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**AB-3163 Department of Motor Vehicles: private industry partners: electronic submission of documents.**  
(2017-2018)

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**Assembly Bill No. 3163**

**CHAPTER 400**

An act to amend Sections 1685 and 1801.1 of the Vehicle Code, relating to vehicles, and declaring the urgency thereof, to take effect immediately.

[ Approved by Governor September 14, 2018. Filed with Secretary of State September 14, 2018. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 3163, Frazier. Department of Motor Vehicles: private industry partners: electronic submission of documents.

Existing law authorizes the Department of Motor Vehicles to 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. Existing law requires the department to charge a \$3 transaction fee for the provision of the information and services, and to deposit the fees collected into the Motor Vehicle Account. Existing law authorizes the private industry partner to pass on the transaction fee to the customer, as specified. Existing law requires the department, for a specified period, to charge private industry partners an additional \$1 transaction fee for the implementation of the private industry partners' proportionate share of departmentwide system improvements. Existing law prohibits a private industry partner from passing on the \$1 fee to the customer.

This bill would delete the prohibition against passing on the \$1 transaction fee to the consumer. The bill would specify that the \$1 is to be imposed both in addition to, and in accordance with, the \$3 transaction fee.

Existing law authorizes the Department of Motor Vehicles to allow a person to submit any document required to be submitted to the department by using electronic media, as specified, instead of requiring the actual submittal of the original document. If a signature is required on a document in order to complete a transaction, the requirement may be satisfied for an electronically submitted document if the signature is also submitted electronically and the department retains information verifying the identity of the person submitting the electronic signature.

This bill would eliminate the requirement that the department retain information verifying the identity of the person submitting the electronic signature. The bill would make additional technical, nonsubstantive changes.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3 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 on 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.

(i) (1) In addition to, and in accordance with, the transaction fee described in subdivision (d), the department shall charge private industry partners a one-dollar (\$1) transaction fee for the implementation of the private industry partners' proportionate share of departmentwide system improvements. All fees collected by the department pursuant to this subdivision shall be deposited in the Motor Vehicle Account.

(2) (A) The fee required by this subdivision shall be discontinued when the director determines that sufficient funds have been received to pay for the system improvements as described in paragraph (1), or on December 31, 2023, whichever occurs first. If sufficient funds are received first, the director shall execute a declaration making that determination, which shall be posted on the department's Internet Web site and retained by the director.

(B) This subdivision shall become inoperative when the declaration described in subparagraph (A) has been executed and posted, or on December 31, 2023, whichever occurs first.

**SEC. 2.** Section 1801.1 of the Vehicle Code is amended to read:

**1801.1.** (a) Notwithstanding any other law, the department may allow a person to submit a document required to be submitted to the department by using electronic media deemed feasible by the department instead of requiring the actual submittal of the original document.

(b) If a signature on a document is required by law in order to complete a transaction, and the document is submitted electronically, that signature requirement may be met by an electronically submitted signature.

(c) The department may establish minimum transaction volume levels, audit and security standards, and technological requirements, or terms and conditions, including methods of authentication for electronically submitted signatures, it deems necessary for the approval of this process.

(d) An electronically submitted document, once accepted by the department, is deemed the same as an original document, and is admissible in all administrative, quasi-judicial, and judicial proceedings.

**SEC. 3.** This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to provide clarity to the Department of Motor Vehicles regarding implementation of the private industry partner program at the earliest possible time, it is necessary for this bill to take effect immediately.