

## **BILL ANALYSIS**

C.S.H.B. 2573  
By: Callegari  
Transportation  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The Texas Motor Vehicle Safety Responsibility Act prohibits a person from operating a motor vehicle in Texas unless financial responsibility is established for that vehicle. Even so, many motorists circumvent the law. Some purchase an insurance policy solely to receive a proof-of-insurance card and then cancel the insurance policy. Other motorists purchase fraudulent proof-of-insurance cards based on nonexistent or deceptive insurance policies. These techniques prevent a proof-of-insurance card from being an effective method of verifying whether a motorist complies with current financial responsibility requirements. C.S.H.B. 2573 establishes a motor vehicle financial responsibility verification program to verify compliance with the Motor Vehicle Safety Responsibility Act.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Department of Insurance, the Department of Information Resources, and the Texas Department of Transportation in SECTIONS 1 and 2 of this bill.

### **ANALYSIS**

SECTION 1. Defines "implementing agencies" to include the Department of Transportation, Department of Insurance, and Department of Information Resources. Requires the Department of Transportation to establish, in consultation with implementing agencies, a program for the verification of motorists' financial responsibility. Requires the Department of Transportation to select, through a competitive bidding process, an agent to develop, implement, operate, and maintain the financial responsibility verification program. Requires each insurance company providing motor vehicle liability insurance in Texas to provide information or allow a selected agent access to its databases so that the agent may implement required program.

SECTION 2. Conforming change to statute; authorizes the Department of Information Resources, one of the implementing agencies, to use revenues generated by program fees and to adopt rules and develop forms in conjunction with the departments of transportation and insurance as necessary.

SECTION 3. REPEALER. Repeals §502.1715(b), Transportation Code, which authorizes the Department of Public Safety's use of fee revenues for certain purposes before 31 August 2005.

SECTION 4. Transition language requiring the Department of Public Safety to select an agent required under the Act by 31 December 2005. Requires full implementation of financial responsibility verification program by 31 December 2006.

SECTION 5. 1 September 2005 effective date.

### **EFFECTIVE DATE**

September 1, 2005.

### **COMPARISON OF SUBSTITUTE TO ORIGINAL**

SECTION 1. Removes the Department of Public Safety as one of the implementing agencies. Adds requirement for financial responsibility verification program to be the most likely to

C.S.H.B. 2573 79(R)

identify and employ a method of compliance that improves public convenience. Replaces the Department of Public Safety with the Department of Transportation as the agency required to select an agent for program implementation.

SECTION 2. Strikes reference to the Department of Public Safety as one of the agencies required to jointly adopt rules and develop forms.

SECTION 4. Extends deadline in transition language for full implementation of financial responsibility verification program from 1 September 2006 to 31 December 2006.