

1-1 By: Gutierrez, et al. (Senate Sponsor-Barrientos) H.B. No. 814
1-2 (In the Senate - Received from the House May 6, 2003;
1-3 May 8, 2003, read first time and referred to Committee on
1-4 Infrastructure Development and Security; May 24, 2003, reported
1-5 favorably by the following vote: Yeas 6, Nays 1; May 24, 2003, sent
1-6 to printer.)

1-7 A BILL TO BE ENTITLED
1-8 AN ACT

1-9 relating to motor vehicle financial responsibility; providing
1-10 penalties.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Chapter 601, Transportation Code, is amended by
1-13 adding Subchapter N to read as follows:

1-14 SUBCHAPTER N. MOTOR VEHICLE FINANCIAL RESPONSIBILITY VERIFICATION

1-15 Sec. 601.441. DEFINITIONS. In this subchapter:

1-16 (1) "Database" means the motor vehicle financial
1-17 responsibility verification database established under this
1-18 subchapter.

1-19 (2) "Designated agent" means a person administering
1-20 the program under contract with the department.

1-21 (3) "Program" means the motor vehicle financial
1-22 responsibility verification program established under this
1-23 subchapter.

1-24 Sec. 601.442. ESTABLISHMENT OF PROGRAM. (a) The
1-25 department shall establish a motor vehicle financial
1-26 responsibility verification program to verify compliance with this
1-27 chapter.

1-28 (b) The department by rule shall administer the program with
1-29 the assistance of a designated agent.

1-30 (c) The program must comply with the Driver's Privacy
1-31 Protection Act of 1994 (18 U.S.C. Section 2721 et seq.), as amended.

1-32 Sec. 601.443. DESIGNATED AGENT: MAINTENANCE OF DATABASE.

1-33 (a) The department shall contract with a person selected by the
1-34 State Council on Competitive Government under a competitive bidding
1-35 procedure to act as the department's designated agent under this
1-36 subchapter. The contract shall be funded from money appropriated
1-37 for this purpose from the state highway fund.

1-38 (b) The designated agent shall develop and maintain a
1-39 computer database to manage and provide access to information
1-40 provided under Sections 601.445, 601.446, and 601.447.

1-41 (c) The database shall be developed, maintained, and
1-42 administered in accordance with guidelines established by the
1-43 department to permit efficient access by courts and state and local
1-44 law enforcement agencies.

1-45 Sec. 601.444. VERIFICATION: NOTICE FOR NONCOMPLIANCE. (a)
1-46 With information provided by the department and the Texas
1-47 Department of Transportation, the designated agent shall, at least
1-48 monthly:

1-49 (1) update the database with the motor vehicle
1-50 insurance information provided by insurers under Section 601.445;
1-51 and

1-52 (2) compare all current motor vehicle registrations
1-53 provided by the Texas Department of Transportation against the
1-54 database.

1-55 (b) The designated agent shall mail a notice to owners of
1-56 vehicles for which a comparison under this section shows that
1-57 financial responsibility has not been established. The designated
1-58 agent is not required to send a notice to all of those owners, but
1-59 shall determine the owners to which the notice is sent in the manner
1-60 provided by department rule. The manner of selection may not be
1-61 based directly or indirectly on the owner's race, religion, sex,
1-62 national origin, age, marital status, physical or mental
1-63 disability, economic status, or geographic location. The notice
1-64 must state that before the 31st day after the date of the notice,

2-1 the owner must provide:

2-2 (1) proof of the owner's financial responsibility in a
2-3 form described by Section 601.053;

2-4 (2) a letter from an insurance agent or company
2-5 verifying that the person had the required motor vehicle insurance
2-6 coverage on the date of comparison under Subsection (a)(2);

2-7 (3) proof of an exemption from the owner's financial
2-8 responsibility under Section 601.052; or

2-9 (4) proof that the owner of the motor vehicle is
2-10 insured by an insurance company located in another state because
2-11 the owner is a member of the United States armed forces, a student
2-12 attending an educational institution in this state and residing in
2-13 this state, or a faculty member of an educational institution in
2-14 this state who is residing in this state.

2-15 (c) Each notice sent under this section must include, in
2-16 English and Spanish, a clear and reasonably complete statement of
2-17 an owner's rights and responsibilities under this chapter.

2-18 Sec. 601.445. INFORMATION PROVIDED BY INSURANCE COMPANY.

2-19 (a) Each insurance company providing motor vehicle liability
2-20 policies in this state shall provide the designated agent a record
2-21 of each motor vehicle insurance policy, including:

2-22 (1) the insurance policy number, effective date, and
2-23 expiration date of the policy;

2-24 (2) the name, address, and driver's license number of
2-25 each driver insured by the policy; and

2-26 (3) the make, model, year, and vehicle identification
2-27 number of each vehicle covered by the policy.

