

## Department of Planning and Budget 2006 Fiscal Impact Statement

1. **Bill Number:** HB263

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed

**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

2. **Patron:** Hargrove

3. **Committee:** Transportation

4. **Title:** Uninsured motor vehicle fee.

5. **Summary/Purpose:** This bill will increase the uninsured motor vehicle fee from the current amount of \$500 to \$750. It will also increase the statutory penalty fee from \$500 to \$750.

6. **Fiscal Impact Estimates are:** Preliminary. See Item 8 below.

**6b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	\$9,189,655	-	0700
2007-08	\$9,189,655	-	0700
2008-09	\$9,189,655	-	0700
2009-10	\$9,189,655	-	0700
2010-11	\$9,189,655	-	0700

7. **Budget amendment necessary:** No.

8. **Fiscal implications:** Gross revenue collections from the uninsured motor vehicle (UMV) fees and statutory penalty fees comprise the Uninsured Motorists Fund. In FY 2005 fees and penalties totaled \$18,379,310. A total of 3,678 individuals paid an uninsured motor vehicle fee to the Department of Motor Vehicles (DMV) in FY 2005. In many instances, these customers were only required to pay prorated amounts for a partial year. A total of 36,221 individuals paid a statutory fee to DMV in FY 2005. Some of these individuals may also have paid less than the full statutory penalty fee. This would occur when the statutory penalty fee is paid to satisfy an old order of suspension and the amount paid is the amount that was in effect at the time the order of suspension was issued. Due to the effect of the partial collections, the impact of this legislation on the total revenue collected by DMV from UMV fees and statutory penalty fees cannot be determined with certainty.

However, the \$18,379,310 collected from both sources in FY 2005 was 8 percent less than the \$19,949,500 that would have been expected if all of the individuals paying the fees and penalties had paid the full amount (\$500). If the number of individuals paying the UMV fees and penalties remained constant and the 8 percent reduction is applied to the proposed \$750

fee and penalty to account for partial collections, new revenue of approximately \$9,189,655 could be expected as a result of the fee and statutory penalty fee increase.

DMV's appropriation in FY 2005 for administering the Insurance Verification Program was \$5,446,600. Pursuant to the Appropriations Act, \$5,700,000 was transferred to the general fund. The net funds available for transfer to the State Corporation Commission (SCC) were \$7,232,710. The SCC distributes monies annually from the Fund among the insurance companies writing motor vehicle bodily injury and property damage liability insurance on motor vehicles registered in Virginia. Virginia insurance companies receive these funds in the same proportion as the number of motor vehicles that they insure. (Virginia requires uninsured motorist coverage in all motor vehicle liability policies). Funds distributed by the SCC are used to help offset the cost of the uninsured motorist coverage required for all liability insurance policies written in Virginia.

**9. Specific agency or political subdivisions affected:** Department of Motor Vehicles.

**10. Technical amendment necessary:** No.

**11. Other comments:** The introduced budget provides \$3,200,000 in the first year and \$6,400,000 in the second year from the Uninsured Motorist Fund to support DMV in upgrading its information system and implementing Real ID.

**Date:** 01/13/06/jlv

**Document:** G:\06-08\FIS\DMV\HB263.Doc Janet Vogelgesang

cc: Secretary of Transportation