

BILL ANALYSIS

H.B. 346
By: Deshotel
Technology
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties report that companies may be able to detect negative history associated with an individual, such as check fraud, by combining information contained in the individual's driver's license with checking account information read by check scanners. These parties contend that because a driver's license number rarely changes, it provides for a stable source of historical data to link to potential or actual fraudulent activity. The scanning and storage of information for this purpose is not currently permitted in Texas; however, because of improved technology and regulations designed to protect the safety of such information, a number of states have updated their statutes to allow for scanning and storage of data contained in driver's licenses. H.B. 346 seeks to protect businesses against actual or potential fraud by allowing for the scanning and storage of machine readable information stored on a driver's license.

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. 346 amends the Transportation Code to expand the exemption for a financial institution or a business from the prohibition against accessing or using electronically readable information derived from a driver's license, commercial driver's license, or personal identification certificate to include an exemption from the prohibition against compiling or maintaining a database of such information. The bill adds as an alternative condition for such an exemption the fact that 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.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.