" suspension cases per year (8,034 accident and 2,393 judgment cases were processed in FY05). Figures were obtained from the Monthly Production Reports for FY 05.

These cases will require 5 additional Revenue Licensing Technician I positions; 1 additional Office Support Assistant Clerical (Clerk II) position; 5 additional Telephone Information Operator I positions; 1 additional Appeals Referee (Administrative Hearing Officer) position; 1 additional Senior Office Support - Keyboarding (Clerk Typist III - Docket Clerk/Legal Secretary) position; and 2 Revenue Section Supervisor positions (total new FTE = 15). The DOR estimates personal service and fringe benefit costs of \$483,517 for FY 07; \$594,727 for FY 08; and \$609,594 for FY 09.

Oversight has, for fiscal note purposes only, changed the starting salary for the Revenue Licensing Technician I (5 FTE); Office Support Assistant (1 FTE); Telephone Operator (5 FTE); Appeals Referee (1 FTE), Senior Office Support - Docket Clerk/Legal Secretary (1 FTE); and Revenue Section Supervisor (2 FTE) positions to correspond to the first step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

ASSUMPTION (continued)

FORM CHANGES, CREATION, DESTRUCTION

The DOR-1139 Notice to File Accident Report and DOR-1140 Motor Vehicle Accident Report will need to be modified to ask if the parties were covered by collision and comprehensive insurance and what the specific amount of the deductible for the coverage was. New suspension notices will need to be created for these new types of suspensions. New CTG letters will need to be created for correspondence concerning these new suspensions. New hearing notification letters and hearing decision letters will need to be created for these new suspensions. For FY 07, DOR estimates a cost of \$3,200 for form changes, creation and destruction.

LETTERS, ENVELOPES, AND POSTAGE

This proposal will create new suspensions requiring suspension notices, correspondence responses, hearing notices, hearing decisions and copies, and reinstatement notices to be sent. The DOR estimates \$15,646 in letter-related costs for FY 07 and \$18,788 for each FY 08 and FY 09.

IMAGING AND STORAGE

All documents associated with these cases will be imaged using a scanner and the information stored on a jukebox. Existing equipment will be used to process an estimated 116,284 documents and envelopes per year (47,406 x 2 because of 1 envelope for items sent in, 10,000 suspension notices, 786 hearing notices, 786 hearing decisions and copies, and 3,300 reinstatement notices. Additional platters (storage media) will be required to store the images. The DOR estimates imaging costs and storage for documents of \$3,013 for FY 07 and \$3,615 for FY 08 and FY 09.

EQUIPMENT

This proposal will require equipment to process and store these cases. The DLB will be required to purchase 2 copy machines, 3 facsimile machines, 3 printers, 6 stands (fax and printer), 12 file cabinets, and 3 shelf filing units, and 1 imaging machine. This proposal will also require standard office equipment for each additional employee.

INTERNAL TESTING

This proposal will require program creations and modifications to the Missouri Driver Licensing system (MODL). The program modifications and creations will need to be tested (design, development, and testing). The DOR estimates internal testing to cost \$15,597 (672 hours X \$23.21/hour) in FY 07.

ASSUMPTION (continued)

Information Technology

The proposed legislation will require programming creation and modifications to MODL. The accident damage routines, accident suspension evaluation, accident compliance routines, accident inquiries, action update routines, and reinstatement routines will need to be modified. New suspension types and new notices of loss will need to be created. The DOR estimates total internal overtime programming costs of \$30,989 in FY 07 [(640 hours X \$25.21 for 2 Computer Information Technologist Specialist I) + (640 hours X \$23.21 for 2 Computer Information Technologist III)].

REVENUE IMPACT

Customer Services Division - Driver License Bureau (DLB)

The proposed legislation will create new suspensions and generate revenue through the collection of reinstatement fees. It is assumed a \$20.00 reinstatement fee will be assessed on these suspensions. The DOR estimates possible revenue increases of \$55,000 for FY 07 and \$66,000 for FY 08 and FY 09.

FEE DISTRIBUTION

FY07

\$41,250	Highway Fund (75%)
\$8,250	Counties (15%)
\$5,500	Cities (10%)

FY08 & FY09

\$49,500	Highway Fund (75%)
\$9,900	Counties (15%)
\$6,600	Cities (10%)

This proposal will increase total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE FUND			
<u>Costs - Office of State Courts Administrator</u>			
Increase in court costs	(Unknown)	(Unknown)	(Unknown)
<u>Costs - Department of Revenue</u>			
Personal Service Costs (15 FTE)	(\$288,949)	(\$360,683)	(\$369,702)
Fringe Benefits	(\$127,311)	(\$158,917)	(\$162,890)
Equipment and Expense	(\$227,471)	(\$67,010)	(\$68,348)
Total <u>Costs</u> - Department of Revenue	(\$643,731)	(\$586,610)	(\$600,940)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown exceeding \$643,731)</u>	<u>(Unknown exceeding \$586,610)</u>	<u>(Unknown exceeding \$600,940)</u>
HIGHWAY FUND			
<u>Income - Department of Revenue</u>			
Reinstatement Fees	<u>\$41,250</u>	<u>\$49,500</u>	<u>\$49,500</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>\$41,250</u>	<u>\$49,500</u>	<u>\$49,500</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2007 (10 Mo.)	 FY 2008	 FY 2009
CITIES AND COUNTIES			
<u>Income - Department of Revenue</u>			
Reinstatement Fees	<u>\$13,750</u>	<u>\$16,500</u>	<u>\$16,500</u>
ESTIMATED NET EFFECT ON CITIES AND COUNTIES	<u>\$13,750</u>	<u>\$13,500</u>	<u>\$13,500</u>

FISCAL IMPACT - Small Business

This proposal could impact small businesses. If business-owned vehicles are involved in an accident with an uninsured motorist, the insurance deductible would be reimbursed by the uninsured motorist.

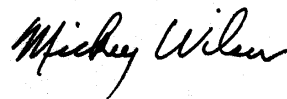
DESCRIPTION

This proposal requires uninsured motorists to pay the insurance deductible of anyone they harm in a motor vehicle accident. The uninsured motorist must pay this amount within 90 days of the accident and show proof of payment to the Department of Revenue. Failure to do so will be a class B misdemeanor. The department will suspend the driver's license of the uninsured motorist until proof of payment is provided. The court must order payment, in the form of restitution, as part of any plea agreement by the uninsured motorist.

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 Revenue
Missouri Department of Transportation
Department of Public Safety -
 Director's Office
 Missouri State Highway Patrol
Department of Insurance



Mickey Wilson, CPA
Director

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