

- SUBJECT:** Access to electronic information on driver's licenses or IDs
- COMMITTEE:** Technology — favorable, without amendment
- VOTE:** 5 ayes — Elkins, Button, Fallon, L. Gonzales, Reynolds
0 nays
- WITNESSES:** For — Kim Ford, First Data; Ronnie Volkening, Texas Retailers Association; (*Registered, but did not testify:* Kathy Barber, National Federation of Independent Business/Texas; Doug DuBois Jr., Texas Food and Fuel Association; Randy Erben, The Home Depot; Stephanie Gibson, Texas Retailers Association; John Kroll, Gemalto Inc., Michaels Stores; Barbara Waldon, HEB)

Against — None

On — Michael Terry, Department of Public Safety
- BACKGROUND:** It is an offense under Transportation Code, sec. 521.126(b) to access or use electronically readable information or compile or maintain a database of such information derived from a driver's license, commercial driver's license, or personal identification certificate.

Transportation Code, sec. 521.126(e) provides an exception to the offense in Transportation Code sec. 512.126(b) for financial institutions or businesses. Under this exception, information must be accessed or used only for the purposes of identification verification or check verification, and information may be compiled or maintained in a database by a financial institution only with the consent of the person whose information is being included in the compilation or database.
- DIGEST:** HB 346 would allow a check services or fraud prevention services company governed by the Fair Credit Reporting Act access to electronically stored information on a person's driver's license or personal ID certificate if the information were accessed as part a transaction initiated by the license holder to effect, administer, or enforce the transaction.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2013.

**SUPPORTERS
SAY:**

HB 346 would streamline the check fraud prevention process and protect businesses. Check fraud causes millions of dollars of loss to Texas businesses. The information contained on the magnetic strip on a license or ID is the same as the information on the front, which businesses and financial institutions already access and transmit to check fraud prevention services to verify transactions. Electronic information also is more difficult to alter fraudulently than the information on the face of the card, and is more trustworthy and more likely to be accurate. The bill would reduce human error and inefficiencies associated with manually entering this information, improve the fraud prevention process, and save money.

Privacy protections in federal and state law prevent abuse of personal information. All institutions that would be affected by this bill are covered by regulations that govern the storage and disposal of personal information, so there would be no loss of privacy because of this bill. Because these companies already access and transmit the same information stored on the magnetic strip, allowing electronic reading would not materially change access to personal information. It merely would streamline the existing process. Several states have updated their statutes to allow for scanning and storage of this information because of the improvements in technology and regulation.

**OPPONENTS
SAY:**

Allowing additional entities to access the electronic information on licenses and IDs would contribute to the erosion of privacy and dissemination of personal information. Scanning the magnetic stripe of a driver's license makes it easier to electronically store and manipulate the information, which companies could use for data mining and marketing purposes. Customers don't sign privacy statements with every company that might be able to capture their information to transmit it under this bill and may not know what that company intends to do with that data.