

ASSEMBLY BILL

No. 1714

Introduced by Assembly Member Brough

January 26, 2016

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

LEGISLATIVE COUNSEL'S DIGEST

AB 1714, as introduced, Brough. Department of Motor Vehicles: services: third-party contracts.

Existing law authorizes the Department of Motor Vehicles, in conformance with certain provisions in existing law relating to personal services contracts with private parties, to establish contracts for electronic programs that allow qualified private industry partners to join the department to provide title and vehicle registration transactions. Existing law authorizes the department to enter into contractual agreements with 3 specified types of private industry partners for this purpose, and to charge a transaction fee for the information and services provided.

This bill would expand the services for which the department would be authorized to establish contracts with private industry partners as described above, to include driver's license renewals, eyesight and hearing tests, and fingerprinting and photography services. The bill would make other technical and conforming changes.

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

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

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

3 1685. (a) In order to continue improving the quality of products
 4 and services it provides to its customers, the department, in
 5 conformance with Article 4 (commencing with Section 19130) of
 6 Chapter 5 of Part 2 of Division 5 of Title 2 of the Government
 7 Code, may establish contracts for electronic programs that allow
 8 qualified private industry partners to join the department in
 9 providing services that include processing and payment programs
 10 for ~~vehicle registration and titling transactions~~. *all of the following:*

- 11 (1) *Vehicle registration and titling transactions.*
- 12 (2) *Driver’s license renewals.*
- 13 (3) *Eyesight and hearing tests.*
- 14 (4) *Fingerprinting services.*
- 15 (5) *Photography services.*

16 (b) (1) The department may enter into contractual agreements
 17 with qualified private industry ~~partners~~. ~~There are the partners to~~
 18 ~~provide the services authorized under subdivision (a).~~ *The*
 19 *following three types of private industry partnerships are*
 20 *authorized under this section:*

21 (A) ~~First-line~~ *A first-line* business partner is an industry partner
 22 that receives data directly from the department and uses it to
 23 complete ~~registration and titling activities~~ *an activity authorized*
 24 *in subdivision (a), for that partner’s own business purposes.*

25 (B) ~~First-line~~ *A first-line* service provider is an industry partner
 26 that receives information from the department and then transmits
 27 it to another authorized industry partner.

28 (C) ~~Second-line~~ *A second-line* business partner is a partner that
 29 receives information from a first-line service provider.

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

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

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

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

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

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

9 (d) The department shall charge a three-dollar (\$3) transaction
10 fee ~~for the each category of~~ information and services provided
11 under subdivision (a). The private industry partner may pass the
12 transaction fee to the customer, but the total charge to a customer
13 *for any category of information and services* may not exceed the
14 amount established by the director under subdivision (c).

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

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

36 (g) ~~The department shall, annually, by October 1,~~
37 *Notwithstanding Section 10231.5 of the Government Code, by*
38 *October 1 of each year, the department shall* provide a report to
39 the Legislature that shall include all of the following information

- 1 gathered during the fiscal year immediately preceding the report
- 2 date:
- 3 (1) Listing of all qualified private industry partners, including
- 4 names and business addresses.
- 5 (2) Volume of transactions, by type, completed by business
- 6 partners.
- 7 (3) Total amount of funds, by transaction type, collected by
- 8 business partners.
- 9 (4) Total amount of funds received by the department.
- 10 (5) Description of any fraudulent activities identified by the
- 11 department.
- 12 (6) Evaluation of the benefits of the program.
- 13 (7) Recommendations for any administrative or statutory
- 14 changes that may be needed to improve the program.
- 15 *(h) A report submitted under subdivision (g) shall be submitted*
- 16 *pursuant to Section 9795 of the Government Code.*
- 17 ~~(h) Nothing in this section impairs or limits~~
- 18 *(i) This section does not impair or limit the authority provided*
- 19 *in Section 4610 or Section 12155 of the Insurance Code.*