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FISCAL IMPACT STATEMENT

LS 7489

BILL NUMBER: HB 1617

NOTE PREPARED: Jan 15, 2007

BILL AMENDED:

SUBJECT: Ignition Interlock Device and Sales Tax.

FIRST AUTHOR: Rep. Orentlicher

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes the Ignition Interlock Fund. The bill also imposes an additional 1% Sales and Use Tax on a passenger vehicle that gets less than 15 mpg. The bill provides that the additional revenue will be distributed to the Ignition Interlock Fund and the Public Mass Transportation Fund.

The bill also provides that the conditions under which a court order may grant probationary driving privileges with an ignition interlock device may include when the person does not have a previous conviction for operating a vehicle or motorboat while intoxicated; in addition to the condition that exists under current statute (i.e., when the person has a previous conviction that occurred at least ten years before the conviction under consideration by the court).

Effective Date: July 1, 2007.

Explanation of State Expenditures: This bill will cause an increase in administrative costs for both the Department of State Revenue (DOR) and the Criminal Justice Institute (CJI).

The bill will require the DOR to amend forms, develop procedures, and update computer software for use in administering the Motor Vehicle Supplemental Sales and Use Tax created in this bill. It is estimated that the DOR could implement these provisions through the use of existing staff and resources.

The bill requires the CJI to administer the new Ignition Interlock (II) Fund. The bill allows the costs incurred from administering the II Fund to be paid from the Fund.

Explanation of State Revenues: This bill could result in approximately \$4 M in collections of the Motor Vehicle Supplemental Sales and Use Tax in FY 2008. The bill imposes a 1% Sales Tax on new passenger vehicles sold with a mile per gallon rating lower than 15. This tax would only apply to new vehicles sold at retail after June 30, 2007. The amount of collections will ultimately depend upon the number of vehicles sold in Indiana with an mpg under 15. It is estimated that approximately 3.6% of all 2007 passenger vehicles have an mpg rating below 15.

The bill requires that 85% of the collections be deposited in the II Fund created under the bill, and 15% of the collections be deposited in the Public Mass Transportation Fund (PMTF). The amount deposited in each fund would therefore be approximately \$3.4 M for the II Fund and \$600,000 to the PMTF.

The estimate above assumes that vehicle sales in Indiana will remain at the 2006 levels. The estimate is based on data from the Bureau of Transportation Statistics and the U.S. Environmental Protection Agency listing of mpg rating for all 2007 model passenger vehicles. The estimate also assumes the taxable sales will be equal to the total percentage of models with a rating under 15 as compared to all 2007 models.

Explanation of Local Expenditures: This bill could increase local administrative expenditures related to court orders for use of ignition interlock devices. The amount of any increase in expenditures will ultimately be determined by the administrative action of the courts, but could be offset by distributions from the Ignition Interlock Fund established in this bill. The bill establishes the II Fund for the purpose of providing local governmental entities with funds to assist with the administrative costs associated with ignition interlock devices and the costs associate with providing these devices to indigent persons.

Background on Ignition Interlock Devices – Counties do not incur any additional cost when a court orders a person convicted of OWI to install and maintain an ignition interlock system. Persons who are ordered to install and properly maintain an ignition interlock system on their car typically pay for the entire costs of the operation. The average fee for installing an ignition interlock device is between \$70 and \$100, and the average cost of maintaining the device is between \$30 and \$60 per month. Indigent persons are not required to pay the entire fee.

Under current law, courts can suspend a person's driving privileges depending on the frequency of OWI convictions and may order the use of ignition interlock device as a condition of probationary driving privileges. As proposed, any time the sentencing court grants probationary driving privileges, the court must order that probationary driving privileges include either the installation of an ignition interlock device for six months or participation in an alcohol treatment program in which the drug disulfiram is administered. The following table shows the current provisions in statute and what is proposed by this bill.

Prior History	Current Law -- Length of Suspended License	Proposed Conditions – If Probation Is Granted for Driving Privileges
No prior or prior in over 10 years	90 to 180 Days	
Prior OWI between 5 and 10 years	180 days to 2 years	
Prior OWI within past 5 years	1 and 2 years; court may grant probationary license if the person uses ignition interlock system or uses disulfiram as part of supervised alcohol treatment program	Mandatory use of ignition interlock for 6 months or use of disulfiram as part of supervised alcohol treatment program

The Bureau of Motor Vehicles reports the number of drivers with suspended licenses for OWI-related offenses below.

New License Suspensions by Calendar Year						
	2000	2001	2002	2003	204	2005
OWI per se	2,459	3,048	4,617	4,885	5,017	4,717
OWI	13,332	12,499	13,024	12,137	11,718	11,539
OWI/ Unspecified	16	11	17	7	6	5
Prior OWI/5 Yrs	4,006	3,772	3,799	4,328	4,233	3,971
OWI Causing Injury	67	64	75	76	87	86
OWI Causing Death	27	21	22	30	29	36
Total OWI-Related Suspensions	19,907	19,415	21,554	21,463	21,090	20,354

Ignition interlock systems appear to be used sparingly by courts in Indiana. This is reported to be due in part to the limited number of service providers available in some counties and because some judges believe that the fee amounts are too expensive for some defendants.

In an informal survey, Criminal Justice Institute staff reported that the following courts order ignition interlock for OWI offenders:

- Porter Superior Court # 4
- Clark Superior Court # 3
- Jefferson City Court
- Tippecanoe Superior Court #6

Explanation of Local Revenues: Local governmental entities will see an increase in revenues to the extent that an entity receives a distribution from the II Fund for administrative costs associated with court orders for use of ignition interlock devices.

State Agencies Affected: Department of State Revenue; Criminal Justice Institute.

Local Agencies Affected: Courts with OWI jurisdiction.

Information Sources: <http://www.fueleconomy.gov/feg/download.shtml>; Bureau of Motor Vehicles; Dan Jeffries, Criminal Justice Institute.

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