2-28 (b) Each insurance company shall provide information
2-29 required by Subsection (a) to the designated agent in an electronic
2-30 submission monthly or more frequently as prescribed by the public
2-31 safety director. The designated agent and public safety director
2-32 shall consult with representatives of the insurance industry in
2-33 determining appropriate formats and procedures for submission of
2-34 the information.

2-35 (c) If information provided by an insurance company to the
2-36 designated agent is incorrect, the insurance company shall provide
2-37 corrected information to the designated agent in a timely manner as
2-38 prescribed by the public safety director after the date the
2-39 insurance company receives notice of the error from the designated
2-40 agent.

2-41 (d) An insurance company that does not provide information
2-42 as required by this section is liable to the state for a civil
2-43 penalty of \$250 for each day the violation continues.

2-44 Sec. 601.446. INFORMATION PROVIDED BY DEPARTMENT. (a) The
2-45 department shall provide the designated agent the following
2-46 information on each Texas driver's license holder:

2-47 (1) the holder's name and address; and

2-48 (2) the driver's license number and expiration date.

2-49 (b) For each motor vehicle covered by a bond filed under
2-50 Section 601.121, a deposit made under Section 601.123, or a
2-51 certificate of self-insurance issued under Section 601.124, the
2-52 department shall provide to the designated agent:

2-53 (1) the owner's name and address; and

2-54 (2) the owner's driver's license number and expiration
2-55 date.

2-56 (c) The department shall notify the designated agent of:

2-57 (1) the cancellation of a bond filed under Section
2-58 601.121;

2-59 (2) the cancellation of a deposit made under Section
2-60 601.123; or

2-61 (3) the termination of a certificate of self-insurance
2-62 issued under Section 601.124.

2-63 (d) This section does not require the department to provide
2-64 to the designated agent information that is not in the possession of
2-65 the department.

2-66 (e) The department shall provide the information under this
2-67 section in an electronic submission to the designated agent in a
2-68 timely manner as prescribed by the public safety director.

2-69 Sec. 601.447. INFORMATION PROVIDED BY TEXAS DEPARTMENT OF

3-1 TRANSPORTATION. (a) The Texas Department of Transportation shall
 3-2 provide the department or its designated agent the following
 3-3 information for each vehicle to which this chapter applies, to the
 3-4 extent the information is in the Texas Department of
 3-5 Transportation's records:

3-6 (1) the owner's name and address;
 3-7 (2) the make, model, and year of the vehicle;
 3-8 (3) the vehicle identification number and vehicle
 3-9 license plate number; and
 3-10 (4) the date the certificate of title was issued for
 3-11 the vehicle.

3-12 (b) The Texas Department of Transportation is not required
 3-13 to provide information under this section about a vehicle
 3-14 registered under Subchapter G, Chapter 502.

3-15 (c) The Texas Department of Transportation shall provide
 3-16 the information under this section and each change to information
 3-17 previously provided under this section in a weekly report that
 3-18 includes the information for registrations and changes occurring
 3-19 during the week preceding the date of the report.

3-20 (d) The Texas Department of Transportation shall provide by
 3-21 electronic submission to the department or its designated agent any
 3-22 information required under this section in a timely manner as
 3-23 prescribed by the public safety director.

3-24 Sec. 601.448. RULES. (a) The department may adopt rules as
 3-25 necessary to implement this subchapter.

3-26 (b) The department shall consult with the Texas Department
 3-27 of Transportation about rules that affect the reporting of
 3-28 information relating to vehicle registrations.

3-29 (c) The department by rule may waive a requirement that
 3-30 particular information be provided to the designated agent if the
 3-31 department finds that the information is not useful for enforcing
 3-32 this chapter or that the burden of collecting or reporting the
 3-33 information is not justified by its value in enforcing this
 3-34 chapter.

3-35 Sec. 601.449. USE OF INFORMATION PROVIDED TO DESIGNATED
 3-36 AGENT. (a) Information provided by an insurance company under
 3-37 Section 601.445, the department under Section 601.446, or the Texas
 3-38 Department of Transportation under Section 601.447 remains the
 3-39 property of the insurance company or agency, as applicable. The
 3-40 information is confidential and may not be disclosed except as
 3-41 provided by this section.

3-42 (b) The designated agent may disclose whether financial
 3-43 responsibility has been established for a motor vehicle only to a
 3-44 state or local governmental entity enforcing this chapter.

3-45 (c) A person commits an offense if the person knowingly
 3-46 discloses information in violation of this subchapter. An offense
 3-47 under this subsection is a Class A misdemeanor.

