

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: HB1809 by Smithee (Relating to requirements regarding motor vehicle insurance and proof of financial responsibility; providing penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1809, 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	(\$312,454)	\$0	10.0
2005	(\$2,620,904)	\$4,757,500	10.0
2006	(\$2,615,204)	\$2,595,000	10.0
2007	(\$2,614,634)	\$2,378,600	10.0
2008	(\$2,614,064)	\$2,162,500	10.0

Fiscal Analysis

The bill would amend Chapter 601 of the Transportation Code, relating to requirements for motor vehicle insurance and proof of financial responsibility. The bill would partially implement recommendation GG 24 from the Comptroller's *e-Texas* report, *Limited Government, Unlimited Opportunity*. The bill would establish a process in which the Texas Department of Transportation (TxDOT) or its designated agent would select a random sample from its records of motor vehicle registrations, send letters to the owners, and check their responses with the insurance companies allegedly issuing their policies.

Methodology

The Department of Transportation reports the number of motor vehicles for passenger use in Texas now registered is about 15,500,000. Assuming that the minimum sampling were achieved, it could be expected about 105,000 uninsured motor vehicles would be identified, of which it is estimated 50% will provide sufficient proof of insurance to prevent suspension. Of the 50% that do not provide sufficient proof of insurance and are suspended, it is estimated that 90% will come into compliance and will resolve the suspension during the given year. Of the resolved suspensions, it is also estimated that 98% will be for first violations (subject to \$100 reinstatement fee), 1% will be for second or subsequent violations (subject to \$200 reinstatement fee), and 1% will be for providing false proof of insurance (subject to \$500 reinstatement fee).

Cost will be incurred for a private vendor and additional FTEs and programming changes within the agency to manage the program.

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, 601 Department of Transportation

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