

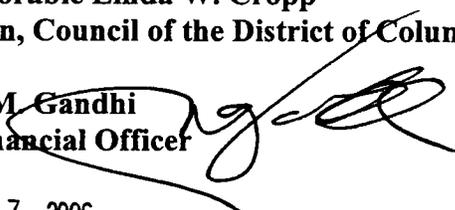
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: JAN 17 2006

SUBJECT: Fiscal Impact Statement: "Vehicle Insurance Enforcement Act of 2005"

REFERENCE: Bill 16-056 from the January 10, 2006 Committee Print

Conclusion

Funds are not sufficient in the FY 2006 through FY 2009 budget and financial plan to implement the provisions of the proposed legislation. Additional staff and resources will be required. Implementing the proposed legislation will result in unbudgeted expenditures of approximately \$131,000 in FY 2006 and approximately \$253,000 in FY 2006 through FY 2009.

Background

The proposed legislation requires all drivers in the District of Columbia to possess and present when required proof of liability insurance. The proposed legislation requires insurance companies to provide the insured drivers with sufficient documentation that can be presented as proof of insurance. In addition, law enforcement officials will be required to collect and report insurance information as they would vehicular operator's license information.

The Mayor is also required to report data by January 31st of any year on motor vehicle accidents in the District of Columbia and the proposed legislation presents the detail required. However, the first report is to be made on the one year anniversary of the implementation of the proposed legislation.

The proposed legislation establishes a fine of up to \$500 for failure to present required proof of insurance. The proposed legislation also provides general guidelines to law

enforcement concerning when and how a demand for proof of insurance is required or impractical. For the moment law enforcement will use the narrative sections of their reports to collect all required information until a proper form is created and made available for the uses required by the proposed legislation.

Financial Plan Impact

Funds are not sufficient in the FY 2006 through FY 2009 budget and financial plan. The Metropolitan Police Department (MPD) will require an enhancement to data collection systems at a one-time cost of approximately \$75,000 plus additional hardware of \$3,000. Maintenance of the system required would have an annual cost of approximately \$15,000. In addition, MPD will require an additional staff member at a District grade 5 or 6 with annual pay and benefit requirements of approximately \$38,000 per year. The table in figure 1 presents the estimated expenditure impacts to the financial plan.

Figure 1.

Expenditure Impact to the Financial Plan					
(\$ in 000s)					
Item	FY 2006	FY 2007	FY 2008	FY 2009	4 - Year Total
Data Systems	\$75	\$0	\$0	\$0	\$75
Maintenance	15	0	0	0	15
Hardware	3	0	0	0	3
One FTE	38	39	41	42	160
Net Annual Impact	\$131	\$39	\$41	\$42	\$253