

AMENDED IN ASSEMBLY MAY 6, 2014
AMENDED IN ASSEMBLY APRIL 23, 2014
AMENDED IN ASSEMBLY APRIL 21, 2014
AMENDED IN ASSEMBLY MARCH 18, 2014
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1627

Introduced by Assembly Member Gomez

February 10, 2014

An act to amend Section ~~1685~~ 11406 of the Vehicle Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

AB 1627, as amended, Gomez. Vehicles: ~~qualified industry partners:~~ registration services: disclosure of service fees.

Existing law defines the term "registration service" for purposes of the Vehicle Code and excludes from that definition certain activities. Existing law prohibits a person from acting as a registration service, engaging in the business of soliciting or receiving any application for the registration, renewal of registration, or transfer of registration or ownership of any vehicle of a type subject to registration under the Vehicle Code, or of soliciting or receiving an application for specified motor carrier permits, or transmitting or presenting any of those documents to the department, if any compensation is solicited or received for the service, without a license or temporary permit issued by the Department of Motor Vehicles. Under existing law, a registration service authorized by the department to engage in those activities is required to, among other things, display prominently at its place of

business a sign indicating that the registration service is not a branch of the department and inform each customer of that fact. A violation of those provisions is a misdemeanor.

This bill would additionally require a registration service licensed by the department to engage in the activities described above to provide a disclosure to each customer that certain services may be provided by the department without an additional fee, as specified. By expanding the scope of an existing crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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.

This bill would require, if a qualified private industry partner is providing a service or a similar service for a fee that the department provides without charging a fee, a requirement to disclose to a customer that the department provides that service or similar service without charging a fee, as specified. This bill also makes a technical change.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 11406 of the Vehicle Code is amended to
- 2 read:
- 3 11406. (a) Every registration service shall keep accurate
- 4 business records containing all of the following information:
- 5 (1) The name, address, and license number of the registration
- 6 service and the name and address of every employee who performs
- 7 registration work.
- 8 (2) The name and address of each client for whom registration
- 9 work was performed.

1 (3) The identity of every vehicle by year, make, type, license
2 number, and vehicle identification number on which registration
3 work was performed.

4 (4) The amount of registration fees or payments collected for
5 each vehicle on which registration work was performed, including
6 the method of payment to the registration service.

7 (5) The amount of registration fees or payments submitted to
8 the department for each vehicle on which registration work was
9 performed, including the date and method of payment to the
10 department.

11 (6) The amount of any refunds or additional charges on
12 registration fees or payments collected for each vehicle on which
13 registration work was performed, including the date and method
14 of payment of the refund or additional charge by or to the client,
15 the registration service, or the department.

16 (7) The name, signature, or initials of each employee performing
17 work on each transaction and the date the work was done.

18 (8) The cost to each client for the registration work performed
19 on each of the client's vehicles or to obtain a motor carrier permit.

20 (9) For each motor carrier for which motor carrier permit work
21 was performed, the carrier identification number, business type,
22 business address, carrier type, activities, and number of vehicles.

23 (10) For each motor carrier for which motor carrier permit work
24 was performed, the amount of fees or payment collected and the
25 method of payment.

26 (11) For each motor carrier for which motor carrier permit work
27 was performed, the amount of fees or payment submitted to the
28 department, including the date submitted and the method of
29 payment to the department.

30 (b) As an alternative to maintaining the records required by
31 paragraphs (1) to (11), inclusive, of subdivision (a), a registration
32 service may retain a copy of the listing sheet approved by the
33 department for transmitting registration or motor carrier permit
34 documents to the department.

35 (c) Every registration service shall provide each customer with
36 a document containing all of the information required by
37 subdivision (a) relative to that customer's transaction, excluding
38 paragraph (7) and excluding the addresses of employees and other
39 customers' names and addresses. This requirement does not apply
40 to transactions for customers of a dealer or dismantler.

1 (d) Every registration service shall display prominently at its
2 place of business a sign indicating that the service is not a branch
3 of the department and shall inform each customer of that fact.

4 (e) Every registration service shall provide a disclosure to each
5 customer that the services described in Section 11400 may be
6 provided by the department without an additional fee. If a
7 registration service is providing a service described in Section
8 11400 in person, the disclosure required pursuant to this
9 subdivision shall be in writing. If a registration service is providing
10 a service described in Section 11400 on an Internet Web site, the
11 disclosure required pursuant to this subdivision shall be in a
12 conspicuous place on the Internet Web site.

13 SEC. 2. No reimbursement is required by this act pursuant to
14 Section 6 of Article XIII B of the California Constitution because
15 the only costs that may be incurred by a local agency or school
16 district will be incurred because this act creates a new crime or
17 infraction, eliminates a crime or infraction, or changes the penalty
18 for a crime or infraction, within the meaning of Section 17556 of
19 the Government Code, or changes the definition of a crime within
20 the meaning of Section 6 of Article XIII B of the California
21 Constitution.

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

24 ~~1685. (a) In order to continue improving the quality of products~~
25 ~~and services it provides to its customers, the department, in~~
26 ~~conformance with Article 4 (commencing with Section 19130) of~~
27 ~~Chapter 5 of Part 2 of Division 5 of Title 2 of the Government~~
28 ~~Code, may establish contracts for electronic programs that allow~~
29 ~~qualified private industry partners to join the department in~~
30 ~~providing services that include processing and payment programs~~
31 ~~for vehicle registration and titling transactions.~~

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

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

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

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

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

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

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

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

15 ~~(D) If the qualified private industry partner is providing a service~~
16 ~~or a similar service for a fee that the department provides without~~
17 ~~charging a fee, a requirement to disclose to a customer that the~~
18 ~~department provides that service or similar service without charging~~
19 ~~a fee. If a qualified private industry partner is providing the service~~
20 ~~or similar service to a customer in person, then the disclosure~~
21 ~~required pursuant to this subparagraph shall be in writing. If a~~
22 ~~qualified private industry partner is providing the service or similar~~
23 ~~service to a customer on an Internet Web site, then the disclosure~~
24 ~~required pursuant to this subparagraph shall be in a conspicuous~~
25 ~~place on the Internet Web site.~~

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

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

34 ~~(d) The department shall charge a three-dollar (\$3) transaction~~
35 ~~fee for the information and services provided under subdivision~~
36 ~~(a). The private industry partner may pass the transaction fee to~~
37 ~~the customer, but the total charge to a customer may not exceed~~
38 ~~the amount established by the director under subdivision (e).~~

39 ~~(e) All fees collected by the department pursuant to subdivision~~
40 ~~(d) shall be deposited in the Motor Vehicle Account. On January~~

1 of each year, the department shall adjust the fee in accordance
2 with the California Consumer Price Index. The amount of the fee
3 shall be rounded to the nearest whole dollar, with amounts equal
4 to, or greater than, fifty cents (\$0.50) rounded to the next highest
5 whole dollar.

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

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

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

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

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

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

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

30 (6) ~~Evaluation of the benefits of the program.~~

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

33 (h) ~~This section shall not impair or limit the authority provided~~
34 ~~in Section 4610 or Section 12155 of the Insurance Code.~~