

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4260S.04C
 Bill No.: SCS for SB 783
 Subject: Attorney General; Department of Commerce and Insurance; Crimes and Punishment; Insurance - Automobile; Law Enforcement Officers and Agencies; Motor Vehicles; Department of Revenue; Telecommunications; Transportation
 Type: Original
 Date: March 17, 2022

Bill Summary: This proposal enacts provisions relating to motor vehicle financial responsibility.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue*	(\$388,649)	Greater than (\$38,866)	Greater than (\$38,866)
Total Estimated Net Effect on General Revenue	(\$388,649)	Greater than (\$38,866)	Greater than (\$38,866)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Highway Fund	\$0	\$50,882	\$101,760
Motor Vehicle Financial Responsibility Verification and Enforcement Fund*	\$0	Less than (\$56,934) to could exceed \$81,706	Less than (\$105,640) to could exceed \$171,640
Missouri Office of Prosecution Services Fund	(\$182,466)	Less than (\$182,466) to Unknown	Less than (\$182,466) to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	(\$182,466)	Less than (\$49,878) to Unknown	Less than \$90,934 to Unknown

*FY 2023 fiscal impact is the estimated DOR-ITSD cost for building and implementing a system. Oversight assumes an implementation date of January 1, 2024 for the new system; therefore Oversight has reflected six (6) months of DOR impacts in FY 2024.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Motor Vehicle Financial Responsibility Verification and Enforcement Fund – DOR FTE	0 FTE	1 FTE	1 FTE
Missouri Office of Prosecution Services Fund	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	3 FTE	3 FTE

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0	Less than (\$16,960)	Less than (\$33,920)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume the following regarding this proposal:

Administrative Impact - Motor Vehicle and Driver License Bureaus

The proposal requires the Department to establish and maintain a web-based system for online insurance verification. The system's goal is to identify uninsured motorists in the most effective way. To establish the objectives, details, and deadlines for the system, the Department must create an advisory council, which consists of representatives from the insurance industry who will also serve as voting members. To implement and enforce the program and to require real-time reporting, administrative rules will be promulgated.

The proposal allows the Department to contract or consult with a third-party vendor who has implemented a similar program in other states to create the web-based system; however, there is no funding provided in the proposal to fund a third-party vendor. As such, OA-ITSD will be responsible for the development, implementation, and maintenance of the system, unless funding becomes available. The OA-ITSD cost will be shown later in this response.

An online "real-time" insurance verification system will allow law enforcement to verify compliance with the Financial Responsibility Law at the time of roadside-traffic stops and motor vehicle crash investigations. This will result in an increase in the number of "no insurance" citations being issued by law enforcement to motor vehicle operators or owners. Missouri currently has approximately 7.1 million registered vehicles. The uninsured vehicle rate in Missouri is believed to be approximately 13 percent.

This equates to 923,000 uninsured vehicles possibly being operated on Missouri roadways, not including out-of-state vehicles. It is unclear how many citations will be issued annually and of those, how many will result in a court conviction. According to statistics maintained by the Missouri Attorney General's Office, in 2019, there were 1,524,640 traffic stops in this state. This shows 21% of the motor vehicles registered are stopped annually ($1,524,640/7,100,000 = 21\%$). This may result in the Department receiving 193,830 convictions ($923,000 \times 21\%$) annually.

A court sends the conviction either electronically or by paper to the Department to post to the driver record and assess four points. (§303.025.3). The Department currently receives approximately 25% of all traffic convictions by paper ($193,830 \times 25\% = 48,458$). An Associate Customer Service Representative (ACSR) can key 350 paper convictions daily.

48,458 Number of paper convictions received annually
 \ 252 Number of working days per year
 213 Convictions received daily
 \ 350 Convictions processed per day
 0.6 **ACSR I needed = 1 FTE @ \$26,328**

The Department is required to issue point warning notices when a person accumulates four points on their driver record. No insurance convictions result in the assessment of four points. As such, each of these convictions will result in a point warning notice or a suspension notice for those individuals who have already accumulated points on their record prior to this point assessment.

