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AB-458 Vehicle registration. (2017-2018)

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Assembly Bill No. 458

CHAPTER 441

An act to amend Sections 1685, 5301, and 5302 of the Vehicle Code, relating to vehicle registration.

[Approved by Governor October 03, 2017. Filed with Secretary of State October 03, 2017.]

LEGISLATIVE COUNSEL'S DIGEST

AB 458, Frazier. Vehicle registration.

Existing law authorizes the Department of Motor Vehicles to enter into contracts with qualified private industry partners to provide services that include processing and payment programs for vehicle registration and titling transactions, and services related to reporting vehicle sales and producing temporary license plates. Existing law requires the department to charge a \$3 transaction fee for providing those services and that information. Existing law authorizes a private industry partner to pass that fee to the customer, as specified.

This bill would authorize the department to adopt regulations to establish exemptions from the transaction fee for transactions other than an original registration or transfer of ownership.

Existing law authorizes an owner or lessee of a fleet of commercial or passenger vehicles, as specified, to apply for license plates, permanent decals, and registration cards for those vehicles. Existing law requires a fleet to consist of at least 50 motor vehicles to qualify for the program, but also allows the Department of Motor Vehicles to provide permanent fleet registration through an association providing a combination of fleets of motor vehicles of 250 or more vehicles, provided that no individual fleet has fewer than 25 vehicles.

This bill would reduce the size of the fleets eligible for that program to a fleet of at least 25 motor vehicles, or through an association providing a combination of fleets of motor vehicles of 125 or more vehicles, provided that no individual fleet has fewer than 25 vehicles.

Existing law requires a vehicle registered under the fleet program to display in a conspicuous place on both sides of the vehicle the name, trademark, or logo of the company, as specified, and authorizes vehicles weighing less than 6,000 pounds that are owned or leased by a public utility to be registered under the fleet program if the vehicle displays the permanent fleet registration number on both sides of the vehicle, or on the front and rear of the vehicle, as specified.

This bill would delete those display requirements. The bill would make additional technical, nonsubstantive changes.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 1685 of the Vehicle Code is amended to read:

1685. (a) In order to continue improving the quality of products and services it provides to its customers, the department, in conformance with Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code, may establish contracts for electronic programs that allow qualified private industry partners to join the department in providing services that include processing and payment programs for vehicle registration and titling transactions, and services related to reporting vehicle sales and producing temporary license plates pursuant to Sections 4456 and 4456.2.

(b) (1) The department may enter into contractual agreements with qualified private industry partners. There are the following three types of private industry partnerships authorized under this section:

(A) First-line business partner is an industry partner that receives data directly from the department and uses it to complete registration and titling activities for that partner's own business purposes.

(B) First-line service provider is an industry partner that receives information from the department and then transmits it to another authorized industry partner.

(C) Second-line business partner is a partner that receives information from a first-line service provider.

(2) The private industry partner contractual agreements shall include the following minimum requirements:

(A) Filing of an application and payment of an application fee, as established by the department.

(B) Submission of information, including, but not limited to, fingerprints and personal history statements, focusing on and concerning the applicant's character, honesty, integrity, and reputation as the department may consider necessary.

(C) Posting a bond in an amount consistent with Section 1815.

(3) The department shall, through regulations, establish any additional requirements for the purpose of safeguarding privacy and protecting the information authorized for release under this section.

(c) The director may establish, through the adoption of regulations, the maximum amount that a qualified private industry partner may charge its customers in providing the services authorized under subdivision (a).

(d) The department shall charge a three-dollar (\$3) transaction fee for the information and services provided pursuant to subdivision (a). The private industry partner may pass the transaction fee to the customer, but the total charge to a customer may not exceed the amount established by the director under subdivision (c). The department may establish, through the adoption of regulations, exemptions from the transaction fee for transactions other than an original registration or transfer of ownership.

(e) All fees collected by the department pursuant to subdivision (d) shall be deposited in the Motor Vehicle Account. On January 1 of each year, the department shall adjust the fee in accordance with the California Consumer Price Index. The amount of the fee shall be rounded to the nearest whole dollar, with amounts equal to, or greater than, fifty cents (\$0.50) rounded to the next highest whole dollar.

(f) The department shall adopt regulations and procedures that ensure adequate oversight and monitoring of qualified private industry partners to protect vehicle owners from the improper use of vehicle records. These regulations and procedures shall include provisions for qualified private industry partners to periodically submit records to the department, and the department shall review those records as necessary. The regulations shall also include provisions for the dedication of department resources to program monitoring and oversight; the protection of confidential records in the department's files and databases; and the duration and nature of the contracts with qualified private industry partners.

(g) The department shall, annually, by October 1, provide a report to the Legislature that shall include all of the following information gathered during the fiscal year immediately preceding the report date:

(1) Listing of all qualified private industry partners, including names and business addresses.

(2) Volume of transactions, by type, completed by business partners.

(3) Total amount of funds, by transaction type, collected by business partners.

(4) Total amount of funds received by the department.

(5) Description of any fraudulent activities identified by the department.

(6) Evaluation of the benefits of the program.

(7) Recommendations for any administrative or statutory changes that may be needed to improve the program.

(h) Nothing in this section impairs or limits the authority provided in Section 4610 or Section 12155 of the Insurance Code.

SEC. 2. Section 5301 of the Vehicle Code is amended to read:

5301. (a) Notwithstanding any other provision of this code and Part 5 (commencing with Section 10701) of Division 2 of the Revenue and Taxation Code, the registered owner or lessee of a fleet of vehicles consisting of commercial motor vehicles base plated in the state, or passenger automobiles may, upon payment of appropriate fees, apply to the department for license plates, permanent decals, and registration cards.

(b) (1) Fleets shall consist of at least 25 motor vehicles to qualify for this program. However, the department may provide for permanent fleet registration through an association providing a combination of fleets of motor vehicles of 125 or more vehicles with no individual fleet of fewer than 25 motor vehicles.

(2) An association submitting an application of participation in the program shall provide within the overall application a listing identifying the registered owner of each fleet and the motor vehicles within each fleet. Identification of the motor vehicles as provided in this article applies to the ownership of the motor vehicles and not the association submitting the application.

(c) With the concurrence of both the department and the participant, the changes made in this section by the enactment of the Commercial Vehicle Registration Act of 2001 shall not affect those participants who were lawfully participating in the permanent fleet registration program on December 31, 2001. Any fleet that qualifies for permanent fleet registration as of December 31, 2001, will continue to count trailers to qualify as a fleet until January 1, 2007. However, five years following the implementation of the permanent trailer identification program, all participants in the permanent fleet registration program shall meet the requirements of this section in order to continue enrollment in the program described in this section.

SEC. 3. Section 5302 of the Vehicle Code is amended to read:

5302. (a) Motor vehicles registered in any state other than California are not permitted to participate in this program.

(b) Section 4604 does not apply to vehicles registered under this article.

(c) The department may conduct an audit of the records of each fleet owner or lessee of the vehicle fleets electing to participate in the program. The department shall be fully reimbursed by the fleet owner or lessee for the costs of conducting the audits.