

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 15, 2013

TO: Honorable Larry Phillips, Chair, House Committee on Transportation

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3679 by Kolkhorst (Relating to suspension of a vehicle registration by the Texas Department of Motor Vehicles for failure to establish financial responsibility; imposing a fee.), **As Introduced**

The probable fiscal implications of this bill cannot be determined at this time due to the uncertainty of data regarding the number of uninsured motorists with registered vehicles in Texas. It is assumed the provisions of the bill would result in an indeterminate revenue gain to the General Revenue Fund in amounts that would exceed costs to the State.

The bill would amend Chapter 601, Texas Transportation Code, to authorize the Texas Department of Motor Vehicles (DMV) to use records of the Texas Department of Insurance (TDI), Department of Public Safety (DPS), and the DMV to verify whether motor vehicle owners have established financial responsibility required by law. The bill would require the DMV to send a notice to the owner of a vehicle it has determined has not established required financial responsibility. If the owner does not submit evidence of financial responsibility after a notice is sent, the bill would require the DMV to suspend vehicle registration and mail a notice to the owner. The bill would prohibit a driver's license or vehicle registration suspended as a result of the provisions of the bill from being reinstated until the license or vehicle registration holder pays a fee of \$200 to the DMV.

The fiscal implications of the bill cannot be determined at this time due to uncertainty regarding the number of uninsured motorists with registered vehicles in the state.

As of March 2013, the TexasSure Vehicle Insurance Verification program estimated 2.5 million registered vehicles in Texas are not matched with an automobile insurance policy providing minimum liability coverage. For illustrative purposes, this analysis assumes 2.5 million registered vehicle owners would be mailed the notice that would be required by the bill. At the end of fiscal year 2012, the Driver Responsibility Program (DRP) reported a 40 percent compliance rate for the offense of driving with no insurance. Therefore, this analysis assumes 40 percent of owners of vehicles believed to be uninsured would comply or provide evidence of financial responsibility after receiving the first notice from the DMV. The remaining 60 percent, or approximately 1.8 million, would continue to be registered without insurance and receive a second notice and registration suspension. Based on DRP compliance rates, this analysis assumes 40 percent of vehicle owners whose registration would be suspended under the provisions of the bill would pay the \$200 fee to have their registration reinstated. As a result, approximately 600,000 people

would pay the fee and approximately \$120 million per fiscal year would be generated. Because the bill does not specify the fund in which the fees are to be deposited, the fees would be deposited to the credit of the General Revenue Fund pursuant to Section 404.094, Government Code.

Based on the information provided by DMV, it is assumed the agency would require 22 additional full-time-equivalent (FTE) positions to implement the provisions of the bill for a combined cost of \$817,028 for salaries each year. The associated employee benefits costs are estimated to be \$242,948 each year. Initial costs for furniture, computer hardware and software, and utilities for 22 new FTEs are estimated to be \$172,055 in fiscal year 2014. Ongoing costs for travel, consumable supplies, and other operating expenses are estimated to be \$26,853 each year. Total costs for salaries, employee benefits, operating costs, excluding the costs of mailing notices to uninsured vehicle owners, is estimated to be \$1,258,920 in fiscal year 2014 and \$1,086,865 each year thereafter. The DMV estimates a cost of approximately \$0.51 to mail each notice to uninsured vehicle owners. Assuming 2.5 million first notices and 1.8 million second notices are mailed each year, the annual costs for sending the required notices would be approximately \$2.2 million each year.

DPS indicates there would be no fiscal impact to the department to implement the provisions of the bill. TDI indicates it could absorb the costs associated with the bill within its current resources.

Local Government Impact

No 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, 608 Department of Motor Vehicles

LBB Staff: UP, AG, MW, TG, MMe