

FISCAL NOTE

Bill #: HB0207

Title: Require proof of insurance for vehicle registration

Primary Sponsor: Christopher Harris

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
Expenditures:		
General Fund	\$22,950	0
Revenue:	0	0
Net Impact on General Fund Balance:	(\$22,950)	0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. The county treasurer staff would verify proof of mandatory motor vehicle liability coverage at the time the vehicle is registered over the counter. Treasurer's staff would have to be trained as to exceptions to motor vehicle liability law. The identity of the insurance carrier would be recorded in the motor vehicle database at the time the original application for title is processed; however, that information would not be updated at the time the vehicle is re-registered since there is no mechanism provided in HB 207 to require that information to be recorded. It is assumed a new title would not be reissued every time the insurance information changes.
2. It is not clear whether the \$75 fee to be paid whenever a new application for registration is filed is to be distributed to the state or the county general fund. Additionally, no data is available to determine an estimate of the number of applications for registration that would be required to remit this fee.

3. During CY 2000 more than 2,300 individuals were convicted of driving violations that require them to file proof of motor vehicle insurance coverage for at least three years with the Department of Justice (DOJ), Motor Vehicle Division. Additionally, the division suspended the registration of more than 1,500 motor vehicles because of subsequent no insurance coverage convictions. This reflects the current division workload due to convictions for no insurance coverage. No data is available to determine the workload impact if the division is provided notification when an insurance policy is terminated.
4. Programming costs to the DOJ to update the motor vehicle system to record the verification of proof of insurance and to track the insurance information on the title application are estimated at \$18,000 in FY 2002 only (240 hours x @ \$75/hour = \$18,000). It will be necessary to contract for programming with an outside vendor since DOJ programming staff are committed to completing the current backlog of more than 15,000 hours of programming to comply with existing mandates. Computer costs to complete the programming are estimated at \$4,950 in FY 2002 only (30 days @ \$165/day = \$4,950).

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$22,950	0
<u>Funding:</u>		
General Fund (01)	\$22,950	0
<u>Revenues:</u>	0	0
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	(\$22,950)	0

TECHNICAL NOTES:

1. The insurance carrier information contained on the title may be outdated since individuals frequently change their motor insurance coverage depending upon marketing conditions and premiums. This legislation provides no obligation to report changes or reissue a vehicle title upon a change.
2. What is required to meet the proof of compliance (i.e., the actual motor vehicle insurance card, a copy of the insurance card/policy, or a signature of the motor vehicle owner that they do have insurance coverage) is not specified and is subject to interpretation by each treasurer's office.
3. There is no mechanism in the bill to determine proof of compliance for those individuals who register their vehicles with the county treasurers through the mail.
4. Verifying and documenting the proof of compliance of motor vehicle insurance coverage will require additional time for the customer and the county treasurer's staff to complete.
5. Section 61-6-135, MCA, applies only to individuals required to file proof of future financial responsibility (SR 22 filings) because the individuals driver's license has been revoked for reasons required by law. SR 22 insurance covers an individual, not a vehicle, and is not the same as mandatory liability insurance required under 61-6-301, MCA. Carriers are not required to report mandatory liability insurance cancellations to the department.
6. Some vehicles are not required to have mandatory liability insurance and neither Section 1 nor 2 recognizes these exceptions.