

# HOUSE BILL REPORT

## HB 1046

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**As Reported by House Committee On:**  
Transportation

**Title:** An act relating to proof of financial responsibility or motor vehicle liability insurance.

**Brief Description:** Meeting financial responsibility requirements for automobiles.

**Sponsors:** Representatives Takko, Campbell, Lovick, O'Brien, Pettigrew, Springer, Blake, Morrell, Dunn and Moeller.

**Brief History:**

**Committee Activity:**

Transportation: 1/18/07, 2/14/07 [DPS].

**Brief Summary of Substitute Bill**

- Establishes a sampling program which annually requires a randomly-selected 3 percent of registered vehicle owners to provide proof of financial responsibility.
- Requires owners who fail to provide proof of financial responsibility to pay a \$50 penalty and provide proof of financial responsibility the next time the owner registers the vehicle.
- Makes knowingly providing false information to the Department of Licensing on an application for renewal of a vehicle license a misdemeanor.

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### HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 19 members: Representatives Clibborn, Chair; Jarrett, Ranking Minority Member; Appleton, Campbell, Dickerson, Eddy, Hankins, Hudgins, Lovick, Rodne, Rolfes, Sells, Simpson, Springer, B. Sullivan, Takko, Upthegrove, Wallace and Wood.

**Minority Report:** Do not pass. Signed by 6 members: Representatives Schindler, Assistant Ranking Minority Member; Armstrong, Curtis, Ericksen, Hailey and Kristiansen.

**Staff:** David Munnecke (786-7315).

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Background:**

Persons operating vehicles in Washington are required to carry proof that they are covered by a motor vehicle liability insurance policy, self-insurance, a certificate of deposit, or a liability bond. Insurance companies that issue or renew motor vehicle liability insurance policies must provide the policyholder with an insurance identification card.

Each year the owner of a motor vehicle is required to renew the vehicle license and pay the applicable fees and taxes. Currently, there is no requirement that a vehicle owner offer proof of financial responsibility at the time the vehicle registration is issued or renewed.

Failure to provide proof of insurance when requested to do so by a law enforcement officer creates a presumption that the person does not have insurance. Failure to provide proof of insurance is a traffic infraction.

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**Summary of Substitute Bill:**

A sampling program is established under which no more than 3 percent of registered vehicles are selected each year. The registered owner of the selected vehicle is notified by mail and required to provide proof of financial responsibility for the vehicle within 45 days.

A registered owner who fails to respond within 45 days is assessed a \$50 penalty and required to pay the penalty and provide proof of meeting the financial responsibility requirements the next time the registered owner seeks to renew the vehicle license.

The Department of Licensing (DOL) is required to use any proceeds from the penalty, after payment of the administration and collection costs of the program, to fund public information campaigns regarding the financial responsibility requirements.

Knowingly providing false information to the DOL on an application for renewal of a vehicle license is made a misdemeanor.

**Substitute Bill Compared to Original Bill:**

A sampling program is added, under which no more than 3 percent of registered vehicles are selected each year. The registered owner of the selected vehicle is notified by mail and required to provide proof of financial responsibility for the vehicle within 45 days. A registered owner who fails to respond within 45 days is assessed a \$50 penalty and required to pay the penalty and provide proof of meeting the financial responsibility requirements the next time the registered owner seeks to renew the vehicle license.

The DOL is required to use any proceeds from the penalty, after payment of the administration and collection costs of the program, to fund public information campaigns regarding the financial responsibility requirements.

The creation of the misdemeanor crime of knowingly providing false information to the DOL on an application for renewal of a vehicle license is retained.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:**

(In support) It is estimated that between 17 percent and 20 percent of drivers in Washington are uninsured. The combination of randomly sampling drivers regarding the financial responsibility requirements and education will reduce this amount. The "Click It or Ticket" campaign uses a combination of education and enforcement and is extremely successful.

(With concerns) There is a need to monitor and enforce the insurance requirements in the state. The approach in this bill is administratively effective, and will not effect on-line renewals.

(Opposed) If this bill is passed, the uninsured rate will drop and then go back up. People will buy insurance, and then turn around and cancel it again. People will go to great lengths in order to be able to drive, even if it is illegal. After all, if you can't drive, there are certain places that you can't get to.

The best way to reduce the uninsured rate is to go to no fault insurance.

**Persons Testifying:** (In support) Representative Takko, prime sponsor.

(With concerns) Vicky Dalton, Spokane County Auditor.

(Opposed) Mike Kappahn, Farmers Insurance.

**Persons Signed In To Testify But Not Testifying:** None.