

Department of Legislative Services
 Maryland General Assembly

FISCAL NOTE

House Bill 509 (Chairman, Commerce and Government Matters Committee)
 (Departmental - Transportation)

Commerce and Government Matters

Vehicle Laws - Evidence of Security

This bill requires an individual who has received a point system warning letter from the Motor Vehicle Administration (MVA) to submit evidence of continuous insurance coverage from the notice date of the warning letter. Under current law, the individual must demonstrate to the MVA that there is continuous coverage from the effective date of the most recent registration. The bill also requires that the evidence of insurance must be submitted to the MVA within 30 days of the request.

Fiscal Summary

State Effect: General fund revenues would decrease by \$74,500 in FY 1999 and Transportation Trust Fund (TTF) revenues would decrease by \$31,900. Out-year revenues reflect annualization and a constant number of uninsured motorists. TTF expenditures could increase by an indeterminate amount for computer programming.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	(\$74,500)	(\$99,300)	(\$99,300)	(\$99,300)	(\$99,300)
SF Revenues	(31,900)	(42,500)	(42,500)	(42,500)	(42,500)
Expenditures	--	--	--	--	--
Net Effect	(\$106,400)	(\$141,800)	(\$141,800)	(\$141,800)	(\$141,800)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

Small Business Effect: The Department of Transportation has determined that this bill has minimal or no impact on small businesses (attached). Legislative Services concurs with this assessment.

Fiscal Analysis

State Revenues: The MVA may assess an administrative penalty to owners of vehicles who have let the required motor vehicle insurance lapse. The penalty is \$150 for each vehicle without the required insurance for a period of one to thirty days. For each day over 30 days, an additional \$7 is assessed. These revenues are allocated as follows: 30% to the MVA; approximately \$3.3 million to the Maryland Automobile Insurance Fund; \$2 million to the Vehicle Theft Prevention Fund; and the remainder to the general fund.

In fiscal 1997 the MVA collected approximately \$311,000 in uninsured motorist penalties on 1,126 vehicles resulting from point accumulation warning letters. The average penalty collected was \$276. Because the bill significantly shortens the time that a vehicle owner would be required to prove continuous coverage, it is anticipated that the MVA would collect only \$150 for each violation. Based on fiscal 1997 experience it is estimated that penalty revenue would decline by about \$141,800 annually as a result of the bill. Of this, TTF revenue would decrease by \$42,500 and general fund revenues would decrease by \$99,300.

State Expenditures: The MVA advises that computer programming expenditures could increase by an estimated \$70,000 to modify the computer programs as proposed in this legislation. The Department of Legislative Services (DLS) advises that if other legislation is passed requiring computer reprogramming changes, economies of scale could be realized. This would reduce computer programming costs associated with this bill and other legislation affecting the MVA system. Further, DLS advises that the increased computer expenditure is simply an estimate and the MVA may be able to handle the changes with either less money than it estimates or existing resources.

Information Source(s): Department of Transportation (Motor Vehicle Administration),
Department of Legislative Services

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