

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2606-01
Bill No.: SB 722
Subject: Motor Vehicles; Revenue Dept; Licenses-Motor Vehicle
Type: Original
Date: January 8, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Highway Fund*	(\$22,677)	(\$26,542)	(\$53,654)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$22,677)	(\$26,542)	(\$53,654)

*Loss of income are fees deferred to subsequent years.

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$28,000	\$12,030	\$3,398

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Transportation** concur with the Department of Revenue.

Officials with the **Department of Revenue (DOR)** assume that the various sections of this proposal could have fiscal impact on their agency.

Section 302.304.7 of this proposal could create a new three year revocation of a person's driving privilege for the second occurrence of an accumulation of 12 points within a 12 month period, an accumulation of 18 points in a 24 month period, or an accumulation of 24 points in a 36 month period. A five-year revocation is required for a third occurrence of the same point accumulation, a seven-year revocation for a fourth occurrence and a ten year revocation for a fifth or subsequent occurrence.

DOR-Division of Motor Vehicle and Driver Licensing (DMV) assume this could create a loss in revenue due to the increased length of the revocation period. There would be a gradual increase in reinstatement fees beginning in FY08, when the three year point revocations were eligible to be reinstated. **Oversight** notes that the deferment in reinstatement fees would not be realized until FY 06 due to the time the legislation is enacted. Any persons who are revoked for points before this legislation is enacted would be eligible for reinstatement within FY 05.

ASSUMPTION (continued)

This section also removes the provision for reinstatement of the revocation when the person has not paid the reinstatement fees. DOR assumes there could be an increase in revenue for the persons that currently have a waiver of the \$20. The amount could be \$112,000 in FY 05, \$104,320 in FY 06 and \$81,056 in FY 07. **Oversight** notes that this provision relates to persons who are suspended for one year but have not come to reinstate their license and pay the \$20 fee. Currently, after two years, the fee is waived and along with other provisions the person's license is reinstated automatically. **Oversight** assumes that the revenue generated from these persons would be minimal.

This proposal could create a reduction in the number of envelopes, postage and notices generated during the first three fiscal years, due to the new point revocations not being reinstated after one year. The use would then gradually increase again beginning in FY 08, when the first three year revocations were eligible to be reinstated. **Oversight** notes that these cost savings would not be realized until FY 06 due to the time the legislation is enacted. Any persons who are revoked for points before this legislation is enacted would be eligible for reinstatement within FY 05.

DMV assumes that Section 303.173.1 creates a new minimum insurance requirement for the different categories of point revocations and requires that the insurance be filed in order to be reinstated and then maintained in order to avoid revocation again.

This section could also require programming and testing to create new point revocation actions, create new point revocation enhancement routine, create notices of loss, modify action update processes, modify SR-22 filings entry screens, modify electronic SR-22 transaction file, modify electronic SR-22 filing processes, modify filing update processes, modify reinstatement evaluations- removal of 2 year fee requirement, modify reinstatement evaluation - new liability limits per action type, modify reinstatement evaluation - new failure to maintain insurance routine due to increased liability limits, and modify LDP evaluation.

DMV further assumes that this section could require two Clerk Typist II to manually edit the new SR-22 and SR-26 filings, key enter the new forms and type reject notices. The current electronic interface for these forms can not evaluate the filings for specific coverage amounts. Currently, nine major insurance companies file about 190,000 SR-22 and SR-26 filings each fiscal year. **Oversight** notes that although persons could be eligible for a hardship license immediately, the legislation is not clear that these persons would need higher insurance coverage while holding a

ASSUMPTION (continued)

hardship license. **Oversight** further notes that the Clerk Typist II would not need to begin keying in the electronic filings until FY 06 because any persons who are revoked for points before this legislation is enacted would be eligible for reinstatement within FY 05 and with the original insurance provisions. **Oversight** has, for fiscal note purposes only, changed the starting salary for the Clerk Typist II 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

DOR speculates that the increased insurance requirements and subsequent cost to the driver could decrease license revenues.

