

SUBJECT: Exempting telematics services from private security regulation

COMMITTEE: Law Enforcement — committee substitute recommended

VOTE: 6 ayes — Driver, Jackson, Hegar, Frost, Hupp, Veasey
0 nays — None
1 absent — Burnam

WITNESSES: For — Gary Wallace, ATX Group
Against — None

BACKGROUND: Occupations Code, ch. 1702 governs private security, including alarm systems.

DIGEST: HB 1531 would exempt telematics services from private security regulation. It would define “telematics service” as relying on global positioning satellite data to determine the location of a vehicle for the vehicle’s operator or occupant. This would include:

- location-specific emergency and roadside vehicle breakdown assistance;
- automatic collision notification;
- real-time traffic and navigation information;
- remote vehicle diagnostics; and
- stolen vehicle recovery.

It further would define telematics as a service that allowed communication between a service subscriber’s vehicle and a telematics company’s response center in order to:

- enhance the service, safety, and convenience of driving for a vehicle owner;
- enable service and customer management efficiencies and increase customer retention for automakers and dealerships; and
- enable fleet operators to remotely manage their vehicles and mobile

assets.

Telematics also would include a related service provided by a telematics company as part of the industry delivering services on a national basis to subscribers.

Occupations Code, ch. 1702 would not apply to a telematics service provider that:

- adopted practices regarding the communication of information to public safety agencies that were at least as stringent as the guidelines established by the Association of Public Safety Communications Officials International; and
- paid an annual fee of \$2,500 to the Department of Public Safety (DPS).

DPS would be required to adopt rules to carry out the bill, including compliance rules. A telematics service provider would not be required to comply with the bill before January 1, 2006.

The bill would take effect September 1, 2005.

**SUPPORTERS
SAY:**

CSHB 1531 would correct a problem in state law that subjects telematics companies to regulations designed for the private security industry. Telematics companies such as Onstar and ATX provide navigation, emergency assistance, and other services to owners and operators of motor vehicles. Typically, these services are provided through a computer interface and enable contact with remotely located customer service personnel. The industry has little in common with companies that provide security services to homes and business, and telematics providers should not be forced to comply with the extensive regulations specific to an unrelated industry.

Telematics services were included in the regulatory framework of private security firms based on several policy assumptions made in the industry's infancy that simply did not come to pass. Some telematics firms began as subsidiaries of larger private security companies, but since have separated and now conduct their business independently from private security firms. The extensive background checks, employee registration requirements, and training procedures that are appropriate in the context of private security firms are unnecessary for telematics companies.

The bill would require telematics providers to adhere to standards established by the Association of Public Safety Communications Officials International to govern any communication that telematics operators engage in with public safety officials. This would ensure that telematics employees had received training to an extent that emergency dispatchers would be comfortable.

In order to ensure fiscal neutrality, CSHB 1531 would impose an annual fee of \$2,500 on all telematics providers operating in the state. Currently, firms based in Texas are subject to fees that other firms based outside Texas do not have to pay. A fee on all providers would level the playing field and ensure that firms located in Texas were not discriminated against.

OPPONENTS
SAY:

CSHB 1531 could subject telematics service providers located outside the state but providing service in the state to a new fee. There is no reason that these providers should have to pay a fee to DPS.

NOTES:

As filed, HB 1531 would have required the Commission on Law Enforcement Officer Standards and Education to adopt rules to implement the bill, rather than the Department of Public Safety.