193,830 Number of notices issued by the Department
 X \$.038 Cost per letter
 \$7,366 Total Annual Cost for letter
 \ 6 Number of months in FY 2024 after law becomes effective
\$3,683 FY 2024 Letter Cost (6 months only)
\$7,366 FY 2025 Letter Cost
\$7,366 FY 2026 Letter Cost

193,830 Number of envelopes issued by the Department
 X \$.068 Cost per envelope
 \$13,180 Total Annual Cost for envelopes
 \ 2 Number of months in FY 2024 after law becomes effective
\$6,590 FY 2024 Envelope Cost (6 months only)
\$13,180 FY 2025 Envelope Cost
\$13,180 FY 2026 Envelope Cost

193,830 Number of notices issued by the Department
 X \$.55 Cost for postage
 \$106,607 Total Annual Cost for postage
 \ 2 Number of months in FY 2024 after law becomes effective
\$ 53,304 FY 2024 Postage Cost (6 months only)
\$106,607 FY 2025 Postage Cost
\$106,607 FY 2026 Postage Cost

In summary, **Oversight** notes the following costs for mailings:

	FY 2023	FY 2024 (6 Mos.)	FY 2025
Mailings	\$0	\$63,577	\$127,153

DOR notes this online system will also allow the Department and contract offices to verify insurance at the time a vehicle is registered or a registration is renewed both in-person and online. The registration or renewal will be denied if insurance is not confirmed.

The proposal allows the Department to suspend registration of a vehicle if it has reason to believe a vehicle is uninsured. Currently, the Department enforces compliance with the insurance law in the following ways:

- If an owner fails to show proof of insurance at the time of registration, registration or renewal of registration is denied;
- A no insurance conviction assesses four points to a driver or owners driving record; and
- If an uninsured driver and owner are involved in an accident and it is reported to the Department pursuant to §303.040, the driver's operating privilege and the owner's vehicle registration is suspended.

The court also has the ability to enter an order suspending the driving privilege, pursuant to §303.025.3. In CY 2021, the Department received four court-ordered suspensions. The Department does not have available data to determine an estimated volume of increase, but assumes it will be minimal enough to be absorbed by current FTE. If the increase is more significant than anticipated or additional laws are passed that impact the staff who process these court orders, additional FTE may be requested through the appropriations process.

The Department has no data that would help to determine how much of an increase in hearing requests the Department will receive, but assumes it will not cause additional FTE. If the increase in hearing requests is more significant than anticipated or additional laws are passed that affect the staff who mediate these hearings, additional FTE may be requested through the appropriations process.

Oversight does not have information to the contrary and therefore, Oversight will reflect the costs estimates for one FTE and the costs for mailings as provided by the DOR.

To implement the proposed legislation, **DOR** states they will be required to:

- Perform programming changes and testing of the web-based online insurance system for a minimum of nine months, per bill provisions
- Create forms
- Update Department's website
- Update Driver Guide
- Draft internal and external procedures
- Create an Advisory Council to establish the objectives, details, and deadlines for the system
- Draft Administrative Rules

FY 2024 – Driver License Bureau (DLB)

Associate Research/Data Analyst	450 hrs. @ \$19.47 per hr. = \$ 8,762
Research/Data Analyst	175 hrs. @ \$24.29 per hr. = \$ 4,324
Administrative Manager	60 hrs. @ \$26.37 per hr. = <u>\$ 1,583</u>
	\$14,669

This legislation will result in an unknown increase in hearings the Department will conduct in regards to appeals. If the increase in hearings is significant, the Department will request additional FTE through the appropriations process.

In addition, it may be necessary for supplemental funding be given to establish the program and IT system since the funding source listed in this bill would not have any funds until funds were collected from violators.

Oversight will reflect an “Unknown” cost to DOR for the administration of Sections 303.420 to 303.440, RSMo, in the Motor Vehicle Financial Responsibility Verification and Enforcement Fund.

DOR notes, to incorporate the necessary changes to account for voluntary registration suspension by motor vehicle owner and requests to reinstate said registration, the Department will be required to:

- Incorporate the necessary changes of various Department systems
- Update procedures, manuals, correspondence letters, and the Department website; and
- Train staff.

FY 2024 – Motor Vehicle Bureau

Associate Research/Data Analyst	134 hrs. @ \$18.87 per hr. = \$2,529
Research/Data Analyst	34 hrs. @ \$23.55 per hr. = \$ 801
Administrative Manager	17 hrs. @ \$25.56 per hr. = \$ 435
Total	\$3,765

FY 2024 – Strategy and Communications Office

Associate Research/Data Analyst	30 hrs. @ \$18.87 per hr. = \$ 566
Research/Data Analyst	30 hrs. @ \$23.55 per hr. = \$ 707
Total	\$1,273

Total Costs = \$5,038

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note.

