

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6307

BILL NUMBER: HB 1320

NOTE PREPARED: Dec 10, 2002

BILL AMENDED:

SUBJECT: Notice of Motor Vehicle Insurance Cancellation.

FIRST AUTHOR: Rep. Kruse

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires an insurer to notify the Bureau of Motor Vehicles (BMV) of the cancellation of a motor vehicle insurance policy. It requires the BMV to revoke the operator's license of a person who fails to inform the BMV of how the person will maintain financial responsibility on a vehicle after cancelling a policy.

Effective Date: July 1, 2003; January 1, 2004.

Summary of Net State Impact: There will be additional expenditures to the Bureau of Motor Vehicles associated with the notification requirement. The additional expenditures are summarized in the following table.

Item	FY 2004	FY 2005
Personnel	\$271,112	\$265,120
Mailing	<u>\$516,800</u>	<u>\$516,800</u>
Total	\$787,912	\$781,920

In addition, there will be a one-time computer cost, the amount of which is not known at this time. This part of the fiscal note will be updated upon receipt and verification of the amount.

Explanation of State Expenditures: For the Bureau of Motor Vehicles (BMV), there will be additional expenditures to comply with the provisions of this proposal. It is assumed that 20% of the state's

approximately 6.8 million licensed drivers will receive notifications and suspensions for failure to comply with this proposal, and 10% of all notices will result in suspensions. Further, it is assumed that each notice will cost an estimated \$0.38. The fund affected is the Motor Vehicle Highway Account (MVHA), which supports the BMV.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. For FY 2002, the BMV reverted approximately \$1.1 M from its main account, the MVHA, and \$1.4 M from the Financial Responsibility Compliance Verification Fund. As of December 2, 2002, the BMV had 55 vacant positions with annual salaries amounting to approximately \$1.1 M. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

Explanation of State Revenues: There may be additional annual revenue accruing to the Financial Responsibility Compliance Verification Fund and the MVHA. The fee for reinstatement of a driving license that was suspended for failure to maintain financial responsibility is \$150 for the first suspension, \$225 for the second suspension, and \$300 for the third suspension. For each suspension, \$30 is deposited into the MVHA, with the remainder deposited into the Financial Responsibility Compliance Verification Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Bureau of Motor Vehicles.

Local Agencies Affected:

Information Sources: Jane Morrical, Director of Treasury for the BMV, 232-2822.

Fiscal Analyst: James Sperlik, 317-232-9866.