

## **BILL ANALYSIS**

Senate Research Center  
79R7420 DWS-D

S.B. 1670  
By: Staples  
Transportation & Homeland Security  
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As Filed

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

Since 1981, drivers in Texas have been required to maintain vehicle liability insurance.

According to the Department of Public Safety, approximately 20 percent of Texas drivers do not have auto insurance. In the past year, DPS has issued over 195,000 tickets to drivers in Texas for lack of insurance.

Currently, 47 other states have enacted mandatory liability insurance statutes and 27 of those have implemented insurance verification programs.

As proposed, S.B. 1670 establishes a financial responsibility verification program to decrease the number of uninsured motorists in the State of Texas.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Department of Public Safety, the Texas Department of Transportation, the Texas Department of Insurance, and the Department of Information Resources in SECTION 1 (Section 601.451, Transportation Code) of this bill.

Rulemaking authority is expressly granted to the Texas Department of Transportation and the Department of Information Resources in SECTION 2 (Section 502.1715, Transportation Code) of this bill.

Rulemaking authority previously granted to the Texas Department of Public Safety and the Texas Department of Insurance is modified in SECTION 2 (Section 502.1715, Transportation Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 601, Transportation Code, by adding Subchapter N, as follows:

#### **SUBCHAPTER N. FINANCIAL RESPONSIBILITY VERIFICATION PROGRAM**

Sec. 601.451. DEFINITION. Defines "implementing agencies."

Sec. 601.452. IMPLEMENTATION OF PROGRAM; RULES. (a) Requires the Texas Department of Public Safety (DPS), in consultation with the other implementing agencies, to establish a program for verification of whether owners of motor vehicles have established financial responsibility. Sets forth the requirements for the program.

(b) Requires the implementing agencies to jointly adopt rules to administer this subchapter.

Sec. 601.453. AGENT. (a) Requires DPS, in consultation with the other implementing agencies, under a competitive bidding procedure, to select an agent to develop, implement, operate, and maintain the program.

(b) Requires the implementing agencies to jointly enter into a contract with the selected agent.

(c) Prohibits a contract under this section from having a term of more than 10 years.

Sec. 601.454. INFORMATION PROVIDED BY INSURANCE COMPANY; PRIVACY. (a) Requires each insurance company providing motor vehicle liability insurance policies in this state to provide necessary information or allow a chosen agent sufficient access to its databases to allow the agent to carry out this subchapter, subject to the agent's contract with the implementing agencies and rules adopted under this subchapter.

(b) Provides that the agent is entitled only to information determined by the implementing agencies to be necessary to carry out this subchapter.

(c) Provides that information obtained under this subchapter is confidential. Authorizes the agent to use the information only for a purpose authorized under this subchapter. Prohibits the agent from using the information for a commercial purpose.

(d) Provides that a person commits an offense if the person knowingly uses information obtained under this subchapter for any purpose not authorized under this subchapter. Provides that an offense under this subchapter is a Class B misdemeanor.

SECTION 2. Amends Sections 502.1715(c) and (d), Transportation Code, as follows:

(c) Requires fees, rather than fees on or after August 41, 2005, collected under this section to be deposited to the credit of the state highway fund. Authorizes, subject to appropriation, the money to be used by the Department of Public Safety (DPS), the Texas Department of Insurance (TDI), the Department of Information Resources (DIR), and the Texas Department of Transportation (TxDOT) to carry out Subchapter N, Chapter 601.

(d) Requires DPS, TDI, DIR, and TxDOT to jointly adopt rules and develop forms necessary to administer this section.

SECTION 3. Repealer: Section 502.1715(b) (regarding VERIFICATION PROGRAM), Transportation Code.

SECTION 4. Requires DPS to select an agent required by Section 601.453, Transportation Code, as added by this Act, before December 31, 2005, and requires the agencies responsible for implementing Subchapter N, Chapter 601, Transportation Code, as added by this Act, to require full implementation of the financial responsibility verification program under that subchapter before September 1, 2006.

SECTION 5. Effective date: September 1, 2005.