



**PROFESSIONAL
INSURANCE
AGENTS**

25 CHAMBERLAIN ST.
P. O. BOX 997
GLENMONT, NY 12077-0997
800/424-4244
FAX: 888/225-6935
WEB: www.piany.org
E-MAIL: pia@piaonline.org

Additional Motor Vehicle Law Enforcement Fees

PIANY opposes letting counties and New York City require insurers to collect annual fees of up to \$5.00 per vehicle on their residents' motor vehicle insurance policies.

Memorandum in opposition to:
S.6056/A.9556, PART J

PIANY opposes the proposal in the Governor's budget bills to allow New York's counties and New York City to enact local ordinances imposing up to an additional \$5.00 per vehicle in fees annually for local law enforcement efforts.

The state already collects a \$5.00 per vehicle Motor Vehicle Law Enforcement Fee which, in PIANY's opinion, is not sufficiently earmarked for fighting auto insurance fraud and auto theft, two crimes which have a demonstrable link to auto insurance costs. Only a dedicated program of supporting targeted law enforcement programs seems equitable in view of the compulsory nature of these fees.

This issue takes on added significance as drivers' fees appear likely to double (with an additional \$5.00 per vehicle going to localities), still without any guarantee that the additional money will go into programs that hold the promise of containing or reducing auto insurance premiums, thereby directly benefiting those who pay. Fees that could be tacked on by counties or New York City would go simply toward "local law enforcement efforts," which need not even be auto-related.

PIANY regards the annual MVLE fees, increased from \$1.00 to \$5.00 per vehicle by last year's budget, plus these additional proposed local-option fees, as essentially a new tax on auto insurance policyholders. Moreover, it is a tax levied not for their sole benefit as insurance rate-payers, but for the purpose of paying for ongoing, general activities of local law enforcement bodies and the state police, including homeland security mandates—activities which we believe should be funded more straightforwardly.

In addition, our members and the insurers they represent are not equipped to bear the additional costs and administrative burden of collecting and remitting these fees, essentially becoming tax collectors in this role. Insurance agents whose marketing area spans multiple counties could face a patchwork of different fees and implementation dates, creating confusion and requiring them to explain inconsistent requirements to angry policyholders.

PIANY urges lawmakers to oppose this provision and delete it from the final budget.

-more-

01/04

Motor Vehicle Policy Fees: S.6056/A.9556, PART J

Section 1. Subsections (b) and (d) of section 9110 of the insurance law, subsection (b) as amended by section 1 of part Q of chapter 62 of the laws of 2003 and subsection (d) as added by chapter 55 of the laws of 1992, are amended to read as follows:

(b) The annual fee is hereby imposed at the rate of five dollars per insured motor vehicle registered pursuant to the provisions of paragraph {(b)} B of subdivision one of section four hundred one of the vehicle and traffic law; PROVIDED, HOWEVER, NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, ANY CITY WITH A POPULATION OF ONE MILLION OR MORE OR COUNTY IN THIS STATE, ACTING THROUGH ITS LOCAL LEGISLATIVE BODY, IS HEREBY AUTHORIZED AND EMPOWERED TO ADOPT, AMEND OR REPEAL LOCAL LAWS, ORDINANCES OR RESOLUTIONS TO IMPOSE A FEE IN AN AMOUNT NOT TO EXCEED FIVE DOLLARS PER INSURED MOTOR VEHICLE, AS SUCH TERM IS DEFINED IN SUBDIVISION SIX OF SECTION EIGHT HUNDRED FORTY-SIX-K OF THE EXECUTIVE LAW, WHEN SUCH MOTOR VEHICLE IS REGISTERED PURSUANT TO THE PROVISIONS OF PARAGRAPH B OF SUBDIVISION ONE OF SECTION FOUR HUNDRED ONE OF THE VEHICLE AND TRAFFIC LAW TO AN INDIVIDUAL WHO RESIDES WITHIN SUCH COUNTY OR CITY. Such fee will be paid monthly by insurance companies to the superintendent on or before the fifteenth of the month next succeeding the month in which such collections are received; PROVIDED, HOWEVER, SUCH FEE IMPOSED BY LOCAL LAW WILL BE PAID MONTHLY BY INSURANCE COMPANIES TO THE CHIEF FISCAL OFFICER OF SUCH CITY WITH A POPULATION OF ONE MILLION OR MORE OR COUNTY, ON OR BEFORE THE FIFTEENTH OF THE MONTH NEXT SUCCEEDING THE MONTH IN WHICH SUCH COLLECTIONS ARE RECEIVED. MONEYS RECEIVED PURSUANT TO THIS SUBSECTION BY ANY CITY WITH A POPULATION OF ONE MILLION OR MORE OR COUNTY SHALL BE USED TO FUND LOCAL LAW ENFORCEMENT EFFORTS. MONEYS RECEIVED BY THE COUNTY OF WESTCHESTER PURSUANT TO THIS SUBSECTION SHALL BE USED TO FUND THE POLICING OF SPECIAL PARKWAYS AS DEFINED IN SUBDIVISION TWO OF SECTION SEVENTY OF THE TRANSPORTATION LAW.

(d) In case any such company shall neglect or refuse to make and file such statement or pay over moneys collected from the fee imposed by this section the provisions of section nine thousand one hundred nine of this article shall apply. IN CASE ANY SUCH COMPANY SHALL NEGLECT OR REFUSE TO MAKE AND FILE SUCH STATEMENT OR PAY OVER THE MONEYS COLLECTED FROM THE LOCAL FEE IMPOSED IN ACCORDANCE WITH THIS SECTION AND SUCH LOCAL LAW, ORDINANCE OR RESOLUTION REQUIRING SUCH LOCAL FEE, THE PROVISIONS OF THE LOCAL LAW, ORDINANCE OR RESOLUTION REGARDING COLLECTION OF SUCH LOCAL FEE OR THE FILING OF SUCH STATEMENTS SHALL APPLY.

S 2. This act shall take effect immediately and shall be deemed to have been in full force and effect on and after April 1, 2004 provided, however, that the amendments to subsection (b) of section 9110 of the insurance law made by section one of this act shall not affect the repeal of such subsection and shall be deemed repealed therewith.