

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6799

BILL NUMBER: SB 195

NOTE PREPARED: Feb 22, 2008

BILL AMENDED: Feb 21, 2008

SUBJECT: Motor Vehicles and Insurance.

FIRST AUTHOR: Sen. Young R Michael

FIRST SPONSOR: Rep. Austin

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill:

- (1) Specifies requirements for financial responsibility and licensure of a contract carrier that transports railroad employees;
- (2) Specifies requirements for suspension and reinstatement of a driver's license related to convictions or judgments for operating a motor vehicle without financial responsibility; and
- (3) Provides for registration of a vehicle protection product warrantor and specifies requirements for sale of vehicle protection product warranties.

Effective Date: July 1, 2008.

Explanation of State Expenditures: (Revised) For the Bureau of Motor Vehicles (BMV), the suspensions required in this proposal will be handled under current suspension procedures with no additional fiscal impact. The fund affected is the Motor Vehicle Highway Account which supports the BMV.

With respect to the vehicle protection product warrantor registration, a person who operates as a warrantor must annually register with the DOI. The DOI Commissioner may conduct examinations of warrantors, administrators, or other persons to enforce registration and protect warranty holders. The DOI may also adopt rules. The impact that these provisions will have on the DOI will depend on the number of warrantors that register and enforcement actions needed. The DOI may need an additional staff person to implement the provisions of the bill. Personnel costs, including fringe benefits and indirect costs, are estimated at around \$44,000 per year. In 2007, the DOI reverted \$25 in state General Fund revenue.

Explanation of State Revenues: (Revised) *Fees.* DOI must establish a fee for the issuance or renewal of the annual protection product warrantor registration. The fee may not exceed \$250 for either the initial

registration or the annual renewal. Fees collected must be deposited in the DOI Insurance Fund. If 175 warrantors paid annual registration fees, the DOI would collect about \$44,000, which would cover the costs of one personnel.

(Revised) *Civil Penalties*. The Commissioner may order the warrantor to pay the DOI a civil penalty in an amount determined by the Commissioner of not more than \$500 per violation and not more than \$10,000 total. Civil penalties collected under this provision are to be deposited in the DOI Insurance Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI; AG; BMV.

Local Agencies Affected: Trial courts, city and town courts.

Information Sources: DOI.

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