3-48 (d) The state, an employee or officer of the state, an
 3-49 insurance company, or the designated agent is not liable for an act
 3-50 performed in good faith in carrying out this subchapter, except
 3-51 that the designated agent is liable to an insurance company damaged
 3-52 by the designated agent's negligent failure to protect the
 3-53 confidential and proprietary nature of the information disclosed to
 3-54 the designated agent by the insurance company.

3-55 Sec. 601.450. REVIEW OF PROGRAM. (a) After January 1,
 3-56 2009, and before January 1, 2010, the department shall review the
 3-57 effectiveness of the program and determine the amount by which
 3-58 compliance with this chapter has increased between September 1,
 3-59 2003, and the date of the review. The department shall review all
 3-60 aspects of the program, including effectiveness and efficiency, and
 3-61 the error rate in matching proof of financial responsibility with
 3-62 motor vehicle registrations. The department may coordinate with
 3-63 the Texas Department of Insurance to conduct the review.

3-64 (b) Before September 1, 2010, the department shall report
 3-65 its findings and recommendations to the lieutenant governor and the
 3-66 speaker of the house of representatives.

3-67 (c) This section expires September 2, 2010.

3-68 SECTION 2. Subchapter C, Chapter 601, Transportation Code,
 3-69 is amended by adding Section 601.0521 to read as follows:

4-1 Sec. 601.0521. SEASONAL EXCEPTION FOR CERTAIN FARM
 4-2 VEHICLES. (a) In this section, "road tractor," "truck-tractor,"
 4-3 "farm tractor," "farm trailer," and "farm semitrailer" have the
 4-4 meanings assigned by Section 502.001.

4-5 (b) During a season when the vehicle is not in use, Section
 4-6 601.051 does not apply to a road tractor, truck-tractor, farm
 4-7 tractor, farm trailer, or farm semitrailer used exclusively to
 4-8 transport seasonally harvested agricultural products or livestock
 4-9 from the place of production to the place of processing, market, or
 4-10 storage.

4-11 (c) The designated agent may send a notice under Section
 4-12 601.444 to the owner of a vehicle to which this section applies only
 4-13 during a season when the vehicle is in use.

4-14 (d) The department by rule shall provide a method of
 4-15 determining the season when a vehicle to which this section applies
 4-16 is in use.

4-17 SECTION 3. Section 601.053(a), Transportation Code, is
 4-18 amended to read as follows:

4-19 (a) As a condition of operating in this state a motor
 4-20 vehicle to which Section 601.051 applies, the operator of the
 4-21 vehicle on request shall provide to a peace officer, as defined by
 4-22 Article 2.12, Code of Criminal Procedure, or a person involved in an
 4-23 accident with the operator evidence of financial responsibility by
 4-24 exhibiting:

4-25 (1) a motor vehicle liability insurance policy
 4-26 covering the vehicle that satisfies Subchapter D or a photocopy of
 4-27 the policy;

4-28 (2) a standard proof of motor vehicle liability
 4-29 insurance form prescribed by the department [~~Texas Department of~~
 4-30 ~~Insurance~~] under Section 601.081 and issued by a liability insurer
 4-31 for the motor vehicle;

4-32 (3) an insurance binder that confirms the operator is
 4-33 in compliance with this chapter;

4-34 (4) a surety bond certificate issued under Section
 4-35 601.121;

4-36 (5) a certificate of a deposit with the comptroller
 4-37 covering the vehicle issued under Section 601.122;

4-38 (6) a copy of a certificate of a deposit with the
 4-39 appropriate county judge covering the vehicle issued under Section
 4-40 601.123; or

4-41 (7) a certificate of self-insurance covering the
 4-42 vehicle issued under Section 601.124 or a photocopy of the
 4-43 certificate.

4-44 SECTION 4. Section 601.081, Transportation Code, is amended
 4-45 to read as follows:

4-46 Sec. 601.081. STANDARD PROOF OF MOTOR VEHICLE LIABILITY
 4-47 INSURANCE FORM. (a) The department shall provide for the
 4-48 production of a standard proof of motor vehicle liability insurance
 4-49 form for use by insurers. The department may contract with another
 4-50 person for production of the form.

4-51 (b) Each insurer issuing a standard proof of motor vehicle
 4-52 liability insurance form shall use a form produced by the
 4-53 department.

4-54 (c) The department may adopt rules to implement this
 4-55 section, including rules relating to the use of security features
 4-56 for the form.

4-57 (d) The [A] standard proof of motor vehicle liability
 4-58 insurance form prescribed by the department [~~Texas Department of~~
 4-59 Insurance] must include:

4-60 (1) the name of the insurer;

4-61 (2) the insurance policy number;

4-62 (3) the policy period;

4-63 (4) the name and address of each insured;

4-64 (5) the policy limits or a statement that the coverage
 4-65 of the policy complies with the minimum amounts of motor vehicle
 4-66 liability insurance required by this chapter; and

4-67 (6) the make and model of each covered vehicle.

