

FISCAL NOTE

Bill #: HB0314

Title: Require proof of liability insurance to register vehicle

Primary Sponsor: Dave Gallik

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
General Fund	\$676,364	\$886,875
Revenue:	0	0
Net Impact on General Fund Balance:	(\$676,364)	(\$886,875)

<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. In calendar 2000, the Department of Justice (DOJ) Motor Vehicle Division processed 1,248,876 registrations for motor vehicles as required by 61-3-301, MCA. Assuming the historical growth of 1.5% remains constant, it is projected that approximately 860,855 motor vehicle registrations would require proof of insurance in FY 2001; 873,768 in FY 2002; and 886,875 in FY 2003. Estimating an effective date of October 1, 2001, approximately 655,326 (873,768 x 75% of year) vehicles would be registered in FY 2002 and 886,875 in FY 2003 that would be required to meet the proof of insurance provisions of HB 314.

2. To revoke a vehicle registration implies that the entire registration process would be started anew which would require that all taxes and fees be paid once again. The intent of this legislation is a registration suspension, which would only require proof of insurance coverage and not require the motor vehicle registration taxes and fees to be paid again.
3. If the required insurance coverage for approximately 15% of the motor vehicles registered each year is cancelled, not renewed, or terminated due to changes in insurance carriers, approximately 98,299 (655,326 x 15%) first notice warning letters would be prepared in FY 2002 and 133,031 (886,875 x 15%) in FY 2003. Assuming 30% of those who are issued first notice warning letters are truly without insurance coverage, approximately 29,490 (98,299 x 30%) motor vehicle registrations would be suspended in FY 2002 and 39,909 (133,031 x 30%) in FY 2003. No historical data is available to determine or project the impact of HB 314 on these estimates.
4. In calendar 2002, there would be 1,588 motor vehicle registration suspension actions taken based upon convictions received by the division from the courts for insurance violations. This number would be reduced some by the implementation of HB 314. Information is not available to project the impact.
5. A contract would be established with a private entity through a request for proposal process in compliance with state policies. Based upon information available, costs to contract with a private entity to establish and maintain an uninsured motorist database, track notices from insurance carriers of cancellations and non-renewals, issue the notification letters, and provide information to update the motor vehicle system would be approximately \$1.00 on each motor vehicle required to show proof of insurance upon registration for total estimated costs of \$655,326 in FY 2002 and \$886,875 in FY 2003.
6. The amount of additional time required to register a motor vehicle through the county treasurers offices would vary depending upon the information presented at the time of vehicle registration. Training for the county treasurer's staff is provided through an established training schedule by the DOJ, Motor Vehicle Division. Costs to provide training to the county treasurer's staff as well as costs for the rule making procedures would be absorbed by the division.
7. One-time programming costs to the DOJ to send motor vehicle registration information to the vendor, to establish a process to update the private vendor's database, and to establish a process for the vendor to access the motor vehicle system to provide the registration suspension are estimated at \$16,500 (220 hours x @ \$75/hour = \$16,500 FY 2002 only). 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 \$4,538 in FY 2002 only (27.5 days @ \$165/day = \$4,537.50). Total FY 2002 costs for programming are estimated to be \$21,038 (\$16,500 + \$4,538).
8. There is no fiscal impact to the State Auditor's Office.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$676,364	\$886,875
<u>Funding:</u>		
General Fund (01)	\$676,364	\$886,875
<u>Revenues:</u>	0	0

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	(\$676,364)	(\$886,875)
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TECHNICAL NOTES:

1. The assumption for this fiscal note is that the same suspension setting can be used for this process as is currently done for the driver control action setting when an individual's drivers license and vehicle registration have been suspended because of too many insurance violations. The programming time would increase if a different process were required.
2. The revocation (suspension) of the motor vehicle registration would be electronic only. There is no provision for physically obtaining the registration receipt from a vehicle owner not in compliance.