

By: Hamric

H.B. No. 1825

A BILL TO BE ENTITLED

AN ACT

relating to motor vehicle financial responsibility; providing penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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

SUBCHAPTER N. MOTOR VEHICLE FINANCIAL RESPONSIBILITY VERIFICATION

Sec. 601.441. DEFINITIONS. In this subchapter:

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

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

(3) "Program" means the motor vehicle financial responsibility verification program established under this subchapter.

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

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

(c) The program must comply with the Driver's Privacy Protection Act of 1994 (18 U.S.C. Section 2721 et seq.).

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

2 (a) The department shall contract with a person selected by the
3 State Council on Competitive Government under a competitive bidding
4 procedure to act as the department's designated agent under this
5 subchapter. The contract shall be funded from money appropriated
6 for this purpose from the state highway fund.

7 (b) The designated agent shall develop and maintain a
8 computer database to manage and provide access to information
9 provided under Sections 601.445, 601.446, and 601.447.

10 (c) The database shall be developed, maintained, and
11 administered in accordance with guidelines established by the
12 department to permit efficient access by courts and state and local
13 law enforcement agencies.

14 Sec. 601.444. VERIFICATION: NOTICE FOR NONCOMPLIANCE. (a)
15 With information provided by the department and the Texas
16 Department of Transportation, the designated agent shall, at least
17 monthly:

18 (1) update the database with the motor vehicle
19 insurance information provided by insurers under Section 601.445;
20 and

21 (2) compare all current motor vehicle registrations
22 provided by the Texas Department of Transportation against the
23 database.

24 (b) The designated agent shall mail a notice to owners of
25 vehicles for which a comparison under this section shows that
26 financial responsibility has not been established. The designated
27 agent is not required to send a notice to all of those owners, but

1 shall determine the owners to which the notice is sent in the manner
2 provided by department rule. The manner of selection may not be
3 based directly or indirectly on the owner's race, religion, sex,
4 national origin, age, marital status, physical or mental
5 disability, economic status, or geographic location. The notice
6 must state that:

7 (1) before a date stated in the notice, the owner must
8 provide:

9 (A) proof of the owner's financial
10 responsibility in a form described by Section 601.053;

11 (B) a letter from an insurance agent or company
12 verifying that the person had the required motor vehicle insurance
13 coverage on the date of comparison under Subsection (a)(2);

14 (C) proof of an exemption from the owner's
15 financial responsibility under Section 601.052; or

16 (D) proof that the owner of the motor vehicle is
17 insured by an insurance company located in another state because
18 the owner is a member of the United States armed forces, a student
19 attending an educational institution in this state and residing in
20 this state, or a faculty member of an educational institution in
21 this state who is residing in this state; and

22 (2) if the owner does not timely comply with
23 Subdivision (1), the owner is liable to the state for a civil
24 penalty of \$250.

25 (c) The date provided in the notice under Subsection (b)(1)
26 shall be determined according to department rule, and may not be
27 earlier than the 90th day or later than the 150th day after the date

1 the notice is sent.

2 (d) If the owner of the motor vehicle has not provided proof
3 of financial responsibility to the designated agent by the date
4 specified in the notice:

5 (1) the owner is liable to the state for a civil
6 penalty of \$250; and

7 (2) the designated agent shall mail to the owner a
8 final warning stating that:

9 (A) the owner has 30 days to provide the proof of
10 financial responsibility; and

11 (B) if the owner does not timely comply with
12 Paragraph (A), the registration of the motor vehicle will be
13 terminated.

14 (e) If an owner of a motor vehicle has not provided proof of
15 financial responsibility to the designated agent by the 30th day
16 after the date the final warning is sent, the designated agent shall
17 notify the Texas Department of Transportation of the owner's
18 failure, and the Texas Department of Transportation shall terminate
19 the registration for the motor vehicle. A motor vehicle for which
20 registration has been terminated may not be registered by the owner
21 or another person unless the civil penalty provided by this section
22 has been paid.

23 (f) The state has a lien on the motor vehicle to secure
24 payment of a civil penalty under this section. The lien is
25 automatically perfected when liability for the penalty arises.
26 Subchapter F, Chapter 501, does not apply to a lien under this
27 subsection.

1 (g) Each notice or final warning sent under this section
2 must include, in English and Spanish, a clear and reasonably
3 complete statement of an owner's rights and responsibilities under
4 this chapter.

5 (h) A civil penalty collected under this chapter shall be
6 delivered to the comptroller for deposit to the credit of the
7 general revenue fund.

