

MINUTES OF THE HOUSE TRANSPORTATION COMMITTEE

The meeting was called to order by Chairman Gary Hayzlett at 1:30 P.M. on February 8, 2005 in Room 519-S of the Capitol.

All members were present:

Committee staff present:

Chris Courtwright, Kansas Legislative Research  
Bruce Kinzie, Revisor of Statutes Office  
Betty Boaz, Committee Secretary

Conferees appearing before the committee:

Carmen Alldritt, Director of Vehicles  
Brad Smoot, representing Explore Information Services  
Toni Roberts, Management Analyst, Div. of Vehicles

Others attending:

See attached list.

**HB 2215 - Commercial driver's licenses, hazmat fee fund**

Chairman Hayzlett opened the hearing on **HB 2215** by introducing Carmen Alldritt, Director of Vehicles, Department of Revenue. (Attachment 1) According to Director Alldritt, **HB 2215** accomplishes three things: First, the bill deals with Commercial Drivers License disqualifications that correctly reference the federal requirements. (Director Alldritt asked to strike Section 1 right now as they had just discovered a problem.) Second, the bill creates a hazmat fee fund for the deposit and expenditure of fees collected when an individual applies for the hazmat endorsement. And third, this bill will bring Kansas into compliance with Transportation Security Administration procedures of notification of renewal at least 60 days before the expiration date. Last year they left these last two items out of their bill.

After questions, with no other proponents and no opponents, the Chairman closed the hearing on **HB2215**.

**HB 2217 - Division of vehicles records, certain driver's license records.**

The Chairman introduced Brad Smoot, Attorney representing Explore Information services, L.L.C. which is a subsidiary of The Schwan Food Company of Salina, KS. According to Mr. Smoot, Explore operates as an insurance support organization, providing services to assist insurance companies in effectively assigning risk to their insureds. (Attachment 2) Mr. Smoot said that although most policyholders notify their agent or insurance company when there is a newly licensed driver operating the family vehicles, there are some that forget or fail to report this information. **HB 2217** would enable the state to contract with vendors, such as Explore, to provide information to assist insurers in identifying youthful drivers that have not yet been disclosed so more accurate premiums could be assigned. The service Explore offers is called RiskAlert and it monitors households of insurance companies' policyholders to identify youthful drivers that have not yet been disclosed. If this bill passes it would eliminate the \$1 of each motor vehicle record fee collected by the Department of Revenue which goes to the Highway Patrol Training Center fund and allows the state to enter into contracts to provide some of the information from the driving record.

Mr. Smoot introduced Sara Patrick, State Relationship Representative with Explore Information who helped answer questions from the Committee.

Chairman Hayzlett recognized Toni Roberts, Management Analyst, Division of Vehicles. According to Ms. Roberts (Attachment 3) **HB 2217** allows the Secretary of Revenue to enter into a lesser rate contract for the purpose of assisting insurance companies or their authorized agents to conduct antifraud activities. She said the Driver's Privacy Protection Act, allows records to be provided in connection with antifraud activities. Ms. Roberts concluded that the Department of Revenue does not oppose this bill.

There were no additional proponents and no opponents. After all questions were answered the Chairman closed the hearing on **HB 2217**.

CONTINUATION SHEET

MINUTES OF THE House Transportation Committee at 1:30 P.M. on February 8, 2005 in Room 519-S of the Capitol.

The Chairman called for final action on **HB 2215**. Representative Jack made a motion to amend page 1 by striking all in lines 14 through 43; and on page 2 by striking all in lines 1 through 4; in line 5 by striking "Sec. 2" and inserting "Section 1"; on page 3 in line 6 striking "180" and inserting "60"; and in line 13 by striking "90" and inserting "30"; and in line 39 by striking "K.S.A. 8-259. This amendment was seconded by Representative Olson and the motion carried. Representative Ballard made a motion to pass this bill as amended, seconded by Representative Vickrey and the motion carried.

The Chairman called for final action on **HB 2217**. A motion was made by Representative Yonally to pass this bill out favorably, seconded by Representative Ballard and the motion carried.

There being no further business the Chairman adjourned the meeting. The next meeting will be on February 14, 2005 in Room 519-S at 1:30 p.m.

# HOUSE TRANSPORTATION COMMITTEE GUEST LIST

DATE: Feb. 8, 2005

NAME	REPRESENTING
Brod Smoot	Explore Info Services
Sara Patrick	Explore Information Services
Diane Albert	KDOT Vehicles
Carmen Alldritt	" "
Marcy Ralston	" "
Tom Roberts	" "
LARRY McMEHAN	" Budget
KOB MEELY	Hewlett Packard

# HOUSE TRANSPORTATION COMMITTEE

DATE Feb 8, 2005

NAME	REPRESENTING
Tom Collins	Ballads Inter
Deann Williams	KMCA
Don Murray	Federico Consulting



K A N S A S

JOAN WAGNON, SECRETARY

DEPARTMENT OF REVENUE  
DIVISION OF VEHICLES

KATHLEEN SEBELIUS, GOVERNOR

Testimony on HB2215  
to  
The House Committee on Transportation  
by Carmen Alldritt  
Director  
Division of Vehicles  
February 8, 2005

I am Carmen Alldritt and serve as the Director of Vehicles. House Bill 2215 accomplishes three things. The first item deals with Commercial Drivers License disqualifications that correctly reference the federal requirements.

