

## SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 4

AN ACT

To repeal sections 303.025 and 303.041, RSMo, and to enact in lieu thereof seven new sections relating to motor vehicle financial responsibility, with penalty provisions.

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*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Sections 303.025 and 303.041, RSMo, are repealed and seven new sections enacted in lieu thereof, to be known as sections 303.025, 303.041, 303.420, 303.422, 303.425, 303.430, and 303.440, to read as follows:

303.025. 1. No owner of a motor vehicle registered in this state, or required to be registered in this state, shall operate, register or maintain registration of a motor vehicle, or permit another person to operate such vehicle, unless the owner maintains the financial responsibility which conforms to the requirements of the laws of this state. No nonresident shall operate or permit another person to operate in this state a motor vehicle registered to such nonresident unless the nonresident maintains the financial responsibility which conforms to the requirements of the laws of the nonresident's state of residence. Furthermore, no person shall operate a motor vehicle owned by another with the knowledge that the owner has not maintained financial responsibility unless such person has financial responsibility which covers the person's operation of the other's vehicle; however, no owner or nonresident shall be in violation of this subsection if he or she fails to maintain financial responsibility on a motor vehicle which is inoperable or being stored and not in operation. Notwithstanding any provision of law to the contrary, the

department of revenue may verify motor vehicle financial responsibility as provided by law, but shall not otherwise take legal or administrative action to enforce the requirements of this section unless, in the discretion of the director, the motor vehicle is determined to have been operated in violation of this section, a motor vehicle registration is applied for in violation of this section, or the motor vehicle on two separate occasions thirty days apart is determined to have its registration maintained in violation of this section. The director may prescribe rules and regulations for the implementation of this section.

2. A motor vehicle owner shall maintain the owner's financial responsibility in a manner provided for in section 303.160, or with a motor vehicle liability policy which conforms to the requirements of the laws of this state. A nonresident motor vehicle owner shall maintain the owner's financial responsibility which conforms to the requirements of the laws of the nonresident's state of residence.

3. Any person who violates this section is guilty of a misdemeanor. A first violation of this section shall be ~~[punishable as]~~ a class D misdemeanor punished by a fine of three hundred dollars. A second or subsequent violation of this section ~~[shall]~~ may be ~~[punishable]~~ punished by imprisonment in the county jail for a term not to exceed fifteen days ~~[and/or]~~ and shall be punished by a fine ~~[not to exceed]~~ of five hundred dollars. Prior pleas of guilty and prior findings of guilty shall be pleaded and proven in the same manner as required by section 558.021. However, no person shall be found guilty of violating this section if the operator demonstrates to the court that he or she met the financial responsibility requirements of this section at the time the peace officer, commercial vehicle enforcement officer or commercial vehicle inspector wrote the citation.

In addition to any other authorized punishment, the court shall notify the director of revenue of any person convicted pursuant to this section and shall do one of the following:

(1) Enter an order suspending the driving privilege as of the date of the court order. If the court orders the suspension of the driving privilege, the court shall require the defendant to surrender to it any driver's license then held by such person. The length of the suspension shall be as prescribed in subsection 2 of section 303.042. The court shall forward to the director of revenue the order of suspension of driving privilege and any license surrendered within ten days;

(2) Forward the record of the conviction for an assessment of four points;

(3) In lieu of an assessment of points, render an order of supervision as provided in section 302.303. An order of supervision shall not be used in lieu of points more than one time in any thirty-six-month period. Every court having jurisdiction pursuant to the provisions of this section shall forward a record of conviction to the Missouri state highway patrol, or at the written direction of the Missouri state highway patrol, to the department of revenue, in a manner approved by the director of the department of public safety. The director shall establish procedures for the record keeping and administration of this section; or

(4) For a nonresident, suspend the nonresident's driving privileges in this state in accordance with section 303.030 and notify the official in charge of the issuance of licenses and registration certificates in the state in which such nonresident resides in accordance with section 303.080.

4. Nothing in sections 303.010 to 303.050, 303.060, 303.140, 303.220, 303.290, 303.330 and 303.370 shall be construed as prohibiting the department of commerce and

insurance from approving or authorizing those exclusions and limitations which are contained in automobile liability insurance policies and the uninsured motorist provisions of automobile liability insurance policies.

