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AB-1190 Department of Motor Vehicles: private industry partner fees. (2025-2026)

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AMENDED IN SENATE JUNE 23, 2025

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 1190

Introduced by Assembly Member Haney
(Coauthors: Assembly Members Ahrens, Harabedian, and Rogers)

February 21, 2025

An act to amend Section 1685 of the Vehicle Code, relating to the Department of Motor Vehicles.

LEGISLATIVE COUNSEL'S DIGEST

AB 1190, as amended, Haney. Department of Motor Vehicles: private industry partner fees.

Existing law authorizes the Department of Motor Vehicles to establish contracts for electronic programs that allow qualified private industry partners, including second-line business partners, to provide services that include processing and payment programs for vehicle registration and titling transactions. Existing law authorizes the department to establish the maximum amount that a qualified private industry partner may charge its customers, but requires the department to annually adjust that amount, as specified.

The bill would, notwithstanding the above-described authorization to establish maximum charge amounts, require the department to limit the amount that any qualified second-line business partner may charge ~~their customers to no more than 5% above the fees that the department charges to consumers when providing those services directly, as specified.~~ *an individual customer for a vehicle registration renewal that is processed on the second-line business partner's internet website to no more than the maximum amount a first-line service provider may charge its customers.* The bill would also direct the department to require all qualified second-line business partners to prominently display on their internet websites, in a clear and conspicuous manner, a working link to the department's internet website with a specified statement informing the public that consumers may obtain services from the department at no additional cost.

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) (1) 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).

(2) On or before September 1, 2022, and each January 1 thereafter, the department shall adjust the amount determined pursuant to paragraph (1) in accordance with the most recent available data on growth in the California Consumer Price Index for All Urban Consumers, except the initial adjustment made on or before September 1, 2022, shall be based on growth in the California Consumer Price Index for All Urban Consumers in the period since the end of the 2021 calendar year. 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.

(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 website 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.

(j) (1) Notwithstanding subdivision (c), the department shall limit the amount that any qualified second-line business partner, as described in subparagraph (C) of paragraph (1) of subdivision (b), may charge ~~their customers in providing the services authorized under subdivision (a) to no more than five percent above the fees that the department charges to consumers when providing those services directly through the department's internet website or field offices.~~ *an individual customer for a vehicle registration renewal that is processed on the second-line business partner's internet website to no more than the maximum amount a first-line service provider may charge its customers pursuant to subdivision (c).*

(2) The department shall require all qualified second-line business partners to prominently display on their internet websites, in a clear and conspicuous manner, a working link to the department's internet website with the following statement: "Consumers may click here to obtain services from the California Department of Motor Vehicles at no additional cost."