**5326-S.E AMS LOVI S4084.1 - NOT FOR FLOOR USE**

**ESSB 5326** - S AMD **479**

By Senator Lovick

**NOT CONSIDERED 03/07/2024**

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec.**  A new section is added to chapter 46.30 RCW to read as follows:

(1) The department must establish an accessible common carrier-based system for online verification of liability insurance or other financial responsibility required under RCW 46.30.020. The verification system must:

(a) Be accessible, upon request, only to authorized personnel of the department or any other entities authorized by the department, the courts, law enforcement, and insurers on a limited basis as required to comply with this section, and be interfaced, wherever appropriate, with existing state data systems;

(b) Send requests to insurers for verification of liability insurance or other financial responsibility through web services established by the insurers, the internet, or a similar proprietary or common carrier electronic system as required by the department in rule; and

(c) Include information that enables the department to make requests for proof of financial responsibility to insurers by using multiple data elements for greater matching accuracy, including NAIC company code, vehicle identification number, policy number, or as described by the department in rule.

(2) The department must secure system data against unauthorized access, and maintain a historical record of the system data for a period of six to 12 months from the date of any request and response.

(3)(a) The department must have its verification system respond to each request within a time period established by the department in rule. An insurer's data system must respond to each request within a time period established by the department in rule. The department may offer insurers that write fewer policies than the industry average in Washington state an alternative method for reporting insurance policy data instead of establishing web services.

(b) An insurer must cooperate with the department in establishing and maintaining the verification system and provide access to liability insurance or other financial responsibility status information as provided by the department in rule.

(4) The department may contract with a private service provider or providers who have successfully implemented similar verification systems in other states to assist in establishing and maintaining the verification system. The department must consult with representatives of the insurance industry and private service providers to determine the objectives, details, and deadlines related to the verification system. The department must publish for comment, then issue, a detailed guide of its verification system. The department and its private service provider, if any, must each maintain a contact person for insurers during the establishment, implementation, and operation of the verification system.

(5)(a) Except as provided in (b) of this subsection, every insurer licensed to issue motor vehicle liability insurance in Washington must comply with this section for verification of evidence of liability insurance or other financial responsibility for every vehicle insured by the insurer in Washington as required by department in rule. Every insurer must maintain a historical record of verification system data for a maximum period of six months from the date of any request and response. An insurer may use the services of a third-party vendor for facilitating compliance with this section.

(b) This section does not apply to vehicles insured under a commercial motor vehicle liability insurance policy; however, insurers of such vehicles may participate on a voluntary basis. If participating in the verification system, insurers must provide commercial motor vehicle operators with evidence reflecting that the vehicle is insured under a commercial motor vehicle liability insurance policy including, but not limited to, an insurance identification card consistent with RCW 46.30.030.

(6) An insurer is immune from civil and administrative liability for good faith efforts to comply with this section.

(7) Within the first 12 months after the effective date of this section, the department may test or pilot the verification system without taking any enforcement action under RCW 46.16A.130(2)(b). By January 1, 2027, the verification system must be installed and fully operational.

(8) For the purposes of this section, "NAIC" means national association of insurance commissioners.

**Sec.**  RCW 46.16A.130 and 2010 c 161 s 429 are each amended to read as follows:

(1) The department shall notify motor vehicle owners of the liability insurance requirements described in RCW 46.30.020 through 46.30.040 at the time of issuance of an original motor vehicle registration and when the department sends a motor vehicle registration renewal notice.

(2)(a) Beginning January 1, 2027, the department must verify if a vehicle owner has liability insurance or other financial responsibility required under RCW 46.30.020 at the time of registration renewal for vehicles subject to license fees under RCW 46.17.350(1) (a), (c), (d), (e), (g), (h), (j), (k), (n), (o), (p), and (q) through any of the following methods:

(i) The online, common carrier-based motor vehicle insurance verification system established under section 1 of this act;

(ii) In-person presentation of the vehicle owner's insurance identification card, or other proof of financial responsibility, with a vehicle licensing agent; or

(iii) Physical or electronic receipt of a copy of proof of financial responsibility accompanying a vehicle registration renewal.

(b) If the online verification system provides that a vehicle owner does not have liability insurance or other financial responsibility or the vehicle owner fails to provide proof of financial responsibility under (a) of this subsection, the department may not issue a vehicle registration renewal until the department receives verification or proof that the vehicle owner has liability insurance or other financial responsibility required under RCW 46.30.020.

(c) The department must adopt any rules necessary to implement this subsection (2). When adopting such rules, the department must consider equity and environmental justice principles and impacts to overburdened communities.