5. If a court enters an order of suspension, the offender may appeal such order directly pursuant to chapter 512 and the provisions of section 302.311 shall not apply.

303.041. 1. Except as otherwise provided in subsection 7 of section 303.425, if the director determines [that as a result of a verification sample or accident report that the owner of a motor vehicle has not maintained financial responsibility, or if the director determines as a result of an order of supervision] that the owner or operator of a motor vehicle has not maintained the financial responsibility as required in this chapter, the director shall thirty-three days after mailing notice, suspend the driving privilege of the owner or operator and/or the registration of the vehicle failing to meet such requirement. The notice of suspension shall be mailed to the person at the last known address shown on the department's records. The notice of suspension is deemed received three days after mailing. The notice of suspension shall clearly specify the reason and statutory grounds for the suspension and the effective date of the suspension, the right of the person to request a hearing, the procedure for requesting a hearing, and the date by which that request for a hearing must be made. If the request for a hearing is received by the department prior to the effective date of the suspension, the effective date of the suspension will be stayed until a final order is issued following the hearing.

2. Except as otherwise provided by law, neither the fact that subsequent to the date of verification or conviction, the owner acquired the required liability

insurance policy nor the fact that the owner terminated ownership of the motor vehicle, shall have any bearing upon the director's decision to suspend. Until it is terminated, the suspension shall remain in force after the registration is renewed or a new registration is acquired for the motor vehicle. The suspension also shall apply to any motor vehicle to which the owner transfers the registration. Effective January 1, 2000, the department shall not extend any suspension for failure to pay a delinquent late surrender fee pursuant to this subsection.

303.420. 1. As used in sections 303.420 to 303.440, unless the context requires otherwise, the following terms shall mean:

(1) "Law enforcement agency", the department of revenue, the Missouri state highway patrol, the prosecuting attorney or sheriff's office of any county or city not within a county, the chiefs of police of any city or municipality, or any other authorized law enforcement agency recognized by the state;

(2) "Program", the motor vehicle financial responsibility enforcement and compliance incentive program established under section 303.425;

(3) "System" or "verification system", the web-based resource established under section 303.430 for online verification of motor vehicle financial responsibility.

303.422. 1. There is hereby created in the state treasury the "Motor Vehicle Financial Responsibility Verification and Enforcement Fund", which shall consist of money collected under sections 303.420 to 303.440. The state treasurer shall be custodian of the fund. In accordance with sections 30.170 and 30.180, the state treasurer may approve disbursements. The fund shall be a dedicated fund and money in the fund shall be used solely by

the department of revenue for the administration of sections 303.420 to 303.440.

2. Notwithstanding the provisions of section 33.080 to the contrary, any moneys remaining in the fund at the end of the biennium shall not revert to the credit of the general revenue fund.

3. The state treasurer shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund.

303.425. 1. There is hereby created within the department of revenue the motor vehicle financial responsibility enforcement and compliance incentive program. The department of revenue may enter into contractual agreements with third-party vendors to facilitate the necessary technology and equipment, maintenance thereof, and associated program management services. All fees paid to or collected by such third-party vendors may come from violator diversion fees generated by the pretrial diversion option established under this section. The department of revenue may offer offenders under this program the option of pretrial diversion as an alternative to statutory fines or reinstatement fees prescribed under the motor vehicle financial responsibility law as a method of encouraging compliance and discouraging recidivism.

2. The department of revenue may authorize law enforcement agencies or third-party vendors to use technology to collect data for the investigation, detection, analysis, and enforcement of the motor vehicle financial responsibility law.

3. The department of revenue may authorize traffic enforcement officers or third-party vendors to administer

the processing and issuance of notices of violation, and the collection of fees for a violation of the motor vehicle financial responsibility law, under the program.

4. Access to the system shall be restricted to authorized law enforcement agency users in the program, the department of revenue, and the third-party vendors with which the department of revenue contracts for purposes of the program, provided that any third-party vendor with which a contract is executed to provide necessary technology, equipment, or maintenance for the program shall be authorized as necessary to collaborate for required updates and maintenance of system software.