Administrative Impact - General Counsel's Office (GCO)

DOR-GCO anticipates if the increase is more significant than anticipated or additional laws are passed that impact the General Counsel's Office (GCO), additional FTE or Attorneys may be requested through the appropriations process. It is unclear how many individuals will appeal to the Circuit Court once their insurance is suspended.

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs as DOR indicated on the fiscal note.

DOR notes OA-ITSD services will be required at a cost of **\$388,649** in FY 2023 (4,091.04 hours x \$95 per hour) and **\$38,866** in FY 2024 and FY 2025 (409.12 hours x \$95 per hour).

Oversight does not have any information to the contrary in regards to DOR's assumptions; therefore, Oversight will reflect DOR's OA-ITSD costs on the fiscal note.

Revenue Impact

DOR states if a no insurance conviction subsequently results in a point accumulation suspension, the individual will be required to pay a \$20 reinstatement fee. With a presumption that 10% of all convictions received will result in a suspension, the reinstatement fees collected would be:

193,830	Number of annual convictions
X 10%	presumed percent of suspensions
19,383	Number of annual point suspensions
X 35%	Percent that reinstate annually
6,784	Number of annual reinstatements from these suspensions
X \$20	Reinstatement fee per suspension
\$135,680	Reinstatement fees collected annually
\ 12	Number of months in a year
\$11,307	Increase in reinstatement fees collected monthly
X 6	Number of months in FY 2024 after law becomes effective
\$67,842	Fees Collected in FY 2024 (6 months only)

Fees collected will be distributed 75% Highway Fund, 15% Cities, and 10% Counties.

FY 2024

\$67,842 x 75% = \$50,882	Highway Fund
\$67,842 x 15% = \$10,176	Cities
\$67,842 x 10% = \$ 6,784	Counties

FY 2025

\$135,680 x 75% = \$101,760 Highway Fund

\$135,680 x 15% = \$20,352 Cities

\$135,680 x 10% = \$13,568 Counties

FY 2026

\$135,680 x 75% = \$101,760 Highway Fund

\$135,680 x 15% = \$20,352 Cities

\$135,680 x 10% = \$13,568 Counties

Oversight also notes this proposal creates the “Motor Vehicle Financial Responsibility Verification and Enforcement Fund”, which shall consist of money collected under Sections 303.420 to 303.440, RSMo. Oversight notes fees from the pretrial diversion program being established will be deposited into this fund.

Oversight notes the following misdemeanor convictions for violations of §303.025:

FY 2021	6,478
FY 2020	5,662
FY 2019	7,333
FY 201	8,256
Average	6,932

There is no way to determine how much revenue will be collected as a result of this provision; however, Oversight will estimate that 5% to 25% of violators will participate in the diversion program.

$6,932 \times 5\% = 347 \times \200 (diversion participation fee) = \$69,320

$6,932 \times 25\% = 1,733 \times \200 (diversion participation fee) = \$346,600

Oversight notes because this is a diversion program, offenders may choose this option instead of paying a normal fine, which will result in a decrease in fine revenue to schools; therefore, Oversight will reflect an “Unknown” loss to schools. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula in following years.

Oversight notes the verification system shall be installed and fully operational by January 1, 2024, following an appropriate testing or pilot period of not less than nine months; therefore, Oversight will reflect the DOR FTE costs in FY 2024 (6 months) and FY 2025 (12 months).

Officials from the **Missouri Office of Prosecution Services (MOPS)** assume the following regarding this proposal:

If as contemplated in the bill, DOR enters into an agreement with MOPS to administer the diversion program created in Section 303.425 [much like the MOPS equivalent in Oklahoma does] there will be fiscal impact. First, MOPS will need the **two FTEs** requested in the FY 2023 budget in the amount of \$182,466 (salary, fringe supply). [Note: this amount to be paid out of the MOPS services fund, not general revenue]. Second, there will be a positive fiscal impact to MOPS from its share of the diversion fees collected but that amount is not able to be determined at this time. The positive financial impact will depend on the number of diversion cases and the amount of the diversion fee MOPS is allowed to retain for administering the diversion program. At a minimum, based on the success of the Oklahoma program, the positive fiscal impact should cover the cost of the two new FTEs and further replace revenue lost from significantly reduced bad checks restitution which has severely declined over the past decade, which in turn has significantly reduced the amount of revenue available to adequately fund the office in serving the state's prosecutors and circuit attorney.