**Sec.**  RCW 46.30.020 and 2019 c 60 s 1 are each amended to read as follows:

(1)(a) No person may operate a motor vehicle subject to registration under chapter 46.16A RCW in this state unless the person is insured under a motor vehicle liability policy with liability limits of at least the amounts provided in RCW 46.29.090, is self-insured as provided in RCW 46.29.630, is covered by a certificate of deposit in conformance with RCW 46.29.550, or is covered by a liability bond of at least the amounts provided in RCW 46.29.090. Proof of financial responsibility for motor vehicle operation must be provided on the request of a law enforcement officer in the format specified under RCW 46.30.030.

(b) A person who drives a motor vehicle that is required to be registered in another state that requires drivers and owners of vehicles in that state to maintain insurance or financial responsibility shall, when requested by a law enforcement officer, provide evidence of financial responsibility or insurance as is required by the laws of the state in which the vehicle is registered.

(c) When asked to do so by a law enforcement officer, failure to display proof of financial responsibility for motor vehicle operation as specified under RCW 46.30.030 creates a presumption that the person does not have motor vehicle insurance.

(d) Failure to provide proof of motor vehicle insurance is a traffic infraction and is subject to penalties as set by the supreme court under RCW 46.63.110 or community restitution. Enforcement of the infraction of failing to provide proof of motor vehicle insurance may be accomplished only as a secondary action when a driver of a motor vehicle has been detained for a suspected violation of a separate traffic infraction or an equivalent local ordinance.

(e) For the purposes of this section, when a person uses a portable electronic device to display proof of financial security to a law enforcement officer, the officer may only view the proof of financial security and is otherwise prohibited from viewing any other content on the portable electronic device.

(f) Whenever a person presents a portable electronic device pursuant to this section, that person assumes all liability for any damage to the portable electronic device.

(2) If a person cited for a violation of subsection (1) of this section appears in person before the court or a violations bureau and provides written evidence that at the time the person was cited, he or she was in compliance with the financial responsibility requirements of subsection (1) of this section, the citation shall be dismissed and the court or violations bureau may assess court administrative costs of ((~~twenty-five dollars~~)) $25 at the time of dismissal. In lieu of personal appearance, a person cited for a violation of subsection (1) of this section may, before the date scheduled for the person's appearance before the court or violations bureau, submit by mail to the court or violations bureau written evidence that at the time the person was cited, he or she was in compliance with the financial responsibility requirements of subsection (1) of this section, in which case the citation shall be dismissed without cost, except that the court or violations bureau may assess court administrative costs of ((~~twenty-five dollars~~)) $25 at the time of dismissal.

(3) The provisions of this chapter shall not govern:

(a) The operation of a motor vehicle registered under RCW 46.18.220 or 46.18.255, governed by RCW 46.16A.170, or registered with the Washington utilities and transportation commission as common or contract carriers; or

(b) The operation of a motor-driven cycle as defined in RCW 46.04.332, a moped as defined in RCW 46.04.304, or a wheeled all-terrain vehicle as defined in RCW 46.09.310.

(4) RCW 46.29.490 shall not be deemed to govern all motor vehicle liability policies required by this chapter but only those certified for the purposes stated in chapter 46.29 RCW.

**Sec.**  RCW 46.63.110 and 2023 c 388 s 2 are each amended to read as follows:

(1)(a) A person found to have committed a traffic infraction shall be assessed a monetary penalty. No penalty may exceed $250 for each offense unless authorized by this chapter or title.

(b) The court may waive or remit any monetary penalty, fee, cost, assessment, or other monetary obligation associated with a traffic infraction unless the specific monetary obligation in question is prohibited from being waived or remitted by state law.

(2) The monetary penalty for a violation of (a) RCW 46.55.105(2) is $250 for each offense; (b) RCW 46.61.210(1) is $500 for each offense. No penalty assessed under this subsection (2) may be reduced.

(3) The supreme court shall prescribe by rule a schedule of monetary penalties for designated traffic infractions. This rule shall also specify the conditions under which local courts may exercise discretion in assessing fines and penalties for traffic infractions. The legislature respectfully requests the supreme court to adjust this schedule every two years for inflation.

(4) There shall be a penalty of $25 for failure to respond to a notice of traffic infraction except where the infraction relates to parking as defined by local law, ordinance, regulation, or resolution or failure to pay a monetary penalty imposed pursuant to this chapter. A local legislative body may set a monetary penalty not to exceed $25 for failure to respond to a notice of traffic infraction relating to parking as defined by local law, ordinance, regulation, or resolution. The local court, whether a municipal, police, or district court, shall impose the monetary penalty set by the local legislative body.

(5) Monetary penalties provided for in chapter 46.70 RCW which are civil in nature and penalties which may be assessed for violations of chapter 46.44 RCW relating to size, weight, and load of motor vehicles are not subject to the limitation on the amount of monetary penalties which may be imposed pursuant to this chapter.

(6) Whenever a monetary penalty, fee, cost, assessment, or other monetary obligation is imposed by a court under this chapter, it is immediately payable and is enforceable as a civil judgment under Title 6 RCW. If the court determines that a person is not able to pay a monetary obligation in full, the court shall enter into a payment plan with the person in accordance with RCW 46.63.190 and standards that may be set out in court rule.