5. For purposes of the program, any data collected and matched to a corresponding vehicle insurance record as verified through the system, and any Missouri vehicle registration database, may be used to identify violations of the motor vehicle financial responsibility law. Such images and corresponding data shall constitute evidence of the violations.

6. Except as otherwise provided in this section, the department of revenue shall suspend, in accordance with section 303.041, the registration of any motor vehicle that is determined under the program to be in violation of the motor vehicle financial responsibility law.

7. The department of revenue shall send to an owner whose vehicle is identified under the program as being in violation of the motor vehicle financial responsibility law a notice that the vehicle's registration may be suspended unless the owner, within thirty days, provides proof of financial responsibility for the vehicle or proof, in a form specified by the department of revenue, that the owner has a pending criminal charge for a violation of the motor vehicle financial responsibility law. If no such proof is provided

within the time allotted, the department of revenue shall provide a notice of suspension and suspend the vehicle's registration in accordance with section 303.041, or shall send a notice of vehicle registration suspension, clearly specifying the reason and statutory grounds for the suspension and the effective date of the suspension, the right of the vehicle owner to request a hearing, the procedure for requesting a hearing, and the date by which that request for a hearing must be made, as well as informing the owner that the matter will be referred for prosecution if a satisfactory response is not received in the time allotted, informing the owner that the minimum penalty for the violation is three hundred dollars and four license points, and offering the owner participation in a pretrial diversion option to preclude referral for prosecution and registration suspension under sections 303.420 to 303.440. The notice of vehicle registration suspension shall give a period of thirty-three days from mailing for the vehicle owner to respond, and shall be deemed received three days after mailing. If no request for a hearing or agreement to participate in the diversion option is received by the department of revenue prior to the date provided on the notice of vehicle registration suspension, the director shall suspend the vehicle's registration, effective immediately, and refer the case to the appropriate prosecuting attorney. If an agreement by the vehicle owner to participate in the diversion option is received by the department of revenue prior to the effective date provided on the notice of vehicle registration suspension, then upon payment of a diversion participation fee not to exceed two hundred dollars, agreement to secure proof of financial responsibility within the time provided on the notice of suspension, and agreement that such

financial responsibility shall be maintained for a minimum of two years, no points shall be assessed to the vehicle owner's driver's license under section 302.302 and the department of revenue shall not take further action against the vehicle owner under sections 303.420 to 303.440, subject to compliance with the terms of the pretrial diversion option. The department of revenue shall suspend the vehicle registration of, and shall refer the case to the appropriate prosecuting attorney for prosecution of, participating vehicle owners who violate the terms of the pretrial diversion option. If a request for hearing is received by the department of revenue prior to the effective date provided on the notice of vehicle registration suspension, then for all purposes other than eligibility for participation in the diversion option, the effective date of the suspension shall be stayed until a final order is issued following the hearing. The department of revenue shall suspend the registration of vehicles determined under the final order to have violated the motor vehicle financial responsibility law, and shall refer the case to the appropriate prosecuting attorney for prosecution. Notices under this subsection shall be mailed to the vehicle owner at the last known address shown on the department of revenue's records. The department of revenue or its third-party vendor shall issue receipts for the collection of diversion participation fees. All such fees received by the department of revenue or its third-party vendor shall be deposited into the motor vehicle financial responsibility verification and enforcement fund established in section 303.422. A vehicle owner whose registration has been suspended under sections 303.420 to 303.440 may obtain reinstatement of the registration upon providing proof of financial responsibility and payment to the department of

revenue of a nonrefundable reinstatement fee of twenty dollars.

8. Data collected or retained under the program shall not be used by any entity for purposes other than enforcement of the motor vehicle financial responsibility law. Data collected and stored by law enforcement under the program shall be considered evidence if noncompliance with the motor vehicle financial responsibility law is confirmed. The evidence, and an affidavit stating that the evidence and system have identified a particular vehicle as being in violation of the motor vehicle financial responsibility law, shall constitute probable cause for prosecution and shall be forwarded in accordance with subsection 7 of this section to the appropriate prosecuting attorney.