Oversight notes that the proposal allows DOR to enter into an agreement with a third party other than MOPS to administer the diversion program. For fiscal note purposes Oversight will assume DOR will enter into an agreement with MOPS and will reflect the estimates as provided by MOPS.

Officials from the **Department of Commerce and Insurance, Department of Corrections, Missouri Highway Patrol, Missouri Department of Transportation, Office of the State Treasurer, Office of the State Courts Administrator and Office of the State Public Defender** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Phelps County Sheriff, Kansas City Police Department, Eldon Police Department, St. Joseph Police Department and St. Louis County Police Department** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other law enforcement agencies were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000.

The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2023	FY 2024 (6 Mos.)	FY 2025
GENERAL REVENUE FUND			
<u>Cost</u> – DOR – OA-ITSD services (§§303.420 to 303.440) p. 7	(\$388,649)	(\$38,866)	(\$38,866)
<u>Transfer Out</u> – to the Motor Vehicle Financial Responsibility Verification and Enforcement Fund – start-up expenses before revenue stream is established (§§303.420 to 303.440) p. 6	\$0	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(\$388,649)	Greater than (\$38,866)	Greater than (\$38,866)
HIGHWAY FUND			
<u>Revenue</u> – reinstatement fees p. 7-8	\$0	\$50,882	\$101,760
ESTIMATED NET EFFECT ON THE HIGHWAY FUND	\$0	\$50,882	\$101,760
<u>FISCAL IMPACT – State Government</u> (continued)	FY 2023	FY 2024 (6 Mos.)	FY 2025
MOTOR VEHICLE FINANCIAL RESPONSIBILITY VERIFICATION AND ENFORCEMENT FUND			
<u>Transfer In</u> – from General Revenue (§303.420 to 303.440) p. 6	\$0	\$0 or Unknown	\$0 or Unknown
<u>Revenue</u> – money collected (§303.420 to 303.440) p. 8	\$0	\$34,660 to \$173,300	\$69,320 to \$346,600

<u>Cost</u> – DOR to administer program (303.420 to 303.440) p. 6	\$0	(Unknown)	(Unknown)
<u>Cost</u> – DOR p. 4			
Personal Services	\$0	(\$13,429)	(\$26,858)
Fringe Benefits	\$0	(\$10,502)	(\$20,949)
Expense and Equipment	\$0	(\$4,086)	\$0
<u>Total Costs</u> - DOR	\$0	(\$28,017)	(\$47,807)
FTE Change – DOR	0 FTE	1 FTE	1 FTE
<u>Cost</u> – DOR – mailings p. 4	\$0	(\$63,577)	(\$127,153)
ESTIMATED NET EFFECT ON THE MOTOR VEHICLE FINANCIAL RESPONSIBILITY VERIFICATION AND ENFORCEMENT FUND	<u>\$0</u>	Less than (\$56,934) to could exceed <u>\$81,706</u>	Less than (\$105,640) to could exceed <u>\$171,640</u>
Estimated Net FTE Change to the Motor Vehicle Financial Responsibility Verification and Enforcement Fund	0 FTE	1 FTE	1 FTE
<u>FISCAL IMPACT</u> – State Government (continued)	FY 2023	FY 2024 (6 Mos.)	FY 2025
MISSOURI OFFICE OF PROSECUTION SERVICES FUND (0680)			
<u>Revenue</u> – MOPS – fees from diversion program p. 9	\$0	Unknown	Unknown
<u>Cost</u> – MOPS – FTE Costs p. 9	(\$182,466)	(\$182,466)	(\$182,466)
ESTIMATED NET EFFECT ON THE MISSOURI OFFICE OF PROSECUTION SERVICES FUND	<u>(\$182,466)</u>	Less than (\$182,466) to <u>Unknown</u>	Less than (\$182,466) to <u>Unknown</u>

Estimated Net FTE Change to the Missouri Office of Prosecution Services Fund	2 FTE	2 FTE	2 FTE
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<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> (Cities 15%) – reinstatement fees p. 7-8	\$0	\$10,176	\$20,352
<u>Revenue</u> (Counties 10%) – reinstatement fees p. 7-8	\$0	\$6,784	\$13,568
<u>Loss</u> – Schools – decreased in fine revenue for those who choose the diversion program over paying the standard fine (§§303.420 to 303.430) p. 8	\$0	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>Less than (\$16,960)</u>	<u>Less than (\$33,920)</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act enacts provisions relating to motor vehicle financial responsibility.

