

Fiscal Note Request SB0220, As Introduced

(continued)

4. Through creation of a new compliance requirement, SB 220 will increase enforcement activities and conviction rates for offenders who operate motor vehicles without liability insurance. Persistent offenders will be more immediately obvious to law enforcement. Any driver who neglects to comply with the newly established decal requirement may be cited and convicted.
5. Under current law, there will be 2,800 motor vehicle registration suspensions and 300 driver's license suspensions due to no insurance violations each year.
6. It is estimated that SB 220 could double the number of offenders convicted for operating without required motor vehicle insurance.
7. The Motor Vehicle Division would require an additional 0.50 FTE to process the additional suspensions and reinstatements, beginning April 1, 2006. Salary and benefits would be \$3,012 for three months in FY 2006 and \$12,046 in FY 2007.
8. Operating costs are \$4,225 in FY 2006 and \$4,096 in FY 2007. FY 2006 costs include one-time expenditures of \$2,976 for the new employee package of a desk, chair, file cabinet, and computer and \$250 in wiring costs for a network connection. In addition, operating costs of \$999 in FY 2006 and \$4,096 in FY 2007 are included for network connections, mainframe usage, postage, phones, and supplies.
9. A \$100 reinstatement fee would be collected from suspended drivers. Some individuals would already be paying the reinstatement fee for other withdrawal actions, and commercial drivers are exempt from the reinstatement fees. It is anticipated that 50 percent of the drivers suspended for no insurance violations will pay the \$100 reinstatement fee.
10. Since suspensions are for a minimum of 90 days, there will be no additional reinstatements in FY 2006. There will be 1,400 additional registration reinstatements and 150 additional driver's license reinstatements in FY 2007. This will result in \$155,000 in additional revenue to the general fund ($\$100 \times (1,400+150)$).

Department of Justice - Montana Highway Patrol

11. After April 1, 2004, the Montana Highway Patrol (MHP) will see an increase in insurance citations written from an average of 8,040 per year to approximately 17,000 per year.
12. On average, two thirds of persons cited for no insurance appear in court with proper insurance documentation and have the charge dismissed. The average fine for those convicted is \$300.
13. This bill will increase the number of convictions for no insurance from 2,650 per year to 3,390 in FY 2006 and 5,600 in FY 2007.
14. The total funds raised from fine revenue on no insurance citations will increase from approximately \$795,000 currently to \$1,017,500 in FY 2006 ($\$300 \times 3,390$) and \$1,680,000 in FY 2007 ($\$300 \times 5,600$). These funds are equally split between the state general fund and the general fund of the county where the citation is issued. This will increase revenue to the general fund by \$111,250 in FY 2006 ($50\% \times (\$1,017,500 - \$795,000)$) and by \$442,500 in FY 2007 ($50\% \times (\$1,680,000 - \$795,000)$). The county share of fines will increase by the same amounts.
15. Approximately one in ten persons convicted of a no insurance violation will be jailed for a minimum of one day, resulting in approximately 210 additional jail days in FY 2006 and 850 additional jail days in FY 2007. At the current rate of \$60.81 per day, MHP prisoner costs will increase approximately \$12,770 in FY 2006 ($\60.81×210) and \$51,689 in FY 2007 ($\60.81×850).

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FISCAL IMPACT:

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Motor Vehicle Division		
FTE	0.13	0.50
<u>Expenditures:</u>		
Personal Services	\$3,012	\$12,046
Operating Expenses	<u>4,225</u>	<u>4,096</u>
TOTAL	\$7,237	\$16,142
<u>Funding of Expenditures:</u>		
General Fund (01)	\$7,237	\$16,142
<u>Revenues:</u>		
General Fund (01)	\$0	\$155,000
Montana Highway Patrol		
<u>Expenditures:</u>		
Operating Expenses	\$12,770	\$51,689
<u>Funding of Expenditures:</u>		
General Fund (01)	\$12,770	\$51,689
<u>Revenues:</u>		
General Fund (01)	\$111,250	\$442,500
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	\$91,243	\$529,669

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

1. Local law enforcement agencies issue about the same number of citations for operating a vehicle without liability insurance as the MHP. All fines resulting from these citations are retained by the local jurisdiction.
2. Counties receive half of the fines from citations issued by the MHP.
3. Fine revenue to local jurisdictions will change by 150% of the change to the state general fund. Local revenue will be \$166,875 higher in FY 2006, \$663,750 higher in FY 2007, and \$802,500 lower beginning in FY 2008

LONG-RANGE IMPACTS:

1. After FY 2007, the Montana Highway Patrol (MHP) expects compliance to gradually increase to nearly the same level as vehicle registration. The MHP issues an average of 2,600 registration citations per year.
2. Two-thirds of drivers cited will continue to provide evidence of insurance in court. One-third will be convicted and pay an average fine of \$300. This will result in fine revenues in FY 2008 and after from this section of \$260,000 per year. This will be a reduction of \$535,000 (\$795,000 - \$260,000) from

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current revenue. The reduction will be split evenly between the state general fund and the county general funds.

3. Expenditures for MHP prisoner costs for violations of this section will be approximately \$48,000 lower than current levels beginning in FY 2008.

TECHNICAL NOTES:

1. Section 1 requires insurance companies to provide proof-of-insurance window stickers at the time an insurance policy is issued or renewed. Most vehicle insurance policies are renewed every six months. Thus, some insured vehicles will not have stickers until six months after this bill goes into effect. This makes it impractical to start enforcement until six months after the bill goes into effect. If earlier enforcement is desired, Section 1 could be amended to require insurance companies to provide window stickers by a fixed date.
2. Permanent vehicle registrations are currently issued a “gold” tab. It is unclear whether the color of the proof of insurance window sticker should match the annual light vehicle registration expiration sticker colors that change every calendar year or match the gold color of the permanent registration expiration sticker that would be applied to the license plate for a permanently registered vehicle.
3. Montana Motor Carrier Services issues tabs with expirations dates up to five years into the future. Some IRP vehicle registrations are renewed every month or every six months. Adding a sticker every month or every six months may be problematic for the vehicle owner, the insurance company, and law enforcement.
4. It should be noted that changes made to the mainframe legacy system as a result of legislative changes might also need to be made to the new system. This may result in additional costs.