

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 24, 2003

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB814 by Gutierrez (Relating to requirements regarding motor vehicle insurance and motor vehicle insurance verification; providing penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB814, As Introduced: an impact of \$0 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>STATE HIGHWAY FUND</i> 6	Probable Revenue Gain from <i>STATE HIGHWAY FUND</i> 6	Change in Number of State Employees from FY 2003
2004	(\$2,832,844)	\$0	3.0
2005	(\$824,012)	\$17,367,665	3.0
2006	(\$824,012)	\$17,680,283	3.0
2007	(\$824,012)	\$17,998,528	3.0
2008	(\$824,012)	\$18,322,502	3.0

Fiscal Analysis

The bill would amend the Transportation Code by requiring the state to conduct random sampling of registrations of motor vehicles or samples of owners of motor vehicles to verify if financial responsibility has been maintained. The bill would partially implement recommendation GG 24 from the Comptroller's *e-Texas* report, *Limited Government, Unlimited Opportunity*. The bill would require the Department of Transportation or its designated agent to mail verification letters to persons selected. The bill would require the Department of Public Safety to establish a motor vehicle insurance verification program and to contract with an agent to develop and maintain a database that will be used to verify proof of financial responsibility.

Methodology

The bill would assess an additional \$1.00 fee at the time of initial application or renewal of registration for "non-exempt vehicles," or vehicles that are required to present proof of financial responsibility. The collected fees would be deposited to the State Highway Fund (Fund 006).

Based on current registration data, the Department of Transportation estimates that approximately 88% of the total vehicle registration population are required to present proof of financial responsibility at the time of registration and, therefore, would be subject to payment of the fee. The agency estimates 19,735,983 vehicle registrations in FY 2004. Multiplying by 88% and the \$1.00 fee equals \$17,367,665 in revenue. The agency adjusted the vehicle registration population approximately 2% each year to estimate revenue through FY 2008.

The Department of Transportation estimates costs related to programming modifications, random sampling, and distribution of verification notices at \$452,335 in FY 2004 and \$584,420 per year for FY 2005-FY 2008. The Department of Public Safety estimates costs to establish the new database for the motor vehicle insurance verification program at \$2,380,509 in FY 2004. Costs to maintain the system are estimated at \$239,592 per year for FY 2005-FY 2008.

Technology

All of the estimated costs are related to technology impact.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 405 Department of Public Safety, 454 Department of Insurance, 601 Department of Transportation

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