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FISCAL IMPACT STATEMENT

LS 7335

BILL NUMBER: SB 378

NOTE PREPARED: Jan 4, 2011

BILL AMENDED:

SUBJECT: Financial Responsibility for Intrastate Taxicabs.

FIRST AUTHOR: Sen. Glick

FIRST SPONSOR:

BILL STATUS: As Introduced

**FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL**

IMPACT: State

Summary of Legislation: This bill requires that a minimum amount of financial responsibility of \$1,000,000 must be carried on certain motor vehicles being used as taxicabs.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues: This bill creates an alternate definition of taxicab to include motor vehicles that carry a maximum of 16 individuals, are hired out to members of the public who do not operate motor vehicles for health or religious reasons, do not operate on a designated route, are part of a commercial enterprise for taxicab service, and operate intrastate only.

Currently, there are no minimum financial responsibility requirements in statute that are specifically targeted toward taxicabs outside of the current requirement to maintain the same minimum amounts of financial responsibility as other motor vehicle operators. This bill will require 16-passenger taxicab operators/owners that are domiciled within the state to purchase insurance policies that offer the \$1,000,000 minimum amount of financial responsibility.

The insurance premiums 16-passenger taxicab owners or operators would be required to pay would most likely be more expensive than their current insurance premiums, state revenue would increase from taxes collected from insurance premiums. Because the number of affected 16-passenger taxicab owners/operators in the state and any subsequent insurance premiums paid are unknown, increases in state revenue are indeterminable.

Penalty Provision: This bill may increase the number of individuals who are found to not have the appropriate minimum amounts of financial responsibility. Under current statute, an individual who operates a motor vehicle without the requisite financial responsibility in effect commits a Class A infraction. The maximum judgment for a Class A infraction is \$10,000, which would be deposited in the state General Fund. However, any additional revenue is likely to be small.

Background Information: The state receives tax revenue from gross premiums received by insurance companies on (1) insurance policies covering risks within the state during the year or (2) insurance policies made, written, or renewed during the year on marine or transportation risks, minus deductions for reinsurance premiums, dividends paid to resident insureds, and premiums returned. The state tax rate on insurance premiums is 1.3%. In FY 2009, the insurance premium tax accounted for approximately \$184 M to the General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be small.

State Agencies Affected:

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources:

Fiscal Analyst: Bill Brumbach, 232-9559.