The act specifies that the Department of Revenue shall establish by rule a process for the voluntary suspension of motor vehicle registration for vehicles which are inoperable or being stored and not in operation. The owner or nonresident shall not further operate the vehicle until notifying the Department that the vehicle will be in use, and the Department shall reinstate the registration upon receipt of proof of financial responsibility. Owners or nonresidents who operate a motor vehicle during a period of inoperability or storage claimed under the act shall be guilty

of a Class B misdemeanor, and may additionally be guilty of a violation of The Motor Vehicle Financial Responsibility Law.

The act also provides that the Department of Revenue may verify motor vehicle financial responsibility as provided by law, but shall not otherwise take enforcement action unless the Director determines a violation has occurred as described in the act. (Section 303.025.1)

Currently, a first violation of The Motor Vehicle Financial Responsibility Law is punishable as a Class D misdemeanor, meaning a fine may be imposed of up to \$500; a second or subsequent offense is punishable by up to 15 days in jail and/or a fine not to exceed \$500. Under the act, a second or subsequent offense may be punished by up to 15 days in jail and shall be punished by a fine not less than \$200 but not to exceed \$500. (Section 303.025.3)

Fines owed to the state for violations of the Motor Vehicle Financial Responsibility Law may be eligible for payment in installments. Rules for the application of payment plans shall take into account individuals' ability to pay. (Section 303.025.6)

This act establishes the "Motor Vehicle Financial Responsibility Verification and Enforcement Fund" to be used by the Department of Revenue for the administration of the act. (Section 303.422)

This act creates, within the Department of Revenue, the Motor Vehicle Financial Responsibility Enforcement and Compliance Incentive Program ("the program") for the purpose of enforcing The Motor Vehicle Financial Responsibility Law. The Department of Revenue shall have the authority to contract with third-party vendors to facilitate the program. The Department of Revenue or its third-party vendor shall utilize technology to compare vehicle registration information with the information accessible through the motor vehicle financial responsibility verification system established under the act ("the verification system"), and the Department shall use this information to identify motorists who are in violation of The Motor Vehicle Financial Responsibility Law. All fees paid to the third-party vendors may come from violator diversion fees generated by the pretrial diversion option established under the act as an alternative to statutory fines and reinstatement fees prescribed under The Motor Vehicle Financial Responsibility Law. (Section 303.425.1)

The Department of Revenue may authorize law enforcement agencies or third-party vendors to use technology to collect data for purposes of the program. (Section 303.425.2) The Department may authorize traffic enforcement officers or third-party vendors to administer the processing and issuance of notices of violation and the collection of fees under the program. (Section 303.425.3) Access to the verification system shall be restricted to authorized parties as provided in the act. (Section 303.425.4) For purposes of the program, certain data specified in the act may be used to identify vehicles as being in violation of The Motor Vehicle Financial Responsibility Law, and shall constitute evidence of the violation. (Section 303.425.5)

Except as otherwise provided in the act, the Department of Revenue shall suspend, as provided by law (see section 303.041), the registration of any motor vehicle that is determined under the program to be in violation of The Motor Vehicle Financial Responsibility Law. (Section 303.425.6)

The Department of Revenue shall send to an owner whose vehicle is identified under the program as being in violation of The Motor Vehicle Financial Responsibility Law a notice that the vehicle's registration may be suspended unless the owner, within 30 days, provides proof of financial responsibility or proof of a pending criminal charge for a violation of The Motor Vehicle Financial Responsibility Law. The notice shall include information on obtaining proof of financial responsibility, as provided in the act.

