

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1237

Bill Subtitle: TO REGULATE THE BUSINESS OF TAXICAB, AUTOMOBILE, OR SIMILAR VEHICLE ENGAGED IN CARRYING PASSENGERS FOR HIRE.

Basic Change :

Sponsor: Rep. L. Johnson

HB1237 amends the liability insurance requirements imposed on a business that operates a taxicab or similar vehicle used for hire (operator). Under current law, an operator may satisfy their liability insurance requirements by providing the Department of Finance and Administration (DFA) with a contract or certificate of insurance, posting a \$50,000 bond, posting collateral of \$50,000, or by self-insuring.

For an operator meeting their insurance requirements by filing a bond, HB1237 increases the required bond amount from \$50,000 to \$500,000. The bill eliminates the operator's authority to satisfy the liability insurance requirement by posting collateral or self-insuring. The bill also requires any entity making application to operate a taxicab or similar vehicle for hire to file an annual disclosure statement with DFA identifying each business name used by the applicant over the previous 10 years, disclosing any judgments entered or liens filed against the applicant, and reporting any bankruptcy proceedings where the applicant was a named debtor.

Where a municipality imposes additional insurance requirements, the operator must comply with those requirements or face a maximum fine of \$1,000, which is increased from \$500, and a Class B misdemeanor sentence of not more than 90 days.

HB1237 also alters the self-insurance requirements for certain individuals and religious organizations. Current law allows a religious denomination, a person with 25 vehicles registered in the state, or a political subdivision or municipality to obtain a certificate of self-insurance issued by the Office of Motor Vehicle (OMV) for purposes of complying with the motor vehicle liability insurance requirements in the state. HB1237 requires those vehicle owners to apply for a certificate annually and annually provide DFA with proof of their ability to pay judgments against them.

Revenue Impact :

None.

Taxpayer Impact :

An owner operating a vehicle to hire will no longer be able to apply for self-insured status and will have to acquire a standard liability insurance policy. If the owner files for a bond from a surety company, the amount will have to be in the amount of \$500,000. Owners who violate the law and who are found guilty could be fined between \$500.00 and \$1,000.00. In addition, a person or religious denomination applying for self-insured status must apply annually and provide proof of their ability to pay any judgements against them.

Resources Required :

No system modifications needed for the Arkansas Integration System (AIRS). All self-insured policies are entered into the Arkansas Online Insurance Verification System (AOIVS) by Motor Vehicle

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personnel.

Time Required :

Adequate time has been provided for implementation.

Procedural Changes :

Update manual pages and website on changes. Review and train State Revenue office clerks and Motor Vehicle Staff.

Other Comments :

None.

Legal Analysis :

None.