



Department of the Secretary of State Bureau of Motor Vehicles

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JOINT STANDING COMMITTEE ON INNOVATION, DEVELOPMENT, ECONOMIC ADVANCEMENT AND BUSINESS

L.D. 862 “An Act To Protect Consumer Property by Requiring Liability Insurance for Snowplow Vehicles and Vehicles Used in Landscaping or Gardening”

Testimony Provided by Stephen P. Ashcroft, Director of Vehicle Services

Department of the Secretary of State Bureau of Motor Vehicles

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Senator Curry, Representative Roberts, members of the Joint Standing Committee on Innovation, Development, Economic Advancement and Business, my name is Stephen Ashcroft, I am the Director of Vehicle Services for the Bureau of Motor Vehicles. I am representing the bureau today speaking in opposition to this bill.

In reviewing this proposed bill, the bureau is unsure how these provisions would be implemented in a practical sense. As we all know, at the time of registration at a BMV branch office, municipality or through Rapid Renewal, proof of insurance is required. This is generally accomplished by presenting a valid insurance card. If the implementation of this bill would be similar to this current process for the general public, one question arises. How would a registration clerk know what the vehicle is being used for? Will we be requiring registration clerks to quiz someone registering a pickup truck or similar vehicle to what their intended use is? Many people who own these types of vehicles use them in dual purpose roles, work by day, personal vehicle by night if you will. Trying to identify who should be presenting an insurance card with higher minimum amounts of insurance will be problematic to say the least. Training and understanding of insurance minimums and the nuances of this would be a challenge along with possible resistance from the registrant.

The bill inserts its language into section 1611 subsection 2, therefore placing it into the section(s) reserved for taxi cabs, for hire school buses and the transportation of passengers for hire. Currently a “for hire” plate is assigned to many of these types of registrations. The bureau does track this type of registration and insurance but is not positioned to widen that role into what would possibly amount to tens of thousands of trucks and pickup trucks. We presently have one clerical staff position for these limited types of registrations and insurance compliance.

L.D. 862 is somewhat similar to a bill that was passed in 2003. That piece of legislation was an insurance cancellation law that the BMV referred to as “PROOF” which became effective January 1, 2005. The law was aimed at reducing the number of uninsured motorists on Maine’s highways. The law required insurers to notify the Secretary of State when someone’s insurance policy lapsed or was cancelled. The State had to receive either notice of a new policy or an explanation of why no policy was issued. Failure to comply resulted in the suspension of a person’s registration. The law created a number of problems for Maine citizens, insurance companies and the Bureau of Motor Vehicles.

L.D. 862 would similarly require the insurance provider to notice the Secretary of State on a cancellation in section 1611 sub section 3, and the Secretary of State would in turn suspend that registration. The volume of notices and subsequent suspensions in that former legislation was significant. It was initially estimated that approximately 100,000 cancellation verification letters would go to affected motorists annually. In reality, it was upwards of almost 270,000 annually. That resulted in almost 83,000 suspensions in 2005 and just over 85,000 in 2006. The law was repealed June 19, 2007 which resulted in a savings of nearly \$300,000 annually with the elimination of postage and manpower expenses.

There will be a significant fiscal impact to implement this law, including additional positions to support the processes, BMV system development and web service development with our online service provider. It would also require a delayed implementation of possibly up to 2 years.

It is our opinion that no matter what the process might eventually be, it would cause a high level of confusion and anxiety for both the registrant and registration clerks along with a large administrative burden for the insurance industry along with severe compliance complications.

Thank you for your time and I would be happy to try and answer any questions you may have.