

## **BILL ANALYSIS**

H.B. 2990  
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Homeland Security & Public Safety  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

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.

Interested parties note that 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.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

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 prohibitions 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. The bill makes conforming and nonsubstantive changes.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.