9. Owners of vehicles identified under the program as being in violation of the motor vehicle financial responsibility law shall be provided with options for disputing such claims which do not require appearance at any state or local court of law, or administrative facility. Any person who presents timely proof that he or she was in compliance with the motor vehicle financial responsibility law at the time of the alleged violation shall be entitled to dismissal of the charge with no assessment of fees or fines. Proof provided by a vehicle owner to the department of revenue that the vehicle was in compliance at the time of the suspected violation of the motor vehicle financial responsibility law shall be recorded in the system established by the department of revenue under section 303.430.

10. The collection of data or use of any technology pursuant to this section shall be done in a manner that

prohibits any bias towards a specific community, race, gender, or socioeconomic status of vehicle owner.

11. Law enforcement agencies, third-party vendors, or other entities authorized to operate under the program shall not sell data collected or retained under the program for any purpose or share it for any purpose not expressly authorized in this section. All data shall be secured and any third-party vendor may be liable for any data security breach.

12. The department of revenue shall not take action under sections 303.420 to 303.440 against vehicles registered as fleet vehicles under section 301.032, or against vehicles known to the department of revenue to be insured under a policy of commercial auto coverage, as such term is defined in subdivision (10) of subsection 2 of section 303.430.

13. Following one year after the implementation of the program, and every year thereafter, the department of revenue shall provide a report to the president pro tempore of the senate, the speaker of the house of representatives, the chairs of the house and senate committees with jurisdictions over insurance or transportation matters, and the chairs of the house budget and senate appropriations committees. The report shall include an evaluation of program operations, information as to the costs of the program incurred by the department of revenue, insurers, and the public, and information as to the effectiveness of the program in reducing the number of uninsured motor vehicles, and may include any additional information and recommendations for improvement of the program deemed appropriate by the department of revenue. The department of revenue may, by rule, require the state, counties, and

municipalities to provide information in order to complete the report.

303.430. 1. The department of revenue shall establish and maintain a web-based system for the verification of motor vehicle financial responsibility, shall provide access to insurance reporting data and vehicle registration and financial responsibility data, and shall require motor vehicle insurers to establish functionality for the verification system, as provided in sections 303.420 to 303.440. The verification system, including any exceptions as provided for in sections 303.420 to 303.440 or in the implementation guide developed to support the program, shall supersede any existing verification system, and shall be the sole system used for the purpose of verifying financial responsibility required under this chapter.

2. The system established pursuant to subsection 1 of this section shall be subject to the following:

(1) The verification system shall transmit requests to insurers for verification of motor vehicle insurance coverage via web services established by the insurers through the internet in compliance with the specifications and standards of the Insurance Industry Committee on Motor Vehicle Administration, or "IICMVA". Insurance company systems shall respond to each request with a prescribed response upon evaluation of the data provided in the request. The system shall include appropriate protections to secure its data against unauthorized access, and the department of revenue shall maintain a historical record of the system data for a period of no more than twelve months from the date of all requests and responses. The system shall be used for verification of the financial responsibility required under this chapter. The system shall be accessible to authorized personnel of the

department of revenue, the courts, law enforcement personnel, and other entities authorized by the state as permitted by state or federal privacy laws, and it shall be interfaced, wherever appropriate, with existing state systems. The system shall include information enabling the department of revenue to submit inquiries to insurers regarding motor vehicle insurance which are consistent with insurance industry and IICMVA recommendations, specifications, and standards by using the following data elements for greater matching accuracy: insurer National Association of Insurance Commissioners, or "NAIC", company code; vehicle identification number; policy number; verification date; or as otherwise described in the specifications and standards of the IICMVA. The department of revenue shall promulgate rules to offer insurers who insure one thousand or fewer vehicles within this state an alternative method for verifying motor vehicle insurance coverage in lieu of web services, and to provide for the verification of financial responsibility when financial responsibility is proven to the department to be maintained by means other than a policy of motor vehicle insurance. Insurers shall not be required to verify insurance coverage for vehicles registered in other jurisdictions;

(2) The verification system shall respond to each request within a time period established by the department of revenue. An insurer's system shall respond within the time period prescribed by the IICMVA's specifications and standards. Insurer systems shall be permitted reasonable system downtime for maintenance and other work with advance notice to the department of revenue. Insurers shall not be subject to enforcement fees or other sanctions under such circumstances, or when systems are not available because of

emergency, outside attack, or other unexpected outages not planned by the insurer and reasonably outside its control;

