

When an individual has been notified by the Department of Vehicle Regulation that the AVIS database indicates that the individual's vehicle is uninsured, they would be required to take one of the following actions with the county clerk or the DVR within 10 days of notification: provide proof of insurance, surrender their vehicle's license plate, or submit an affidavit in accordance with Section 3 of this Act. Currently, law requires one of these actions to be taken within 30 days, however SB 31 would reduce that period to 10 days. Failure to comply within that time frame would result in the DVR revoking the registration of the motor vehicle, at which time the owner would have 20 days to either reinstate their registration in accordance with Section 11 of this Act or surrender their license plate to their county clerk or the DVR.

Section 2 also eliminates language requiring the DVR to notify the appropriate county attorney that a motor vehicle is not properly insured, and eliminates language requiring the county attorney to immediately begin prosecution an owner who has had their registration revoked 3 times within any twelve-month period. To comply with previous provisions of Section 2, language would also be eliminated that requires the DVR to denote that a vehicle owner's insurance status is valid when the owner provides proof of insurance to their county clerk within 30 days of notification from the DVR.

Owners of motor vehicles for which registration has been revoked under this section would be subject to a reinstatement fee of \$20 which is evenly split between the county clerk and the Transportation Cabinet.

Section 3 would create a new section of KRS Chapter 186A to establish administrative requirements for county clerks and the Department of Vehicle Regulation relating to proof of insurance, affidavits submitted in lieu of proof of insurance, and surrendering a motor vehicle license plate. It would allow for two new reasons for submitting an affidavit in lieu of proof of insurance: If the vehicle is exclusively operated on farms or if the motor vehicle is only on the highway while being towed or hauled. Further regulations regarding affidavits described in this section are outlined. Clerks or the DVR would be required to provide an affiant an original copy of an affidavit provided in accordance with this section.

County clerks or the DVR would be required to note in AVIS, along with applicable dates and expirations, that the owner of a motor vehicle has either provided proof of insurance, an affidavit, or surrendered the vehicles license plate.

Section 3 would also require the Department of Insurance to create administrative regulations to provide for applicable forms and notices to comply with this Act. Forms would be required to be made available in each county clerk's office and on the Department of Insurance's website.

Section 4 would amend KRS 186A.042 to allow the submission of an affidavit in lieu of proof of insurance and to require the county clerk to provide a notice as described in Section 3 of this Act when processing motor vehicle registration renewals.

Sections 5, 6 and 7 would amend statutes to conform with provisions of this Act.

Section 8 would amend to allow Kentucky State Police and local police agencies to seize a motor vehicle license plate if, at the time of seizure, the AVIS database indicates that the vehicle's registration has been revoked and the plate have not been surrendered.

Sections 9 through 16 would amend statutes to conform with provisions of this Act.

Section 18 would amend KRS 304.99-060 to modify penalties associated with failure to maintain vehicle insurance.

For the first offense within a three-year period, proof of security and a receipt showing that a premium for a minimum policy period of six months has been paid will result in no penalty. If the owner fails to do so, the court may fine the owner no more than \$500.

For second and subsequent offenses within any three-year period, the owner must produce proof of insurance and a receipt demonstrating that the premium has been paid for a period of 12 months or receipts for two consecutive minimum policy periods of 6 months. If the owner cannot do so, the court may fine the owner no more than \$1,000. Proof of insurance for the second period of six months would be required to be presented to the circuit clerk of the county where the citation or charge was issued no later than 10 days prior to the expiration of the first six-month period. This section also included provisions for providing proof of insurance or a valid affidavit to a circuit court clerk to have the charge dismissed with no fees or costs imposed.

Penalties of jail sentences for either first or second and subsequent offenses are eliminated. Those penalties ranged from up to 90 days or 180 days in jail.

Section 19 would amend KRS 431.078 to create expungement rights for motor vehicle owners and operators that fail to have minimum motor vehicle insurance. Petitions must be filed within two years of the date of conviction, and the offending individual must not have offended again in the two years prior to filing the petition.

It is not known the amount of petitions for expungement that may be filed. Local jails transfer custody of records upon release of inmates and will be unaffected. For local law enforcement agencies, there may be a minimal impact as manual expungements take less than 30 minutes, and computerized records take not more than five minutes to complete.

The fiscal impact of SB 31 on local governments is indeterminable, but expected to be positive. The Kentucky Department of Transportation records show that in the 2020 and 2021, there were nearly 266,000 registrations cancelled due to failure to maintain required insurance coverage on a vehicle and approximately 83,500 of these were reinstated. Assuming 130,000 registration revocations per year, county clerks would receive \$1.3 million in reinstatement fees per year.

According to the Kentucky County Clerks' Association, **SB 31** may result in county clerks incurring small training costs to prepare them to implement its provisions. It is also unclear what county clerks would do with surrendered plates. It can be assumed that some costs would be associated with storing or mailing the plates.

Section 23 eliminates a potential penalty of up to 90 days or 180 days in jail which would also eliminate associated costs. A person convicted of a Class B misdemeanor may be incarcerated for up to 90 days. A person convicted of a Class A misdemeanor may be incarcerated for up to twelve months. Misdemeanants are housed in one of Kentucky's 74 full-service jails or three life safety jails. While the expense of housing inmates varies by jail, this estimated impact will be based on an average cost to incarcerate of \$44.97 per day. While the majority of misdemeanor defendants are granted bail, those who do not will also cost local jails an average cost to incarcerate of \$44.97 per day.

Data Source(s): LRC Staff, Kentucky Transportation Cabinet, Kentucky County Clerks' Association; Kentucky Department of Corrections

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