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MINUTES
SENATE TRANSPORTATION COMMITTEE

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DATE:	Tuesday, March 06, 2012
TIME:	1:30 P.M.
PLACE:	Room WW53
MEMBERS PRESENT:	Chairman Hammond, Vice Chairman Brackett, Senators Keough, Corder, Winder, Bair, Rice, Werk, and Bilyeu
ABSENT/ EXCUSED:	all present
NOTE:	The sign-in sheet, testimonies, and other related materials will be retained with the minutes in the Committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENE: **Chairman Hammond** called the meeting to order at 1:30 p.m. and asked the secretary to take a silent roll. The Chairman welcomed **Senator Rice**, the newly appointed Senator representing Legislative District 10, to the Committee. The Chairman asked for a motion on the gubernatorial appointment of Jim Kempton of Albion to the Idaho Transportation Board. The appointment had been heard at the previous Committee meeting.

GUBERNATORIAL APPOINTMENT: **Senator Keough** moved to send the gubernatorial appointment of Jim Kempton to the Idaho Transportation Board to the floor with the recommendation that he be confirmed by the Senate. **Senator Winder** seconded the motion. The motion passed by a unanimous voice vote. **Chairman Hammond** said he would ask **Senator Cameron** to sponsor the appointment on the Senate floor.

UNANIMOUS CONSENT OF RS21438: **Chairman Hammond** asked Mike Brassey to present his RS. Mr. Brassey, representing the Union Pacific Railroad, said that RS21438 is a Senate Concurrent Resolution recognizing the achievements and service of the Union Pacific Railroad. The railroad has a long history in Idaho that began in 1862. This resolution congratulates the railroad on its 150th birthday. Mr. Brassey stood for questions.

MOTION: **Senator Bilyeu** asked unanimous consent to send RS21438 to the Senate Judiciary and Rules Committee for printing and then to the 2nd reading calendar of the Senate with a do-pass recommendation. With no objections from the Committee, **Chairman Hammond** said the request was so ordered.

H540AA: **Chairman Hammond** welcomed **Senator Goedde** to the Committee. **Senator Goedde** said there has always been a problem with verification of liability insurance. This bill is a step forward from the industry that might help solve that problem. With that, **Senator Goedde** yielded to Paul Jackson of the Farmers Insurance Group.

Mr. Jackson said the insurance industry is not generally involved in issues for mandatory financial responsibility, but based on concerns expressed by legislators and members of the public, the industry developed this program which meets acceptable standards for security of customer information. Last year the insurance industry opposed an insurance verification bill in the House Transportation and Defense Committee, but promised to bring back something more acceptable, more efficient, and less expensive. H540aa is that promise kept.

Many Idaho citizens expressed concern regarding the number of uninsured motorists on our roadways. As of 2010, 32 States used insurance industry information and required the insurance industry to report information about their insured members in many ways. As the result of concerns in Idaho, the legislation before you was developed by the insurance industry after consultation with the Department of Transportation (ITD) to create an online insurance verification program with real-time response capability to verify the existence of motor vehicle insurance coverage in response to an event-based situation, such as vehicle registration, a traffic stop, or an accident.

This program is planned to be available to law enforcement, ITD, Department of Insurance, the courts, and at the time of vehicle registration. It provides for ITD to coordinate with the insurance industry to establish the internal parts of the program and assist in making the program available to the end-users based on IICMVA (Insurance Industry Committee on Motor Vehicle Administration) or higher standards. All carriers writing coverage on personal autos in the State will be required to participate in the program. Due to the nature of commercial insurance policies, they are excluded.

If a person is verified as having coverage through use of this system they will not be subject to an infraction for failure to carry a proof of insurance. If they are subsequently found to have had coverage at the time of the issuance of the citation, the citation is to be dismissed and it will not appear on the person's record. The program will allow the end-users to send a secure request based on the license plate number and Vehicle Identification Number via the program, to the insurer of record, to verify within a few seconds that the policy is indeed in-force. This insured's private information will not be available. Only a response that the coverage is in-force or not in-force will be returned. Mr. Jackson stood for questions.

QUESTIONS: **Senator Winder** presented a hypothetical to **Senator Goedde**. Someone is driving down Broadway Avenue, speeding, and gets pulled over. The officer asks to see his insurance card but he doesn't have it, but he has a Smart Phone and checks with his insurance company that says 'yes he is' or 'is not' covered. He asked if that is how this process would work. **Senator Goedde** suggested that the Senator was thinking of a bill that had been passed earlier that allowed for electronic verification. **Senator Winder** asked what the difference is in this bill. **Senator Goedde** said this allows the officer to access, through the internet, the insurance company which will answer 'yes' or 'no' as to whether the insurance is in-force. **Senator Winder** thanked the Senator for explaining the difference in the two bills.

Senator Werk told Mr. Jackson that he was troubled by the fiscal note. Systems like this that interact with a large number of variables and a large number of companies that don't necessarily operate on the same platform. He asked if there was an existing platform that can be used for this purpose; he did not believe $100K was enough for this project. Mr. Jackson said he would call on the ITD staff in the audience to help respond. This bill becomes effective on January 1, 2014, to give the insurance industry and ITD time to put it together. There is a window of opportunity right now through ITD because they are building-out a computer system and this fits perfectly in that window; $100K is based on their estimate. Mr. Jackson yielded to ITD staff.

Mr. Alan Frew, Motor Vehicle Administrator for ITD, stated that there is an ongoing process of updating all their automated systems. They got a bid from 3M to build-out this program; their bid was less than $95K. It is a simple build-out to their already extensive database. **Senator Werk** asked how police officers would interact with this system; would it be with ITD or with an insurance company. Mr. Frew said they were not exactly sure at this time. Absent a driver's Smart Phone, the officer would go through this system, possibly by using the Vehicle Identification Number to see if it is registered. **Senator Werk** asked about certificates of insurance that are not current. Mr. Frew said they anticipate being able to find out currently, based on how frequently they are able to refresh the data base, if a driver and vehicle is insured and officers can react to the information. They are still working out the fine details of how it will work.

Senator Corder asked what work will **not** be done because we are using the $100K on this program; and was this part of their original budget. Mr. Frew said there is a contingency fund in case a project will cost more. They have a 10% contingency built into their budget. **Senator Corder** asked if this would slow down the modernization effort. Mr. Frew said it would not.

Senator Bair asked about what kind of information is available for disclosure given the bill states that some information won't be able to be exchanged. Mr. Frew said this language provides an exemption to public disclosure for these records. This means that if they have the information and there is a public records request, this provides an exemption. None of these records will be subject to that public disclosure.

Chairman Hammond acknowledged and welcomed a group of students from an Eagle High School American Government class to the Committee. The Chairman took a few minutes to explain the process the Committee was undertaking.

MOTION:	**Senator Bilyeu** moved that H540aa be sent to the Senate floor with a do-pass recommendation. **Senator Bair** seconded the motion.
DISCUSSION:	**Senator Werk** said he would like to see ITD come back next year and report on what ensued with the process.
VOTE ON THE MOTION:	With no further discussion, the motion passed by a unanimous voice vote. **Senator Goedde** will carry the bill on the Senate floor.
ADJOURNMENT:	With no further business before the Committee, **Chairman Hammond** adjourned the meeting at 1:49 p.m.

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Senator Hammond
Chairman

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Gaye Bennett
Secretary