If proof of financial responsibility or a pending criminal charge is not provided within the time allotted, the Department shall suspend the vehicle's registration in accordance with current law, or shall send a notice of vehicle registration suspension, clearly specifying the grounds for and effective date of the suspension, the right to and procedure for requesting a hearing, and the date by which the request for hearing must be made, as well as informing the owner that the matter will be referred for prosecution, informing the owner that the minimum penalty for the violation is \$300 and 4 license points, and offering the owner participation in a pretrial diversion option to preclude referral for prosecution and registration suspension under the act. The notice of vehicle registration suspension shall give a period of 3 days from mailing for the vehicle owner to respond, and shall be deemed received 3 days after mailing.

If no request for hearing or agreement to participate in the diversion option is received prior to the date of suspension, the Director shall suspend the registration immediately and refer the case for prosecution.

If an agreement to participate in the diversion option is received prior to the date of suspension, then upon payment of a diversion participation fee not to exceed \$200, and agreement to obtain and retain financial responsibility for a period of 2 years, then no points shall be assessed to the owner's driver's license, and the Department shall not take further action against the owner under the act, subject to compliance with the terms of the pretrial diversion option. The Department shall suspend the registration of, and refer cases for prosecution of, participating vehicle owners who violate the terms of the pretrial diversion option.

If a request for hearing is received prior to the date of suspension, then for all purposes other than eligibility for the diversion option, the effective date of suspension shall be stayed until a final order is entered following the hearing. The Department shall suspend the registration of vehicles determined under the final order to have been in violation of The Motor Vehicle Financial Responsibility Law, and shall refer the case for prosecution.

The Department of Revenue or its third-party vendor shall issue receipts for the collection of diversion option participation fees, and the fees shall be paid into the Motor Vehicle Financial Responsibility Verification and Enforcement Fund, established in the act. A vehicle owner

whose registration is suspended under the act may obtain reinstatement upon providing proof of financial responsibility and payment to the Department of a nonrefundable reinstatement fee. (Section 303.425.7)

Data collected or retained under the program shall not be used by any entity for purposes other than enforcement of The Motor Vehicle Financial Responsibility Law. Data collected and stored by law enforcement under the program shall be considered evidence if a violation is confirmed. The evidence and a corresponding affidavit as provided in the act shall constitute probable cause for prosecution, and shall be forwarded to the appropriate prosecuting attorney as provided in the act. (Section 303.425.8)

Owners of vehicles identified as being in violation of The Motor Vehicle Financial Responsibility Law shall be provided with options for disputing claims which do not require appearance at any court of law or administrative facility. Any person who provides timely proof that he or she was in compliance with The Motor Vehicle Financial Responsibility Law at the time of the alleged violation shall be entitled to dismissal of the charge with no assessment of fees or fines. Any proof provided that a vehicle was in compliance at the time of the alleged offense shall be recorded in the system established by the Department of Revenue under the act. (Section 303.425.9)

The collection of data or use of technology shall be done in a manner that prohibits bias towards a specific community, race, gender, or socioeconomic status of vehicle owner. (Section 303.425.10). Law enforcement agencies, third-party vendors, or other entities authorized to operate under the program shall not sell data collected or retained under the program for any purpose or share it for any purpose not expressly authorized by law. All data shall be secured and any third-party vendor may be liable for any data security breach. (Section 303.425.11)

The Department of Revenue shall not take action under the act against fleet vehicles, or against vehicles known to the Department of Revenue to be insured under a policy of commercial auto insurance, as defined in the act. (Section 303.425.12)

Following one year after the implementation of the program, and annually thereafter, the Department of Revenue shall provide a report on the program's operations as provided in the act. The Department may, by rule, require the state, counties, and municipalities to provide information in order to complete the report. (Section 303.425.13)

This act requires the Department of Revenue to establish a web-based system for the verification of motor vehicle financial responsibility, and to provide access to insurance reporting data and vehicle registration and financial responsibility data. The Department shall require motor vehicle insurers to establish functionality for it as provided in the act, and the system shall be the sole system used in the state for online verification of financial responsibility. (Section 303.430.1)

The verification system shall transmit requests to insurers for verification of insurance coverage via web services established in accordance with Insurance Industry Committee on Motor Vehicle

Administration ("IICMVA") specifications, and the insurance company system shall respond with a prescribed response upon evaluating the data provided in the request.

The system shall include appropriate data security protections, and the Department of Revenue shall maintain a historical record of the system data for up to 12 months from the date of the requests and responses. The system shall be used to verify financial responsibility required by law, and shall be accessible by authorized employees of the Department, the courts, law enforcement, and other entities as authorized by law, and shall be interfaced, wherever appropriate, with existing state systems.

