

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 359 Motor Vehicle Financial Responsibility  
**SPONSOR(S):** Kriseman and others  
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 846

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Infrastructure</u>	_____	<u>Owen</u>	<u>Miller</u>
2) <u>Economic Expansion &amp; Infrastructure Council</u>	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

**SUMMARY ANALYSIS**

Under Florida law, motorists are required to purchase personal injury protection (PIP) and property damage (PD) liability coverages. The no-fault coverage, referred to as PIP, provides \$10,000 of coverage. Current law also requires vehicle owners to obtain \$10,000 in PD liability coverage which pays for the physical damage expenses caused by the insured to third parties in the accident. Additionally, under Florida's Financial Responsibility law, motorists must provide proof of ability to pay monetary damages for bodily injury (BI) and PD liability after motor vehicle accidents or serious traffic violations.

HB 359 creates s. 324.023, F.S., to increase the limits of PIP and PD insurance and require purchase of BI insurance for anyone who have ever been convicted of ss. 322.26 and 316.193, F.S., which address driving under the influence (DUI) and driver's license revocation, in the amount of \$100,000/\$300,000/\$50,000 and provides the option of posting a bond or furnishing a certificate of deposit in an amount no less than \$350,000.

The bill requires those directed to maintain the higher insurance limits to keep proper proof of the insurance in his or her possession at all times. Violation of this provision is a nonmoving traffic violation. If the violator provides the necessary proof before the court date the fine and court appearance may be waived. Failure to furnish proof results in suspension of the registration and driver's license of the person.

The bill requires tax collector employees to verify that BI insurance has been purchased by a person required to do so under s. 324.023, F.S., at the time the person applies for a vehicle registration or registration renewal.

The bill increases the reinstatement fee of a driver's license from \$15 (s. 324.023, F.S.) to the limits under the no-fault law, which are \$150 for a first reinstatement, \$250 for a second reinstatement, or \$500 for each subsequent reinstatement during the three years following the first reinstatement.

The Department of Highway Safety and Motor Vehicles' (Department) estimates an impact of \$105,400 on their expenditures for the first year and an impact of \$12,600 for all subsequent years. They also estimate an impact of \$12 million on their revenues for the first year, with recurring revenues of \$3 million for all subsequent years. There may be additional fines for state and local governments based on additional citations issued for failure to provide adequate proof of insurance.

The bill is effective July 1, 2007.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

The bill does not seem to implicate any of the House Principles.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Present Situation:**

Under Florida law, motorists are required to purchase personal injury protection (PIP) and property damage (PD) liability coverages. The no-fault coverage, referred to as PIP, provides \$10,000 of coverage. Current law also requires vehicle owners to obtain \$10,000 in PD liability coverage which pays for the physical damage expenses caused by the insured to third parties in the accident. Additionally, under Florida's Financial Responsibility law, motorists must provide proof of ability to pay monetary damages for bodily injury (BI) and PD liability after motor vehicle accidents or serious traffic violations. They are required to have evidence of such coverage in a form prescribed by the Department and maintain such limits for three years. The form used by the Department is called the SR-22 and is provided by the insurance carriers, with a requirement for the carrier to notify the Department immediately upon cancellation.

According to s. 324.021(9)(b)1., F.S., a person who leases a motor vehicle for one year or longer, is required to obtain insurance containing limits not less than \$100,000/\$300,000 BI liability and \$50,000 PD liability.

The current financial responsibility reinstatement fee per s. 324.071, F.S., is \$15 which is deposited into the Highway Safety Operating Trust Fund.