(3) The system shall assist in identifying violations of the motor vehicle financial responsibility law in the most effective way possible. Responses to individual insurance verification requests shall have no bearing on whether insurance coverage is determined to be in force at the time of a claim. Claims shall be individually investigated to determine the existence of coverage. Nothing in sections 303.420 to 303.440 shall prohibit the department of revenue from contracting with a third-party vendor or vendors who have successfully implemented similar systems in other states to assist in establishing and maintaining this verification system;

(4) The department of revenue shall consult with representatives of the insurance industry and may consult with third-party vendors to determine the objectives, details, and deadlines related to the system by establishment of an advisory council. The advisory council shall consist of voting members comprised of:

(a) The director of the department of commerce and insurance, or his or her designee, who shall serve as chair;

(b) Two representatives of the department of revenue, to be appointed by the director of the department of revenue;

(c) One representative of the department of commerce and insurance, to be appointed by the director of the department of commerce and insurance;

(d) Three representatives of insurance companies, to be appointed by the director of the department of commerce and insurance;

(e) One representative from the Missouri Insurance Coalition;

(f) One representative chosen by the National Association of Mutual Insurance Companies;

(g) One representative chosen by the American Property and Casualty Insurance Association;

(h) One representative chosen by the Missouri Independent Agents Association; and

(i) Such other representatives as may be appointed by the director of the department of commerce and insurance;

(5) The department of revenue shall publish for comment, and then issue, a detailed implementation guide for its online verification system;

(6) The department of revenue and its third-party vendors, if any, shall each maintain a contact person for insurers during the establishment, implementation, and operation of the system;

(7) If the department of revenue has reason to believe a vehicle owner does not maintain financial responsibility as required under this chapter, it may also request an insurer to verify the existence of such financial responsibility in a form approved by the department of revenue. In addition, insurers shall cooperate with the department of revenue in establishing and maintaining the verification system established under this section, and shall provide motor vehicle insurance policy status information as provided in the rules promulgated by the department of revenue;

(8) Every property and casualty insurance company licensed to issue motor vehicle insurance or authorized to do business in this state shall comply with sections 303.420 to 303.440, and corresponding rules promulgated by the department of revenue, for the verification of such insurance for every vehicle insured by that company in this state;

(9) Insurers shall maintain a historical record of insurance data for a minimum period of six months from the date of policy inception or policy change for the purpose of historical verification inquiries;

(10) For the purposes of this section, "commercial auto coverage" shall mean any coverage provided to an insured, regardless of number of vehicles or entities covered, under a commercial coverage form and rated from a commercial manual approved by the department of commerce and insurance. Sections 303.420 to 303.440 shall not apply to vehicles insured under commercial auto coverage; however, insurers of such vehicles may participate on a voluntary basis, and vehicle owners may provide proof at or subsequent to the time of vehicle registration that a vehicle is insured under commercial auto coverage, which the department of revenue shall record in the system;

(11) Insurers shall provide commercial or fleet automobile customers with evidence reflecting that the vehicle is insured under a commercial or fleet automobile liability policy. Sufficient evidence shall include an insurance identification card clearly marked with a suitable identifier such as "commercial auto insurance identification card", "fleet auto insurance identification card", or other clear identification that the vehicle is insured under a fleet or commercial policy;

(12) Insurers shall be immune from civil and administrative liability for good faith efforts to comply with the terms of sections 303.420 to 303.440;

(13) Nothing in this section shall prohibit an insurer from using the services of a third-party vendor for facilitating the verification system required under sections 303.420 to 303.440.

3. The department of revenue shall promulgate rules as necessary for the implementation of sections 303.420 to 303.440. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2021, shall be invalid and void.

303.440. The verification system established under section 303.430 shall be installed and fully operational by January 1, 2023, following an appropriate testing or pilot period of not less than nine months. Until the successful completion of the testing or pilot period in the judgment of the director of the department of revenue, no enforcement action shall be taken based on the system, including but not limited to action taken under the program established under section 303.425.