The system shall include information enabling the Department to submit inquiries to insurers regarding motor vehicle insurance which are consistent with insurance industry and IICMVA standards by using the insurer's National Association of Insurance Commissioners company code, vehicle identification number, policy number, verification date, or as otherwise described in IICMVA standards. The Department shall promulgate rules to offer insurers of 1,000 or fewer vehicles an alternative method for verifying coverage in lieu of web services, and to provide for the verification of financial responsibility when proof of financial responsibility is provided to the Department by means other than a policy of insurance. Insurers are not required to verify insurance coverage for vehicles registered in other jurisdictions. (Section 303.430.2(1))

The verification system shall respond within a time period established by the Department of Revenue. An insurer's system shall respond within the time period prescribed by the IICMVA's specifications and standards. Insurer systems shall be permitted reasonable system downtime for maintenance and other work with advance notice to the Department. Insurers shall not be subject to enforcement fees or other sanctions under such circumstances, or when their systems are not available because of emergency, outside attack, or other unexpected outages not planned by the insurer and reasonably outside of its control. (Section 303.430.2(2))

The verification system shall assist in the identification of motorists operating in violation of The Motor Vehicle Financial Responsibility Law in the most effective way possible. System responses shall have no effect on the determination of coverage under a claim. Nothing in this act shall prohibit the Department of Revenue from contracting with a third-party vendor or vendors who have successfully implemented similar systems in other states. (Section 303.430.2(3))

The Department of Revenue shall consult with insurance industry representatives and may consult with third-party vendors to determine the objectives, details, and deadlines related to the system by establishing an advisory council with membership as specified in the act. (Section 303.430.2(4))

The Department of Revenue shall publish for comment, and then issue, a detailed implementation guide for its online verification system. (Section 303.430.2(5))

The Department of Revenue and its third-party vendors, if any, shall each maintain a contact person for insurers during the establishment, implementation, and operation of the system. (Section 303.430.2(6))

If the Department of Revenue has reason to believe a vehicle owner does not maintain financial responsibility as required by law, it may also request for the insurer to verify the existence of financial responsibility in a form approved by the Department of Revenue. Insurers shall cooperate with the Department of Revenue in establishing and maintaining the verification system, and shall provide motor vehicle insurance policy status information in accordance with rules promulgated by the Department of Revenue. (Section 303.430.2(7))

Every property and casualty insurer licensed to issue motor vehicle insurance or authorized to do business in this state shall comply with this act for the verification of any vehicle for which the insurer issues a policy in this state. (Section 303.430.2(8))

For purposes of historical verification inquiries, insurers shall maintain a historical record of insurance data for a minimum period of 6 months from the date of a policy's inception or modification. (Section 303.430.2(9))

The act shall not apply with regard to "commercial auto coverage", as defined in the act. However, such insurers may participate on a voluntary basis, and vehicle owners may provide the Department with proof of commercial auto coverage to be recorded in the verification system. (Section 303.430.2(10)) Individuals covered by commercial or fleet automobile policies shall be provided with proof of coverage as described in the act. (Section 303.430.2(11))

Insurers shall be immune from civil and administrative liability for good faith efforts to comply with this act. Nothing in this act shall prohibit an insurer from using the services of a third-party vendor for facilitating the verification system as required under the act. (Section 303.430.2(12)-(13))

The verification system shall be in operation by January 1, 2024, following a testing period of not less than 9 months. No enforcement action shall be taken based on the system until successful completion of the testing period. (Section 303.440)

Sections 303.025 and 303.041 have an effective date of January 1, 2024.

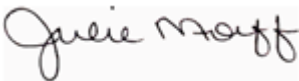
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

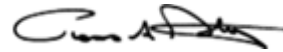
Missouri Department of Transportation
Missouri Highway Patrol
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Missouri State Treasurer's Office
Office of the State Public Defender
Office of the State Courts Administrator
Department of Corrections
Missouri Office of Prosecution Services
Phelps County Sheriff
Kansas City Police Department
St. Louis County Police Department
Eldon Police Department
St. Joseph Police Department



Julie Morff
Director
March 17, 2022



Ross Strobe
Assistant Director
March 17, 2022