##### **Proposed Changes:**

HB 359 creates s. 324.023, F.S., and requires two separate limits of liability insurance, depending on the type of offense. The current law with limits of \$10,000/\$20,000/\$10,000 will continue to apply to motorists who are involved in serious traffic violations. The bill will increase the limits to \$100,000/\$300,000/\$50,000 whenever a revocation is applied on a person's driver's license for:

- Violation of s. 322.26, F.S.
  - Murder resulting from operation of a motor vehicle;
  - Manslaughter resulting from operation of a motor vehicle;
  - A felony resulting from operation of a motor vehicle;
  - DUI;
  - Failure to render aide in the event of a motor vehicle crash;
  - Perjury relating to the ownership or operation of a motor vehicle;
  - Conviction upon three charges of reckless driving within 12 months;
  - A violation of lewdness, assignation, and prostitution when such violation has been effected through use of a motor vehicle; or
  - Conviction in a court when the court feels that the seriousness of the offense and the circumstances surrounding the conviction warrant the revocation of the licensee's driving privilege
- Violation of s. 316.193, F.S., which addresses DUI.

The bill indicates that the revised higher rates apply to any owner or operator "who has ever been found guilty". This creates a retroactive application of the new limits. According to the Department, at a minimum 180,000 operators would be affected by the retroactive nature of the proposal and be

required to carry higher limits, based on the Department's database of DUI convictions for the last four years. They also estimate that there are 45,000 new DUI convictions each year.

The bill amends s. 316.646, F.S., to require law enforcement officers to verify proof of insurance and to verify that the driver carries the right type of coverage based on the violations the person may have committed. Violation of this provision is a nonmoving traffic violation. If the violator provides the necessary proof before the court date, the fine and court appearance may be waived. Failure to furnish proof results in suspension of the registration and driver's license of the person. Currently, the details required to enforce this provision are not available to the officer at road side, according to the Department. It will require programming changes to their computer system to make the information available.

The bill amends s. 320.02, F.S., to require tax collector employees to verify that BI insurance has been purchased by a person required to do so under s. 324.023, F.S., at the time the person applies for a vehicle registration or registration renewal.

The bill amends s. 627.733, F.S., to increase the driver's license reinstatement fee for violation of s. 324.023, F.S., to the limits found under the no-fault law, which are \$150 for a first reinstatement of a driver's license, \$250 for a second reinstatement, or \$500 for each subsequent reinstatement during the three years following the first reinstatement.

#### C. SECTION DIRECTORY:

Section 1. Creates s. 324.023, F.S., by requiring proof of increased financial responsibility for bodily injury or death caused by owners or operators found guilty of a DUI offense or who had a license or driving privilege revoked or suspended under a specified provision.

Section 2. Amends s. 316.646, F.S., by conforming a provision.

Section 3. Amends s. 320.02, F.S., by conforming a provision.

Section 4. Amends s. 627.733, F.S., by providing an additional cross-reference concerning motor vehicle security following motor vehicle license or registration suspension.

Section 5. Provides an effective date of July 1, 2007.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

	<u>Amt. Year 1</u> <u>FY 2007-08</u>	<u>Amt. Year 2</u> <u>FY 2008-09</u>	<u>Amt. Year 3</u> <u>FY 2009-10</u>
Highway Safety Operating TF			
Financial Responsibility Reinstatement Fee:	<u>\$12,150,000</u>	<u>\$3,037,500</u>	<u>\$3,037,500</u>
<b>TOTAL:</b>	<b>\$12,150,000</b>	<b>\$3,037,500</b>	<b>\$3,037,500</b>

SEE FISCAL COMMENTS.

#### 2. Expenditures:

General Revenue Fund

Contracted Programming:	\$55,000	\$0	\$0
Postage:	\$50,400	\$12,600	\$12,600
<b>TOTAL:</b>	<b>\$105,400</b>	<b>\$12,600</b>	<b>\$12,600</b>

SEE FISCAL COMMENTS.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

The bill may generate additional fine revenues for local governments based on additional citations issued for failure to provide adequate proof of insurance. The amount of which is indeterminate.

2. Expenditures:

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

The bill applies to any owner or operator who has ever been found guilty of a DUI offense or whose license or driving privilege has been revoked or suspended under s. 322.26, F.S. This population will be required to carry motor vehicle insurance at the increased rate of \$100,000/\$200,000/\$50,000. According to the Department, at a minimum 180,000 operators would be affected by this proposal and be required to carry higher limits, based on the Department's database of DUI convictions for the last four years.

