

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1613**

**Bill Subtitle: TO CREATE A DRIVER MONITORING PROGRAM ADMINISTERED BY THE OFFICE OF DRIVER SERVICES; AND TO AUTHORIZE THE OFFICE OF DRIVER SERVICES TO FURNISH DRIVER MONITORING REPORTS.**

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**Basic Change :** Sponsor: Rep. Hickerson and Sen. Hickey

This bill creates a Driver Monitoring Program to be administered by the Office of Driver Services (DS) to monitor certain driver records and furnish driver monitoring reports for a fee. Section 1 clarifies that the \$10 fee now charged to employers for commercial driving records is to be distributed with \$4.00 of the fee shall be deposited in the DFA Commercial Driver License Fund and the remaining \$6.00 of the fee is to be deposited to the credit of the State Highway and Transportation Department (AHTD) Fund. In addition, the other driving records sold for a \$7.00 fee are to be distributed \$6.00 to the AHTD Fund and the remaining \$1.00 to the DFA Commercial Driver License Fund. These fees and distributions are the same as current law; this bill just clarifies the distribution.

The bill provides that the notice and information required to be sent when a driver monitoring report is furnished will not be required for the Driver Monitoring Program. The bill also clarifies that the Information Network of Arkansas may charge an additional fee for the service of transmitting driver records or the Driver Monitoring Program electronically.

The bill authorizes DS to provide a driver monitoring report to an insurer or the authorized agent of an insurance company, that indicates whether a driver has had a traffic violation or accident during the previous month. The driver monitoring report will not identify the specific violation or violations posted on the driving record. The insurer may only use this report to evaluate the driving record of current policy holders for re-underwriting purposes. DS is authorized to charge a monthly fee of not less than 12¢ or more than 19¢ for each insured monitored. The fee will be distributed 1¢ to the AHTD Fund and the remainder to the State Central Services Fund as direct revenue to be used by the Revenue Division of DFA. In addition, the insurer is required to purchase a driving record for any monitored driver when the driver monitoring report indicates a violation has been posted to the driver's record during the previous month. The \$7.00 driving record purchased will have the fees distributed as specified in Section 1 of this bill. The bill is effective on or after January 1, 2016.

**Revenue Impact :**

DFA analysis indicates the new Driver Monitoring Program will be revenue neutral if the monthly fee is set at 12¢ for each insured monitored.

**Taxpayer Impact :**

Insurers will analyze the records of the taxpayers that have new violations and accidents to determine if they will reinsure or raise rates. Taxpayers with no new violations or accidents may have their insurance rates reduced for their good driving record.

**Resources Required :**

Both DFA and INA will require programming and training to implement the Driver Monitoring Program.

**Time Required :**

The effective date is January 1, 2016 therefore no additional is required to implement.

**Procedural Changes :**

Procedures will be developed to implement this new program.

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### **Legal Analysis :**

HB1613 creates a "driver monitoring program" that allows an insurer to receive a monthly report from the Office of Driver Services of DFA indicating whether a person has had a traffic violation or accident during the previous month. The report will not identify the specific violation. HB1613 states that these reports may be used by an insurer solely to evaluate the driving record of current policy holders for re-underwriting purposes only. If a traffic violation or accident is noted on a report, the insurer must purchase a full driver report pursuant to § 27-23-117.

The report will generate a fee of between 12 and 19 cents per driver monitored per month. One cent of that fee is deposited to the State Highway and Transportation Department Fund, and the remainder of the fee is deposited into the State Central Services Fund for the Revenue Division of the DFA.

HB1613 contains the following two technical errors that must be corrected:

(1) In § 27-50-912(f), as proposed in HB1613, instead of § 27-50-912(f)(1)(1), (f)(1)(2), etc., the paragraphs should be numbered § 27-50-912(f)(1)(A), (f)(1)(B), etc.

(2) Also, § 27-50-912(f)(1)(4), as proposed, references "§ 27-23-117(c)". The bill should be amended to state, "§ 27-23-117(3)".

HB1613 is effective on and after January 1, 2016.