This legislation could increase state revenue by requiring the \$20 reinstatement fee in all cases.

FY05 Income, (Loss) and Cost

Clerk Typist II (2 FTE)	(\$35,998)
Fringe Benefit	(\$14,903)
Equipment & Expenses	(\$4,696)
2 year waiver Fee	\$84,000
Internal Testing (CIT II)	(\$9,000)
Overtime programming	<u>(\$42,080)</u>
Total	(\$22,677)

FY06 Income, (Loss) and Cost

Postage Savings	\$1,040
2 year waiver fee	\$36,090
Clerk Typist II (2 FTE)	(\$44,278)
Fringe Benefits	(\$18,331)
Equipment and Expenses	<u>(\$1,063)</u>
Total	(\$26,542)

FY07- Income, (Loss) and Cost

Envelope savings	\$1,417
2 year waiver fee	\$10,197
Clerk Typist II (2 FTE)	(\$45,384)
Fringe Benefits	(\$18,789)
Supplies	<u>(\$1,095)</u>
Total	(\$53,654)

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
HIGHWAY FUND			
<u>Cost and Savings-Department of Revenue</u>			
Programming and Testing	(\$51,080)	\$0	\$0
Personal Services (2 FTE)	(\$35,998)	(\$44,278)	(\$45,384)
Fringe Benefits	(\$14,903)	(\$18,331)	(\$18,789)
Expense and Equipment	(\$4,696)	(\$1,063)	(\$1,095)
Administrative Savings	<u>\$84,000</u>	<u>\$37,130</u>	<u>\$11,614</u>
Total Cost-DOR	<u>(\$22,677)</u>	<u>(\$26,542)</u>	<u>(\$53,654)</u>
NET ESTIMATED IMPACT ON HIGHWAY FUND	<u>(\$22,677)</u>	<u>(\$26,542)</u>	<u>(\$53,654)</u>
*These fees are deferred to subsequent years.			
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$28,000</u>	<u>\$12,030</u>	<u>\$3,398</u>

FISCAL IMPACT - Small Business

It is assumed that if higher insurance rates were required for some revoked drivers to be reinstated then some insurance companies could generate increased revenue.

DESCRIPTION

Under this act, a person whose driver's license has been revoked due to accumulating 12 points within 12 months, 18 points within 24 months, or 24 points within 36 months shall be required to carry liability insurance in the amount of 50/100/25 (\$50,000 death or bodily injury of one person, \$100,000 for two or more persons, \$25,000 property damage) in order to have his or her license reinstated.

SECOND REVOCATION - If a person's license is revoked a second time, then the person must file proof of financial responsibility with the department of revenue in the following amounts in order to have his or her license reinstated:

DESCRIPTION (continued)

1. \$75,000 death or bodily injury of one person 2. \$150,000 for two or more persons 3. \$50,000 property damage.

The revocation period for a person whose license is revoked due to excessive points for a second time is increased to three years.

THIRD REVOCATION - If a person's license is revoked a third time, then the person must file proof of financial responsibility with the department of revenue in the following amounts in order to have his or her license reinstated:

1. \$100,000 death or bodily injury of one person 2. \$200,000 for two or more persons 3. \$75,000 property damage.

The revocation period for a person whose license is revoked due to excessive points for a third or subsequent time is increased to five years.

FOURTH OR SUBSEQUENT REVOCATION - If a person's license is revoked a fourth or subsequent time, then the person must file proof of financial responsibility with the Department of Revenue in the following amounts in order to have his or her license reinstated:

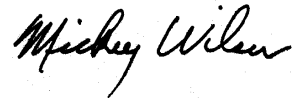
1. \$250,000 death or bodily injury of one person 2. \$500,000 for two or more persons 3. \$100,000 property damage.

The revocation period for a person whose license is revoked due to excessive points for a fourth time is increased to seven years. The revocation period for a person whose license is revoked due to excessive points for a fifth or subsequent time is increased to ten years.

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

Department of Revenue
Department of Transportation

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, stylized "M" and "W".

Mickey Wilson, CPA
Director
January 8, 2004