The Department provided sample quotes for motor vehicle operators of different genders and age who could be affected by the bill. These quotes are *estimates* and are based on one or two DUIs for each. No discounts other than a SRS Airbag are provided. No multi-car or home-owner's discounts are provided. All quotes are for a 6-month period and are based on a 1997 Ford Taurus vehicle.

Gender	Age	County	Quote w/ one DUI	Quote w/ two DUIs
Male	21	Miami-Dade	\$1,639.23	\$1,895.71
Female	35	Lake	\$870.62	\$1,020.04
Male	70	Escambia	\$888.76	\$1,054.44

**D. FISCAL COMMENTS:**

According to the Department, implementation of the bill will require 550 hours of contracted programming modifications to the Driver License Software Information systems at a cost of \$100 per hour. An estimated 180,000 notices will need to be mailed to customers in the first year to notify them of the new financial responsibility requirements, at a cost of \$0.28 per piece of mail. For each subsequent year, approximately 45,000 notices will need to be mailed to customers to notify them of the financial responsibility requirements, at a cost of \$0.28 per piece of mail.

According to the Department, the bill may increase financial responsibility reinstatement revenues which are deposited into the Highway Safety Operating Trust Fund. In the first year, the Department predicted that 45% of the 180,000 noticed customers will be non-compliant with the new insurance requirements, resulting in 81,000 reinstatements. At a reinstatement fee of \$150 each, there will be an estimated increase in revenue of \$12,150,000. For subsequent years, since there are approximately 45,000 new DUI cases per year, the Department assumed that 45% of them will be non-compliant with the new insurance requirements, resulting in 20,250 additional suspensions per year. At a reinstatement fee of \$150 each, there will be an estimated increase in revenue of \$3,037,500 for each subsequent year.

The bill may also generate additional fines for state and local governments based on additional citations issued for failure to provide adequate proof of insurance. The amount of which is indeterminate.

### III. COMMENTS

#### A. CONSTITUTIONAL ISSUES:

##### 1. Applicability of Municipality/County Mandates Provision:

Not applicable because the bill does not appear to: require counties or cities to spend funds or take action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

##### 2. Other:

None.

#### B. RULE-MAKING AUTHORITY:

None.

#### C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill applies to any owner or operator who has ever been found guilty of a DUI offense or whose license or driving privilege has been revoked or suspended under s. 322.26, F.S. This creates a retroactive application of the new limits. According to the Department, a minimum of 180,000 operators of motor vehicles would be affected by this proposal and required to carry the higher limits.

The sponsor indicates he will seek an amendment which will make the provisions of the bill applicable only to those found guilty of a DUI or the violations found in s. 322.26, F.S., from the effective date of the bill forward. The amendment will remove the retroactive application of the new limits.

#### D. STATEMENT OF THE SPONSOR

This bill simply raises the amount of financial responsibility required for persons guilty of DUI or other serious traffic offenses.

Under current law, someone who has committed a DUI or other serious offense, like vehicular manslaughter, is only required to carry bodily injury (BI) liability insurance of \$10,000 per person and \$20,000 per incident. (A "10/20" insurance policy). This amount has not changed since the 1970s. These limits are extremely low in light of today's medical costs which would be incurred in the event a serious accident occurred.

My bill will raise the minimum amount of BI required of DUI offenders to \$100,000 per person, \$300,000 per incident, plus \$50,000 for property damage. (A "100/300/50" insurance policy.) These are the same limits required by car leasing companies if you lease a car instead of purchasing a car.

It is reasonable to expect that someone who has been convicted of a DUI may drive under the influence again. As such, it is reasonable to require a DUI offender to be completely financially responsible to other drivers if the DUI offender is to continue to enjoy the privilege of driving on our Florida highways.

### IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES