HF3106 - 0 - Vehicle Insurance Penalties Modified

Chief Author:	**Keith Allen**
Commitee:	**Transportation Finance and Policy**
Date Completed:	**2/25/2025 9:46:20 AM**
Lead Agency:	Supreme Court
Other Agencies:	
Public Safety Dept	

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Supreme Court					
General Fund	-	(434)	(473)	(473)	(473)
State Total					
General Fund	-	(434)	(473)	(473)	(473)
Total	**-**	**(434)**	**(473)**	**(473)**	**(473)**
Biennial Total			**(907)**		**(946)**

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Supreme Court					
General Fund	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Susan Nelson **Date:** 2/25/2025 9:46:20 AM
Phone: 651-296-6054 **Email:** susan.nelson@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2			**Biennium**		**Biennium**
Dollars in Thousands	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**
Supreme Court					
General Fund	-	(434)	(473)	(473)	(473)
Total	**-**	**(434)**	**(473)**	**(473)**	**(473)**
Biennial Total			**(907)**		**(946)**
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Supreme Court					
General Fund	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Biennial Total			**-**		**-**
2 - Revenues, Transfers In*					
Supreme Court					
General Fund	-	434	473	473	473
Total	**-**	**434**	**473**	**473**	**473**
Biennial Total			**907**		**946**

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Date Completed:	**2/25/2025 9:46:20 AM**
Agency:	Supreme Court

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X

Local Fiscal Impact	X	

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State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	(434)	(473)	(473)	(473)
Total	-	**(434)**	**(473)**	**(473)**	**(473)**
Biennial Total			**(907)**		**(946)**

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Susan Nelson **Date:** 2/25/2025 9:40:41 AM
Phone: 651-296-6054 **Email:** susan.nelson@lbo.mn.gov

State Cost (Savings) Calculation Details
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*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2			Biennium		Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund		-	(434)	(473)	(473)	(473)
	Total	**-**	**(434)**	**(473)**	**(473)**	**(473)**
	Biennial Total			**(907)**		**(946)**
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund		-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**
	Biennial Total			**-**		**-**
2 - Revenues, Transfers In*						
General Fund		-	434	473	473	473
	Total	**-**	**434**	**473**	**473**	**473**
	Biennial Total			**907**		**946**

Bill Description

SF1179 amends Minn. Stat. § 169.797, subd. 4(a), the penalty for failing to provide proof of insurance, to require that the court shall impose a fine of not less than $300 for a violation of section 169.797, not less than $550 for a violation occurring within 10 years of a prior violation, and not less than $850 for a violation occurring within 10 years of 2 or more prior violations. The provisions are effective August 1, 2025 and apply to violations occurring on and after that date.

Assumptions

It is assumed that the provision requiring a fine of not less than $850 for a violation occurring within 10 years of 2 or more prior violations is intended to apply to the gross misdemeanor offenses under subdivision 4(a).

In the Bureau of Criminal Apprehension and judicial branch offense coding systems, subdivision 4 is a penalty statute, not a charge; subdivisions 2 and 3 are coded as charges and are currently programmed in the judicial branch systems as payable at $200.

It is assumed for purposes of this fiscal note that the Judicial Council will increase the payable fine for violations of subdivisions 2 and 3 to $300 based on the provisions of this bill. It is assumed that not all charges result in a conviction, that not all convictions are paid in the same year issued, and that not all amounts due are paid. It is also assumed that the rate of fine revenue collected and distributed will remain constant. It is also assumed the bill will not result in any change in distribution of the criminal traffic surcharge or the county law library fee revenue.

It is assumed that the provision requiring the court to impose not less than $550 for a violation occurring within 10 years of a prior violation can only be applied in cases where the defendant appears and is sentenced in court as the court can only program in one payable fine amount for violations of subdivisions 2 and 3.

Expenditure and/or Revenue Formula

Based on 3 years of judicial branch data, an annual average of 6,205 charges under section 169.797 are paid without appearance and an annual average of $151.78 per case for a total of $941,794.90 is collected per year. (18,614 total cases for 2022-2024/3 = 6,205; ($2,825,347.98 total fines collected for 2022-2024/3) / 6,205= 151.78 average fee collected per conviction, or an average of 76% of each $200 fine amount imposed)). If the base fine is increased from $200 to $300, an annual average of an additional **$472,945** (.76 x 300 = $228, an additional $76.22 per case x 6,205 = $472,945.10) will be collected and disbursed to the general fund and to local units of government, **$433,533 in FY26**, which is the annual amount discounted by one month to account for the August 1, 2025 effective date.

Currently, the distribution of these fines depends on the county in which the offense occurs, who has prosecutorial authority, and whether the citation was issued by the State Patrol.

If the citation is issued by the State Patrol, 5/8 of the fine is paid to the Trunk Highway Fund and 3/8 credited to the state general fund, unless the offender enters a plea of not guilty, is subsequently found guilty and a city attorney is the prosecuting, then 1/3 of the fine is paid to the Trunk Highway Fund, 1/3 of the fine is paid to the city, and 1/3 of the fine is paid to the state general fund. Minn. Stat. § 299D.03, subd. 5.

If the citation is not issued by the State Patrol then:

- If the county attorney is the prosecutorial authority for the case, 100% of the fine is credited to the state general fund. Minn. Stat. §§ 484.841, 574.34.
- If a city attorney is the prosecutorial authority in Hennepin County, 80% of the fine is paid to the city and 20% is credited to the state general fund. Minn. Stat. § 484.841.
- In all cases prosecuted in Ramsey County by an attorney for a municipality or subdivision of government within Ramsey County, 2/3 of the fine is paid to the treasury of the municipality or subdivision of government within Ramsey County and 1/3 credited to the state general fund under Minn. Stat. § 484.85.
- In Chisago County, 50% of the fine is paid to the city and 50% to the state general fund. Minn. Law 1975 c 392 s 2.
- If a city attorney in another of the other 85 counties is the prosecutorial authority, 2/3 of the fine is paid to the city and 1/3 to the state general fund. Minn. Stat. §§ 484.85, 484.90.

Because fine distribution is dependent on the circumstances of each case, while the bill is anticipated to result in an increase in revenue to the general fund and the Trunk Highway Fund, it is unknown what the exact impact will be.

<u>Long-Term Fiscal Considerations</u>

The annual increase in revenue will be ongoing.

<u>Local Fiscal Impact</u>

The bill is anticipated to result in an increase in revenue to municipalities and townships.

<u>References/Sources</u>

Agency Contact:

Agency Fiscal Note Coordinator Signature: Callie Lehman   **Date:** 2/20/2025 11:31:45 AM

Phone: 651-297-7579   **Email:** callie.lehman@courts.state.mn.us

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Commitee:	**Transportation Finance and Policy**
Date Completed:	**2/25/2025 9:46:20 AM**
Agency:	Public Safety Dept

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X

Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature:	Laura Cecko	**Date:**	2/13/2025 8:32:38 AM
Phone:	651-284-6543	**Email:**	laura.cecko@lbo.mn.gov

State Cost (Savings) Calculation Details
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State Cost (Savings) = 1-2			Biennium		Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

This proposal increases the fine amount penalties associated with second or subsequent violations of the Failure to Provide Vehicle Insurance statutes Minn. Stat. 169.797) within a ten-year timeframe. The bill also restricts when community service can be applied in lieu of a fine to only first-time violations of this statute.

Assumptions

Other than situational awareness and brief training on the statute to personnel of the State Patrol, the changes to the penalties related to motor vehicle insurance violations would not incur any specific costs to the agency. The training and overview of the statute would likely take place during yearly scheduled in-service sessions where all new case law is discussed.

The bill does not have fiscal impact on Driver and Vehicle Services (DVS).

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Brian Awsumb

Date: 2/13/2025 8:28:07 AM

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