4-68 SECTION 5. Section 502.104, Transportation Code, is amended
 4-69 to read as follows:

5-1 Sec. 502.104. DISPOSITION OF CERTAIN SPECIAL FEES. Each
 5-2 Monday a county assessor-collector shall send to the department an
 5-3 amount equal to collections for the preceding week for:

5-4 (1) each transfer fee collected under Section 502.175;
 5-5 and

5-6 (2) each fee collected under Section 502.169(b),
 5-7 502.1715, or 502.279.

5-8 SECTION 6. Subchapter D, Chapter 502, Transportation Code,
 5-9 is amended by adding Section 502.1715 to read as follows:

5-10 Sec. 502.1715. ADDITIONAL FEE FOR MOTOR VEHICLE INSURANCE
 5-11 VERIFICATION PROGRAM. (a) In addition to other fees imposed for
 5-12 registration of a motor vehicle, at the time of application for
 5-13 registration or renewal of registration of a motor vehicle for
 5-14 which the owner is required to submit evidence of financial
 5-15 responsibility under Section 502.153, the applicant shall pay a fee
 5-16 of \$1.

5-17 (b) Fees collected under this section shall be deposited to
 5-18 the credit of the state highway fund. The department shall use
 5-19 money appropriated from the state highway fund that represents
 5-20 those fees to administer Subchapter N, Chapter 601, and Section
 5-21 601.081 and to reimburse the Department of Public Safety for
 5-22 expenses in administering those provisions.

5-23 (c) The department and the Department of Public Safety shall
 5-24 adopt rules and develop forms necessary to administer this section.

5-25 SECTION 7. (a) Not later than December 31, 2003:

5-26 (1) the State Council on Competitive Government shall
 5-27 select and the Department of Public Safety shall contract with an
 5-28 entity to serve as the designated agent under Subchapter N, Chapter
 5-29 601, Transportation Code, as added by this Act; and

5-30 (2) the Department of Public Safety shall adopt any
 5-31 rules necessary to implement Subchapter N, Chapter 601,
 5-32 Transportation Code, as added by this Act.

5-33 (b) A motor vehicle insurance company, the Department of
 5-34 Public Safety, and the Texas Department of Transportation are not
 5-35 required to report under Section 601.445, 601.446, or 601.447,
 5-36 Transportation Code, as added by this Act, before the date on which
 5-37 the Department of Public Safety declares that the motor vehicle
 5-38 financial responsibility verification database is ready to receive
 5-39 data.

5-40 (c) The contract entered into under Subsection (a) must
 5-41 require that the designated agent ensure that:

5-42 (1) the motor vehicle financial responsibility
 5-43 verification database is operational and ready to compare evidence
 5-44 of financial responsibility against motor vehicle registrations
 5-45 not later than July 1, 2004; and

5-46 (2) the number of notices mailed by the designated
 5-47 agent under Section 601.444(b), Transportation Code, as added by
 5-48 this Act, is not less than:

5-49 (A) 50,000 in the state fiscal year ending August
 5-50 31, 2004;

5-51 (B) 880,000 in the state fiscal year ending
 5-52 August 31, 2005;

5-53 (C) 840,000 in the state fiscal year ending
 5-54 August 31, 2006;

5-55 (D) 720,000 in the state fiscal year ending
 5-56 August 31, 2007; and

5-57 (E) 720,000 in the state fiscal year ending
 5-58 August 31, 2008.

5-59 SECTION 8. At the time of initiation of the motor vehicle
 5-60 financial responsibility verification program established under
 5-61 Subchapter N, Chapter 601, Transportation Code, as added by this
 5-62 Act, the Department of Public Safety and the Texas Department of
 5-63 Transportation shall, to the extent money is appropriated for this
 5-64 purpose, conduct a program to inform the motoring public throughout
 5-65 the state of the existence and requirements of the program.

5-66 SECTION 9. The governor shall appoint a committee to
 5-67 investigate the factors that determine motor vehicle liability
 5-68 insurance rates in this state. The committee must include
 5-69 representatives of insurers who provide motor vehicle liability

6-1 policies in this state, consumers, and persons with actuarial and
6-2 economic expertise. Not later than December 31, 2004, the
6-3 committee shall submit a report of its findings and recommendations
6-4 for making motor vehicle liability insurance more affordable to the
6-5 governor, the lieutenant governor, the speaker of the house of
6-6 representatives, the Texas Department of Insurance, the Department
6-7 of Public Safety, and the Texas Department of Transportation.

6-8 SECTION 10. This Act takes effect September 1, 2003.

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