8 Sec. 601.445. INFORMATION PROVIDED BY INSURANCE COMPANY.

9 (a) Each insurance company providing motor vehicle liability
10 policies in this state shall provide the designated agent a record
11 of each motor vehicle insurance policy, including:

12 (1) the insurance policy number, effective date, and
13 expiration date of the policy;

14 (2) the name, address, and driver's license number of
15 each driver insured by the policy; and

16 (3) the make, model, year, and vehicle identification
17 number of each vehicle covered by the policy.

18 (b) Each insurance company shall provide information
19 required by Subsection (a) to the designated agent in an electronic
20 submission monthly or more frequently as prescribed by the public
21 safety director. The designated agent and public safety director
22 shall consult with representatives of the insurance industry in
23 determining appropriate formats and procedures for submission of
24 the information.

25 (c) If information provided by an insurance company to the
26 designated agent is incorrect, the insurance company shall provide
27 corrected information to the designated agent in a timely manner as

1 prescribed by the public safety director after the date the
2 insurance company receives notice of the error from the designated
3 agent.

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

7 Sec. 601.446. INFORMATION PROVIDED BY DEPARTMENT. (a) The
8 department shall provide the designated agent the following
9 information on each Texas driver's license holder:

10 (1) the holder's name and address; and

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

12 (b) For each motor vehicle covered by a bond filed under
13 Section 601.121, a deposit made under Section 601.123, or a
14 certificate of self-insurance issued under Section 601.124, the
15 department shall provide to the designated agent:

16 (1) the owner's name and address; and

17 (2) the owner's driver's license number and expiration
18 date.

19 (c) The department shall notify the designated agent of:

20 (1) the cancellation of a bond filed under Section
21 601.121;

22 (2) the cancellation of a deposit made under Section
23 601.123; or

24 (3) the termination of a certificate of self-insurance
25 issued under Section 601.124.

26 (d) This section does not require the department to provide
27 to the designated agent information that is not in the possession of

1 the department.

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

5 Sec. 601.447. INFORMATION PROVIDED BY TEXAS DEPARTMENT OF
6 TRANSPORTATION. (a) The Texas Department of Transportation shall
7 provide the department or its designated agent the following
8 information for each vehicle to which this chapter applies, to the
9 extent the information is in the Texas Department of
10 Transportation's records:

11 (1) the owner's name and address;

12 (2) the make, model, and year of the vehicle;

13 (3) the vehicle identification number and vehicle
14 license plate number; and

15 (4) the date the certificate of title was issued for
16 the vehicle.

17 (b) The Texas Department of Transportation is not required
18 to provide information under this section about a vehicle
19 registered under Subchapter G, Chapter 502.

20 (c) The Texas Department of Transportation shall provide
21 the information under this section and each change to information
22 previously provided under this section in a weekly report that
23 includes the information for registrations and changes occurring
24 during the week preceding the date of the report.

25 (d) The Texas Department of Transportation shall provide by
26 electronic submission to the department or its designated agent any
27 information required under this section in a timely manner as

1 prescribed by the public safety director.

2 Sec. 601.448. REGISTRATION OF MOTOR VEHICLE FOR WHICH
3 REGISTRATION TERMINATED. (a) Except as provided by Subsection
4 (b), a motor vehicle for which registration is terminated under
5 Section 601.444(e) may not be registered unless the owner submits
6 with the application for registration:

7 (1) the \$250 civil penalty provided by Section
8 601.444(d), if the civil penalty has not been previously paid; and

9 (2) the registration fee applicable to the vehicle and
10 any other fee required by law for registration of the vehicle.

11 (b) The department shall reinstate the terminated
12 registration of a motor vehicle without payment of any fee under
13 Subsection (a)(2) if before the end of the registration period
14 during which the registration was terminated the owner of the motor
15 vehicle presents proof of financial responsibility that:

16 (1) complies with Section 601.051; and

17 (2) was in effect on the date of comparison under
18 Section 601.444(a)(2) and is in effect on the date of application
19 for reinstatement.

20 Sec. 601.449. RULES. (a) The department may adopt rules as
21 necessary to implement this subchapter.

22 (b) The department shall consult with the Texas Department
23 of Transportation about rules that affect the reporting of
24 information relating to vehicle registrations.

25 (c) The department by rule may waive a requirement that
26 particular information be provided to the designated agent if the
27 department finds that the information is not useful for enforcing

1 this chapter or that the burden of collecting or reporting the
2 information is not justified by its value in enforcing this
3 chapter.

