

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**May 28, 2005**

**TO:** Honorable David Dewhurst , Lieutenant Governor, Senate  
Honorable Tom Craddick, Speaker of the House, House of Representatives

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: SB1670** by Staples (Relating to a motor vehicle financial responsibility verification program; providing a penalty.), **Conference Committee Report**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1670, Conference Committee Report: an impact of \$0 through the biennium ending August 31, 2007.

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
2006	\$0
2007	\$0
2008	\$0
2009	\$0
2010	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>STATE HIGHWAY FUND</i> 6
2006	(\$5,955,987)
2007	(\$1,946,781)
2008	(\$1,981,823)
2009	(\$2,017,496)
2010	(\$2,053,811)

**Fiscal Analysis**

The bill would amend the Transportation Code as it relates to a motor vehicle financial responsibility verification program and provides for penalties.

Section 1 of the bill would require the Department of Insurance, Texas Department of Public Safety, Department of Transportation, and the Department of Information Resources (implementing agencies) to jointly establish a program for verification of whether owners of motor vehicles have established financial responsibility. The implementing agencies would also be required to select an agent to develop, implement, operate, and maintain the financial responsibility verification program. The bill would direct the implementing agencies to jointly enter into a contract with the selected agent for a term of not more than 5 years. Under the provisions of the bill, insurance companies that provide

motor vehicle liability insurance policies would be required to provide the necessary information for those policies to the selected agent.

A person would commit a Class B misdemeanor if the person knowingly uses information obtained for administering the financial responsibility verification program for a purpose not authorized.

Section 2 of the bill would authorize the additional \$1 fee collected for registration or renewal of registration of a motor vehicle to be used by the implementing agencies for administering the financial responsibility verification program, subject to appropriation.

Section 3 of the bill would repeal the requirements concerning the use of the additional fee prior to August 31, 2005.

Section 4 of the bill would require the Texas Department of Insurance to select an agent before December 31, 2005, and the implementing agencies to fully implement the financial responsibility verification program before December 31, 2006.

The bill would take effect September 1, 2005.

### **Methodology**

Section 1 of the bill would require implementing agencies to establish a financial responsibility verification program and to select an agent or state agency to operate and maintain the program.

The Texas Department of Transportation (TxDOT) reports that programming modifications to the Registration and Title System (RTS) would need to be made to allow for real-time verification of insurance at the time of processing registrations for motor vehicles. TxDOT reports that approximately 4,200 hours at a cost of \$420,000 would be needed in fiscal year 2006 for RTS programming. TxDOT estimated other operating costs ranging from \$17,745 to \$67,020 per fiscal year, but it is assumed these costs could be absorbed within existing resources.

Based on information provided by the Texas Department of Insurance (TDI), the development of the insurance verification database is estimated to cost \$5,535,987 (18,453,290 registered vehicles X \$.30) in fiscal year 2006. TDI also estimates that the maintenance fee would be \$.10 per vehicle in each fiscal year. The estimated costs for maintenance would be \$1,946,781 in fiscal year 2007, \$1,981,823 in fiscal year 2008, \$2,017,496 in fiscal year 2009, and \$2,053,811 in fiscal year 2010. The maintenance costs increase slightly each year based on the expected increase in the number of registered vehicles.

### **Technology**

The technology costs would be \$5,955,987 in fiscal year 2006 for the development of the insurance verification database and modifications to the Registration and Title System. Maintenance costs would be \$1,946,781 in fiscal year 2007, \$1,981,823 in fiscal year 2008, \$2,017,496 in fiscal year 2009, and \$2,053,811 in fiscal year 2010.

### **Local Government Impact**

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

**Source Agencies:** 313 Department of Information Resources, 405 Department of Public Safety, 454 Department of Insurance, 601 Department of Transportation, 304 Comptroller of Public Accounts

**LBB Staff:** JOB, SR, NV, MW, TG, VDS, SJ