



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Legislative Fiscal Note

Short Title: No Insurance While Driving/Tow Vehicle.
Bill Number: House Bill 344 (Second Edition)
Sponsor(s): Representatives Cleveland and Pittman

SUMMARY TABLE

FISCAL IMPACT OF H.B. 344, V.2 (\$ in thousands)

	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
State Impact					
General Fund Revenue	-	-	-	-	-
Less Expenditures	-	-	-	-	-
General Fund Impact	Likely Significant Budget Cost - Refer to Fiscal Analysis section				
Highway Fund Revenue	-	-	-	-	-
Less Expenditures	302.5	74.5	74.5	74.5	74.5
Highway Fund Impact	(302.5)	(74.5)	(74.5)	(74.5)	(74.5)

NET STATE IMPACT	Likely Significant Budget Cost - Refer to Fiscal Analysis section				
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FISCAL IMPACT SUMMARY

Fiscal Research cannot estimate the potential cost to the State of the changes in this bill, but estimates that there could be significant costs to the courts in terms of increased judicial and prosecutorial workload to address the additional appearances in court for what are now waivable offenses and to assist violators in providing correct documentation to obtain release of their vehicles. The State Highway Patrol may also see a fiscal impact in cases of wrongful towing, but the amount or degree of this impact is unknown.

Additionally, there will be costs and responsibilities of the Division of Motor Vehicles LITES hearing group, including one-time information technology costs of \$250,000 and ongoing operations and maintenance of \$22,000 annually, beginning in FY 2020-21. Division of Motor Vehicles estimates that one position will be necessary to process the additional workload, as the Unit currently is operating with an intermittent backlog. The additional FTE would be an additional \$52,514 annually. There may be a cost for IT changes for the electronic lien system as required in this bill, but there is no estimate available.

The impact on local governments is unknown.

FISCAL ANALYSIS

Section 1 of this bill would amend G.S. 20-313 by requiring the towing and storage of a vehicle being operated by a driver who is charged with failing to maintain financial responsibility, meaning insurance. The Class 3 misdemeanor offense remains the same.

This section would provide that if a person is charged under proposed G.S. 20-313(a) with operating a motor vehicle without insurance, then the charging agency would “have the motor vehicle towed and stored,” meaning seized. The owner could reacquire the vehicle if they present proof of insurance to the charging law enforcement agency or the district attorney’s office and receive a certification of compliance, which the owner would then present to the towing company that is holding the vehicle. The driver could also request a hearing before a judge for a determination that there was no violation.

Administrative Office of the Courts

In 2013, the Conference of the Chief District Court Judges chose to make violations of G.S. 20-313(a) waivable, which means that a defendant may dispose of the offense without appearing in court. Since the proposed legislation requires the seizure of the motor vehicle, the Conference may determine that the offense should require a court appearance, which would place these offenses back on district court calendars, and thus would add to judicial workload.

In 2018, the Conference of District Attorneys agreed to allow an online dismissal process for violations of G.S. 20-313(a). This compliance dismissal process allows for the driver to upload a document confirming their financial responsibility has been met, and if the district attorney’s office is satisfied with the document, the case can be dismissed without a court appearance or any further action from either party. Since the proposed legislation requires the seizure of the motor vehicle, the district attorney’s may determine that the offense requires a court appearance, which would place these offenses back on prosecutorial calendars.

If the Conference of District Attorneys continues to allow online dismissals for these violations, AOC would have to make enhancements to the online program for a cost that is yet to be determined. Technology Services Division staff is assigned to technology projects based on priorities identified by judicial branch needs. Because technology staff is fully engaged, any additional projects will require additional resources or will require a reassignment from current judicial branch priorities.

For those instances in which drivers may seek to reacquire their vehicles before the disposition of their cases, they would have to visit the district attorney’s office and follow a multi-step process to receive proper documentation to show the towing company proof they have vehicle insurance. In 2018, there were 50,869 violations of G.S. 20-313, and if the same number of violations occur after the passage of this bill, this could potentially mean a significant added workload for court personnel.

State Highway Patrol

If, as a result of this bill, the State Highway Patrol is required to tow a vehicle, there are certain circumstances in which the Patrol may be liable to increased costs. If the Patrol fails to file the proper paperwork (e.g. notifying lienholder of storage or sending notice to the wrong address), or

if the vehicle owner is determined to be “innocent” and the Patrol determined to be at fault, the vehicle owner or lienholder could file a tort claim against the Patrol or seek damages in small claims court. However, the amount of liability potentially faced by the Patrol as a result of these possible actions is unknown.

Division of Motor Vehicles

The Division of Motor Vehicles projects many significant changes regarding hearings requests, scheduling, and development of a new hearing type, in addition to information technology programming. It is anticipated that 1 FTE is needed to implement the responsibilities of the bill. Additionally, it is not known whether the electronic lien will be an additional cost to DMV.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

ADMINISTRATIVE OFFICE OF THE COURTS; DIVISION OF MOTOR VEHICLES; STATE HIGHWAY PATROL

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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