4 Sec. 601.450. USE OF INFORMATION PROVIDED TO DESIGNATED
5 AGENT. (a) Information provided by an insurance company under
6 Section 601.445, the department under Section 601.446, or the Texas
7 Department of Transportation under Section 601.447 remains the
8 property of the insurance company or agency, as applicable. The
9 information is confidential and may not be disclosed except as
10 provided by this section.

11 (b) The designated agent may disclose whether financial
12 responsibility has been established for a motor vehicle only to:

13 (1) a state or local governmental entity enforcing
14 this chapter in relation to the vehicle;

15 (2) the vehicle's owner;

16 (3) the parent or legal guardian of the owner if the
17 owner is an unemancipated minor;

18 (4) the legal guardian of the owner if the owner is
19 legally incapacitated;

20 (5) a person who has power of attorney for the owner;

21 (6) a person who has a notarized release from the owner
22 that is dated not earlier than the 90th day before the date of the
23 request for disclosure;

24 (7) a person suffering loss or injury in a motor
25 vehicle accident in which the person is involved, but only for the
26 purposes of an accident report under Chapter 550; or

27 (8) the state auditor, for the purposes of an audit

1 authorized by law.

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

5 (d) The state, an employee or officer of the state, an
6 insurance company, or the designated agent is not liable for an act
7 performed in good faith in carrying out this subchapter, except
8 that the designated agent is liable to an insurance company damaged
9 by the designated agent's negligent failure to protect the
10 confidential and proprietary nature of the information disclosed to
11 the designated agent by the insurance company.

12 Sec. 601.451. REVIEW OF PROGRAM. (a) After January 1,
13 2008, and before January 1, 2009, the department shall review the
14 effectiveness of the program and determine the amount by which
15 compliance with this chapter has increased between September 1,
16 2003, and the date of the review. The department shall review all
17 aspects of the program, including effectiveness and efficiency, and
18 the error rate in matching proof of financial responsibility with
19 motor vehicle registrations. The department may coordinate with
20 the Texas Department of Insurance to conduct the review.

21 (b) Before September 1, 2009, the department shall report
22 its findings and recommendations to the lieutenant governor and the
23 speaker of the house of representatives.

24 (c) This section expires September 2, 2009.

25 SECTION 2. (a) Not later than December 31, 2003:

26 (1) the State Council on Competitive Government shall
27 select and the Department of Public Safety shall contract with an

1 entity to serve as the designated agent under Subchapter N, Chapter
2 601, Transportation Code, as added by this Act; and

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

6 (b) A motor vehicle insurance company, the Department of
7 Public Safety, and the Texas Department of Transportation are not
8 required to report under Section 601.445, 601.446, or 601.447,
9 Transportation Code, as added by this Act, before the date on which
10 the Department of Public Safety declares that the motor vehicle
11 financial responsibility verification database is ready to receive
12 data.

13 (c) The contract entered into under Subsection (a) must
14 require that the designated agent ensure that:

15 (1) the motor vehicle financial responsibility
16 verification database is operational and ready to compare evidence
17 of financial responsibility against motor vehicle registrations
18 not later than July 1, 2004; and

19 (2) the number of notices mailed by the designated
20 agent under Section 601.444(b), Transportation Code, as added by
21 this Act, is not less than:

22 (A) 50,000 in the state fiscal year ending August
23 31, 2004;

24 (B) 880,000 in the state fiscal year ending
25 August 31, 2005;

26 (C) 840,000 in the state fiscal year ending
27 August 31, 2006;

1 (D) 720,000 in the state fiscal year ending
2 August 31, 2007; and

3 (E) 720,000 in the state fiscal year ending
4 August 31, 2008.

5 SECTION 3. At the time of initiation of the motor vehicle
6 financial responsibility verification program established under
7 Subchapter N, Chapter 601, Transportation Code, as added by this
8 Act, the Department of Public Safety and the Texas Department of
9 Transportation shall, to the extent money is appropriated for this
10 purpose, conduct a program to inform the motoring public throughout
11 the state of the existence and requirements of the program.

12 SECTION 4. The governor shall appoint a committee to
13 investigate the factors that determine motor vehicle liability
14 insurance rates in this state. The committee must include
15 representatives of insurers who provide motor vehicle liability
16 policies in this state, consumers, and persons with actuarial and
17 economic expertise. Not later than December 31, 2004, the
18 committee shall submit a report of its findings and recommendations
19 for making motor vehicle liability insurance more affordable to the
20 governor, the lieutenant governor, the speaker of the house of
21 representatives, the Texas Department of Insurance, the Department
22 of Public Safety, and the Texas Department of Transportation.

23 SECTION 5. This Act takes effect September 1, 2003.