

BILL ANALYSIS

Senate Research Center
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H.B. 2990
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Transportation & Homeland Security
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Many states have updated their statutes to allow for scanning and storage of driver's license information for several reasons, including the development over the past decade of more sophisticated technology to protect the data compiled, the implementation of limitations on marketing and selling the information, and federal limitations regarding the use of personally identifiable information by certain entities. Storing driver's license numbers in connection with retail transactions, such as a purchase using a personal check, may provide vital information to retailers about the likelihood that the check presented at the point of sale will be good or not. By combining driver's license information with the checking account information read by check scanners, companies can detect negative history, such as check fraud, associated with an individual. Because the driver's license number of a person rarely changes, the number provides a stable source of historical data to link the person to potential or actual fraudulent activity. Texas statute currently prevents the scanning and storage of driver's license information for this purpose, and H.B. 2990 seeks to address the issue.

H.B. 2990 amends the Transportation Code to expand the exemption from the prohibition against accessing or using electronically readable information derived from a driver's license, commercial driver's license, or personal identification certificate for a financial institution or business under certain circumstances to exempt those entities from the prohibition against compiling or maintaining a database of that information under the circumstances. The bill expands the circumstances under which a financial institution or business is exempt from the prohibition to include if the information is accessed and used as part of a transaction initiated by the license or certificate holder to provide information to a check services company or fraud prevention services company governed by the federal Fair Credit Reporting Act for the purpose of effecting, administering, or enforcing the transaction.

H.B. 2990 amends current law relating to the electronic storage of personal identification information obtained from driver's licenses or personal identification certificates.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 521.126, Transportation Code, by amending Subsection (e) and adding Subsection (l), as follows:

(e) Provides that the prohibition provided by Subsection (b) does not apply to a financial institution or a business that accesses or uses electronically readable information or compiles or maintains a database of that information if:

(1) the information is accessed and used for purposes of identification verification of an individual or check verification at the point of sale for purchase of a good or service by check;

(2) the information is accessed and used as part of a transaction initiated by the license or certificate holder to provide information to a check services company or fraud prevention services company governed by the Fair Credit Reporting Act (15 U.S.C. Section 1681 et seq.) for the purpose of effecting, administering, or enforcing the transaction; or

(3) in the case of a financial institution, each license or certificate holder whose information is included in the compilation or database consents to the inclusion of the person's information in the compilation or database on a separate document, signed by the license or certificate holder, that explains in at least 14-point bold type the information that will be included in the compilation or database.

Deletes existing text providing that the prohibition provided by Subsection (b)(1) does not apply to a financial institution or a business if the information is accessed and used only for purposes of identification verification of an individual or check verification at the point of sale for a purchase of a good or service by check. Deletes existing text providing that the prohibition provided by Subsection (b)(2) does not apply to a financial institution if each license or certificate holder whose information is included in the compilation or database consents to the inclusion of the person's information in the compilation or database. Deletes existing text requiring that consent under this subsection be on a separate document, signed by the license or certificate holder, that explains in at least 14-point bold type the information that will be included in the compilation or database. Deletes existing text defining, for the purposes of this subsection, "financial institution."

(l) Defines, for the purposes of this section, "financial institution."

SECTION 2. Effective date: upon passage or September 1, 2011.