

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 605

Introduced by Assembly Member Gatto

February 24, 2015

An act to amend Section ~~1685~~ 4456.5 of the Vehicle Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

AB 605, as amended, Gatto. ~~Department of Motor Vehicles: electronic programs: contracts.~~ Dealer charges: license plates.

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. *Under existing law, a dealer is authorized to charge the purchaser or lessee of a vehicle certain charges, including an electronic filing charge, not to exceed the actual amount the dealer is charged by a first-line service provider, for providing license plate processing, postage, and other specified fees and services relating to first-line service providers.*

This bill would ~~make a technical, nonsubstantive change to these provisions.~~ *specify that the filing charge would only be for the fees and services identified, and would not include any direct or indirect costs for unrelated first-line provider services, as specified. Because a violation of these provisions would constitute an infraction, this 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.

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

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

1 SECTION 1. *Section 4456.5 of the Vehicle Code is amended*
 2 *to read:*

3 4456.5. (a) A dealer may charge the purchaser or lessee of a
 4 vehicle the following charges:

5 (1) A document processing charge for the preparation and
 6 processing of documents, disclosures, and titling, registration, and
 7 information security obligations imposed by state and federal law.
 8 The dealer document processing charge shall not be represented
 9 as a governmental fee.

10 (A) If a dealer has a contractual agreement with the department
 11 to be a private industry partner pursuant to Section 1685, the
 12 document processing charge shall not exceed eighty dollars (\$80).

13 (B) If a dealer does not have a contractual agreement with the
 14 department to be a private industry partner pursuant to Section
 15 1685, the document processing charge shall not exceed sixty-five
 16 dollars (\$65).

17 (2) An electronic filing charge, not to exceed the actual amount
 18 the dealer is charged by a first-line service provider, *only* for
 19 providing license plate processing, postage, and the fees and
 20 services authorized pursuant to subdivisions (a) and (d) of Section
 21 1685. *The electronic filing charge shall not include any direct or*
 22 *indirect costs for first-line provider services unrelated to providing*
 23 *license plate processing, postage, and the fees and services*
 24 *authorized pursuant to subdivisions (a) and (d) of Section 1685.*
 25 The director may establish, through the adoption of regulations,
 26 the maximum amount that a first-line service provider may charge
 27 a dealer. The electronic filing charge shall not be represented as a
 28 governmental fee.

29 (b) As used in this section, the term “first-line service provider”
 30 shall have the same meaning as defined in subdivision (b) of
 31 Section 1685.

1 ~~(e) This section shall become operative on July 1, 2012.~~

2 ~~SEC. 2. No reimbursement is required by this act pursuant to~~
3 ~~Section 6 of Article XIII B of the California Constitution because~~
4 ~~the only costs that may be incurred by a local agency or school~~
5 ~~district will be incurred because this act creates a new crime or~~
6 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
7 ~~for a crime or infraction, within the meaning of Section 17556 of~~
8 ~~the Government Code, or changes the definition of a crime within~~
9 ~~the meaning of Section 6 of Article XIII B of the California~~
10 ~~Constitution.~~

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

13 ~~1685. (a) In order for the department to continue improving~~
14 ~~the quality of products and services it provides to its customers,~~
15 ~~the department, in conformance with Article 4 (commencing with~~
16 ~~Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of~~
17 ~~the Government Code, may establish contracts for electronic~~
18 ~~programs that allow qualified private industry partners to join the~~
19 ~~department in providing services that include processing and~~
20 ~~payment programs for vehicle registration and titling transactions.~~

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

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

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

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

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

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

38 ~~(B) Submission of information, including, but not limited to,~~
39 ~~fingerprints and personal history statements, focusing on and~~

1 concerning the applicant's character, honesty, integrity, and
2 reputation as the department may consider necessary.

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

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

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

12 (d) The department shall charge a three-dollar (\$3) transaction
13 fee for the information and services provided under subdivision
14 (a). The private industry partner may pass the transaction fee to
15 the customer, but the total charge to a customer may not exceed
16 the amount established by the director under subdivision (e).

17 (e) All fees collected by the department pursuant to subdivision
18 (d) shall be deposited in the Motor Vehicle Account. On January
19 1 of each year, the department shall adjust the fee in accordance
20 with the California Consumer Price Index. The amount of the fee
21 shall be rounded to the nearest whole dollar, with amounts equal
22 to, or greater than, fifty cents (\$0.50) rounded to the next highest
23 whole dollar.

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

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

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

- 1 ~~(2) Volume of transactions, by type, completed by business~~
- 2 ~~partners.~~
- 3 ~~(3) Total amount of funds, by transaction type, collected by~~
- 4 ~~business partners.~~
- 5 ~~(4) Total amount of funds received by the department.~~
- 6 ~~(5) Description of any fraudulent activities identified by the~~
- 7 ~~department.~~
- 8 ~~(6) Evaluation of the benefits of the program.~~
- 9 ~~(7) Recommendations for any administrative or statutory~~
- 10 ~~changes that may be needed to improve the program.~~
- 11 ~~(h) This section does not impair or limit the authority provided~~
- 12 ~~in Section 4610 or Section 12155 of the Insurance Code.~~