

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0924-01
Bill No.: HB 202
Subject: Insurance - Automobile; Motor Vehicles; Revenue Dept.
Type: Original
Date: April 5, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(Unknown exceeding \$674,567)	(Unknown exceeding \$603,066)	(Unknown exceeding \$617,863)
Total Estimated Net Effect on General Revenue Fund	(Unknown exceeding \$674,567)	(Unknown exceeding \$603,066)	(Unknown exceeding \$617,863)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Highway	\$49,500	\$59,400	\$59,400
Total Estimated Net Effect on <u>Other</u> State Funds	\$49,500	\$59,400	\$59,400

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$16,500	\$19,800	\$19,800

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety (DPS) - Director's Office, DPS - Missouri State Highway Patrol, Department of Insurance and Missouri Department of Transportation** 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 18,179 failure-to-maintain-financial-responsibility cases filed in FY 04. The CTS has no way of determining 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 fiscal impact on the judiciary at this time.

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

ADMINISTRATIVE IMPACT

Division of Motor Vehicles and Driver Licensing - Driver and Vehicle Services Bureau (DVS)

The proposed legislation would require DVS 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.

ASSUMPTION (continued)

The proposed legislation would also require DVSB 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 DVSB assumes this legislation will produce an estimated 12,000 "Deductible" suspension cases per year (8,422 accident and 3,098 judgment cases were processed in FY04). Figures were obtained from the DVSB Monthly Production Reports for FY 04.

These cases will require 3 additional Office Support Assistant - Keyboarding (Clerk Typist II) positions, 1 additional Office Support Assistant Clerical (Clerk II) positions, 3 Senior Office Support Assistant - Keyboarding (Clerk Typist III) positions, 5 additional Telephone Information Operator I positions, 1 additional Appeals Referee (Administrative Hearing Officer) positions, 1 additional Senior Office Support -Keyboarding (Clerk Typist III - Docket Clerk) position, 1 Section Supervisor, and 1 Revenue Licensing Unit Supervisor. The DOR estimates personal service and fringe benefit costs of \$501,045 for FY 06; \$616,285 for FY 07; and \$631,693 for FY 08.

Oversight has, for fiscal note purposes only, changed the starting salary for the Office Support Assistants (4 FTE), Clerk Typists (3 FTE), Telephone Operator (5 FTE), Administrative Hearing Officer (1 FTE), Clerk Typist III - Docket Clerk (1 FTE), Revenue Section Supervisor (1 FTE) and Revenue Licensing Unit Supervisor (1 FTE) to correspond to the second 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.

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

ASSUMPTION (continued)

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 06, DOR estimates a cost of \$3,200 for form changes, creation and destruction.

LETTERS AND FOLDERS

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 \$15,890 in letter-related costs for FY 06 and \$19,070 for each FY 07 and FY 08.

This proposal will require folders to be purchased to store the cases. The DOR estimates file folder costs of \$1,820 for FY 06; \$2,250 for FY 07; and \$2,317 for FY 08.

IMAGING

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 125,428 documents and envelopes are per year (49,622 x 2 because of 1 envelope for items sent in, 12,000 suspension notices, 576 hearing notices, 576 hearing decisions, 1,152 hearing decision copies [576 reporting party and 576 attorney], 3,960 reinstatement notices, 3,960 x 2 "proof of payment" documents and envelopes). Additional platters (storage media) will be required to store the images. The DOR estimates imaging costs of \$1,575 for FY 06 and \$1,950 for FY 07 and FY 08.

EQUIPMENT

This proposal will require equipment to process and store these cases. The DVSB 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 \$13,440 (672 hours X \$20/hour) in FY 06.

ASSUMPTION (continued)

Division of Motor Vehicles and Driver Licensing - Information Technology Bureau (ITB)

The proposed legislation will require programming creation and modifications to Missouri Drivers' License system. 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 06 [(640 hours X \$25.21 Computer Information Technologist Specialist I) + (640 hours X \$23.21 Computer Information Technologist III)].

If the language is modified to provide for review after the hearing in the circuit court of Cole county, the director will require representation. One staff attorney would be required in Jefferson City to represent the director in these reviews.

REVENUE IMPACT

Division of Motor Vehicles and Driver Licensing - Driver and Vehicle Services Bureau (DVSB)

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 \$66,000 for FY 06 and \$79,200 for FY 07 and FY 08.

FEE DISTRIBUTION

FY06

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

FY07 & FY08

\$59,400	Highway Fund (75%)
\$11,880	Counties (15%)
\$7,920	Cities (10%)

This proposal will increase total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE FUND			
<u>Costs - Department of Revenue</u>			
Personal Service Costs (16 FTE)	(\$303,729)	(\$373,585)	(\$382,925)
Fringe Benefits	(\$129,571)	(\$159,371)	(\$163,356)
Equipment and Expense	<u>(\$241,267)</u>	<u>(\$70,110)</u>	<u>(\$71,582)</u>
Total <u>Costs</u> - Department of Revenue	(\$674,567)	(\$603,066)	(\$617,863)
<u>Costs - Office of State Courts Administrator</u>			
Increase in Court Costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown exceeding \$674,567)</u>	<u>(Unknown exceeding \$603,066)</u>	<u>(Unknown exceeding \$617,863)</u>
HIGHWAY FUND			
<u>Income - Department of Revenue</u>			
Reinstatement Fees	<u>\$49,500</u>	<u>\$59,400</u>	<u>\$59,400</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>\$49,500</u>	<u>\$59,400</u>	<u>\$59,400</u>
<u>FISCAL IMPACT - Local Government</u>			
	FY 2006 (10 Mo.)	FY 2007	FY 2008
CITIES AND COUNTIES			
<u>Income - Department of Revenue</u>			
Reinstatement Fees	<u>\$16,500</u>	<u>\$19,800</u>	<u>\$19,800</u>
ESTIMATED NET EFFECT ON CITIES AND COUNTIES	<u>\$16,500</u>	<u>\$19,800</u>	<u>\$19,800</u>
<u>FISCAL IMPACT - Small Business</u>			

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.

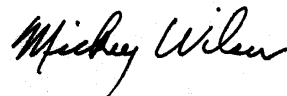
DESCRIPTION

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 is 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 be made, 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 -
 Missouri State Highway Patrol
Department of Insurance



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Director
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