(7) In addition to any other penalties imposed under this section and not subject to the limitation of subsection (1) of this section, a person found to have committed a traffic infraction shall be assessed:

(a) A fee of $5 per infraction. Under no circumstances shall this fee be reduced or waived. Revenue from this fee shall be forwarded to the state treasurer for deposit in the emergency medical services and trauma care system trust account under RCW 70.168.040;

(b) A fee of $10 per infraction. Under no circumstances shall this fee be reduced or waived. Revenue from this fee shall be forwarded to the state treasurer for deposit in the general fund; and

(c) A fee of $5 per infraction. Under no circumstances shall this fee be reduced or waived. Revenue from this fee shall be forwarded to the state treasurer for deposit in the traumatic brain injury account established in RCW 74.31.060.

(8)(a) In addition to any other penalties imposed under this section and not subject to the limitation of subsection (1) of this section, a person found to have committed a traffic infraction other than of RCW 46.61.527 or 46.61.212 shall be assessed an additional penalty of $24. The court may not reduce, waive, or suspend the additional penalty unless the court finds the offender to be indigent. If a court authorized community restitution program for offenders is available in the jurisdiction, the court shall allow offenders to offset all or a part of the penalty due under this subsection (8) by participation in the court authorized community restitution program.

(b) $12.50 of the additional penalty under (a) of this subsection shall be remitted to the state treasurer. The remaining revenue from the additional penalty must be remitted under chapters 2.08, 3.46, 3.50, 3.62, 10.82, and 35.20 RCW. Money remitted under this subsection to the state treasurer must be deposited as follows: $8.50 in the state general fund and $4 in the driver licensing technology support account created under RCW 46.68.067. The moneys deposited into the driver licensing technology support account must be used to support initial and ongoing costs of the online motor vehicle insurance verification system under section 1 of this act and to support information technology systems used by the department to communicate with the judicial information system, manage driving records, and implement court orders. The balance of the revenue received by the county or city treasurer under this subsection must be deposited into the county or city current expense fund. Moneys retained by the city or county under this subsection shall constitute reimbursement for any liabilities under RCW 43.135.060.

(9) If a legal proceeding, such as garnishment, has commenced to collect any delinquent amount owed by the person for any penalty imposed by the court under this section, the person may request a payment plan pursuant to RCW 46.63.190.

(10) The monetary penalty for violating RCW 46.37.395 is: (a) $250 for the first violation; (b) $500 for the second violation; and (c) $750 for each violation thereafter.

(11) The additional monetary penalty for a violation of RCW 46.20.500 is not subject to assessments or fees provided under this section.

(12) The additional monetary fine for a violation of RCW 46.61.110, 46.61.145, 46.61.180, 46.61.185, 46.61.190, and 46.61.205 is not subject to assessments or fees provided under this section.

(13) The additional monetary penalties for a violation of RCW 46.61.165 are not subject to assessments or fees provided under this section.

**Sec.**  RCW 46.68.067 and 2022 c 157 s 2 are each amended to read as follows:

The driver licensing technology support account is created in the highway safety fund under RCW 46.68.060. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for initial and ongoing costs of the online motor vehicle insurance verification system under section 1 of this act and for supporting information technology systems used by the department to communicate with the judicial information system, manage driving records, and implement court orders.

NEW SECTION. **Sec.**  By October 1, 2028, the department of licensing, after consultation with insurers, must report to the appropriate committees of the legislature the following concerning the verification system established in section 1 of this act:

(1) Costs incurred by the department of licensing, participating insurers, and the public; and

(2) Effectiveness of the verification system in reducing the number of uninsured motor vehicles.

NEW SECTION. **Sec.**  By January 1, 2026, the department of licensing must adopt rules necessary to implement an online, common carrier-based motor vehicle insurance verification system required under this act. In adopting such rules, the department must consider guidelines and standards for such verification systems developed by the insurance industry committee on motor vehicle administration, and consider equity and environmental justice principles and impacts to overburdened communities.

NEW SECTION. **Sec.**  Sections 1 through 6 of this act take effect January 1, 2026."

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On page 1, line 1 of the title, after "insurance;" strike the remainder of the title and insert "amending RCW 46.16A.130, 46.30.020, 46.63.110, and 46.68.067; adding a new section to chapter 46.30 RCW; creating new sections; and providing an effective date."

EFFECT: (1) Removes licensed vehicle dealers from the list of authorized entities with access to the online insurance verification system.

(2) Ensures DOL will continue to notify motor vehicle owners of liability insurance requirements at the time of vehicle registration.

(3) Requires, rather than permits, DOL to verify if a vehicle owner has liability insurance at the time of vehicle registration renewal, but not at the time of initial vehicle registration.

(4) Updates reporting, implementation, and effective dates accordingly.