The second item creates a hazmat fee fund for the deposit and expenditure of fees collected when an individual applies for the hazmat endorsement.

The last item would bring Kansas into compliance with Transportation Security Administration procedure of notification of renewal at least 60 days before the expiration date.

Alan Anderson our Division Chief of Drivers License and Marcy Ralston the Driver Control Manager are with me today in case there would be any technical questions.

Thank you for this opportunity to speak to you concerning House Bill 2215.

House Transportation  
Date: 2-8-05  
Attachment # 1



# BRAD SMOOT

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STATEMENT OF BRAD SMOOT  
LEGISLATIVE COUNSEL  
EXPLORE INFORMATION SERVICES, L.L.C.  
HOUSE TRANSPORTATION COMMITTEE  
REGARDING 2005 HOUSE BILL 2217  
February 8, 2005

Mr. Chairman and Members:

On behalf of Explore Information Services, L.L.C. (hereinafter "Explore"), a subsidiary of The Schwan Food Company of Salina, Kansas, we are pleased to support HB 2217, which this Committee introduced at our request. Explore operates as an insurance support organization, providing services to assist insurance companies in effectively assigning risk to their insureds. We operate in 36 states, utilizing public information from motor vehicle departments to assist insurers in accurately assigning premiums by identifying higher risk drivers and/or youthful drivers that have not yet been disclosed.

Although most policyholders notify their agent or insurance company when there is a newly licensed driver operating the family vehicles, there are some that forget or fail to report this information. Our data from other states suggest that undisclosed youthful drivers account for about 2% to 8% of insured households. Additionally, 42% of these undisclosed drivers will have moving violations on their driving records. HB 2217 would enable the state to contract with vendors, such as Explore, to provide information to assist insurers in identifying youthful drivers that have not yet been disclosed, and to more accurately assign premiums that reflect the risk these undisclosed drivers represent.

The service Explore offers is called RiskAlert® and it monitors households of insurance companies' policyholders to identify undisclosed youthful drivers residing at a policyholder's address. By comparing the address information in the MVD files with the insurance company's policyholder addresses, Explore provides valuable information utilized by the insurance company to identify licensed drivers who have not yet been added to a policy. Explore currently monitors over 1 million households on a monthly basis for our insurance company clients. We currently offer this service in 20 states, and are expanding to include several more.

There is no legal barrier to our contracting with the state of Kansas to offer RiskAlert. The barrier is, instead, a financial one. Current law requires that \$1 of each motor vehicle record fee collected by the Department of Revenue go to the Highway Patrol Training Center fund. The RiskAlert service does not require the entire driving record, and the commercial market for the limited information will not support a fee of this amount. If vendors are not required to pay the \$1 per record for the Highway Patrol Training Center Fund, the state can enter into contracts to provide some of the information from the driving record for the limited purpose of identifying undisclosed youthful drivers.

House Transportation  
Date: 2-8-05  
Attachment # 2

A new RiskAlert contract with the Department of Revenue would mean more money directly for the state, as well as an additional indirect increase in revenue under an existing contract between DOR and Explore. Under this contract, we provide a violation monitoring service known as E.A.R.S.®, or Electronically Accessed Reunderwriting Service. The EARS service allows insurers to monitor each of their insureds on a monthly basis to identify moving violations in timely manner. For each monitored driver with new violation activity in the month, we purchase a full three-year driving history or MVR. The RiskAlert service would identify more drivers to be monitored by insurers for moving violations, thereby resulting in additional revenue from our purchase of MVRs under the existing EARS process. The EARS contract was first entered into in May of 1999 and has been a successful arrangement for the State of Kansas, for our insurance company customers, and for us. Under the current contract, we pay to the State of Kansas more than \$600,000 per year for the driver information.

We have visited with both the Department of Revenue and the Kansas Highway Patrol and neither appears to have any opposition to this proposal. In fact, the language of the bill limiting the exception to the Highway Patrol Training Center Fund contribution was suggested by the Revenue Department.

We believe the simple changes proposed in HB 2217 are beneficial to our customers, to the state of Kansas revenue picture, to the Kansas Highway Patrol and to the public in general. We urge the Committee to recommend the bill favorably for passage. Thank you.



# K A N S A S

JOAN WAGNON, SECRETARY

DEPARTMENT OF REVENUE  
DIVISION OF VEHICLES

KATHLEEN SEBELIUS, GOVERNOR

Testimony on HB2217  
to  
The House Committee on Transportation  
by Carmen Alldritt  
Director  
Division of Vehicles  
February 8, 2005

*Testimony given by  
Lori Roberts, Mgmt.  
Analyst for Dept. of Revenue*

Chairman Hayzlett and Members of the Committee:

House Bill 2217 allows the Secretary of Revenue to enter into a lesser rate contract for the purpose of assisting insurance companies, or their authorized agents to conduct antifraud activities.

Specifically, this legislation would allow the Director of Vehicles to provide a listing of partial drivers license records, to an insurance company, for comparison against policyholder information with the intent of identifying undisclosed drivers. As a result, insurance companies can identify policyholders that have additional drivers that have not been disclosed to the insurance company.

The Driver's Privacy Protection Act, allows records to be provided in connection with antifraud activities.

As introduced, this bill does not require the \$1.00 fee to be paid to the Kansas Highway Patrol Training Center Fund.

The department does not oppose this bill. I would be happy to address any questions you have.

House Transportation  
Date: 2-8-05  
Attachment # 3