

AMENDED IN ASSEMBLY APRIL 12, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1714**

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**Introduced by Assembly Member Brough**

*(Coauthors: Assembly Members Achadjian, Travis Allen, Gallagher, Mathis, Mayes, Obernalte, Olsen, Patterson, Steinorth, Wagner, and Waldron)*

*(Coauthors: Senators Anderson, Bates, Morrell, and Runner)*

January 26, 2016

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An act to ~~amend Section 1685 of~~ *add Section 1686* to the Vehicle Code, relating to the Department of Motor Vehicles.

LEGISLATIVE COUNSEL'S DIGEST

AB 1714, as amended, 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 *processing and payment programs for driver's license renewals, eyesight and hearing tests, and fingerprinting*

~~and photography services. The bill would make other technical and conforming changes: renewals, as specified.~~

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 1686 is added to the Vehicle Code, to
- 2     read:
- 3     1686. (a) In order to continue to improve the quality of
- 4     products and services it provides to its customers, the department,
- 5     in conformance with Article 4 (commencing with Section 19130)
- 6     of 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 driver’s license renewals pursuant to Section 12800.
- 11    (b) (1) The department may enter into contractual agreements
- 12    with qualified private industry partners to provide the services
- 13    authorized under subdivision (a). The following three types of
- 14    private industry partnerships are authorized under this section:
- 15    (A) A first-line business partner is an industry partner that
- 16    receives data directly from the department and uses it to complete
- 17    an activity authorized in subdivision (a), for that partner’s own
- 18    business purposes.
- 19    (B) A first-line service provider is an industry partner that
- 20    receives information from the department and then transmits it to
- 21    another authorized industry partner.
- 22    (C) A second-line business partner is a partner that receives
- 23    information from a first-line service provider.
- 24    (2) The private industry partner contractual agreements shall
- 25    include the following minimum requirements:
- 26    (A) Filing of an application and payment of an application fee,
- 27    as established by the department.
- 28    (B) Submission of information, including, but not limited to,
- 29    fingerprints and personal history statements, focusing on and
- 30    concerning the applicant’s character, honesty, integrity, and
- 31    reputation as the department may consider necessary.
- 32    (C) Posting a bond in an amount consistent with Section 1815.

1 (3) A private industry partner's contractual agreements shall  
2 be met for purposes of this section if the private industry partner  
3 satisfies the contractual agreements required in Section 1685.

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

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

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

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

37 (g) Notwithstanding Section 10231.5 of the Government Code,  
38 by October 1 of each year, the department shall provide a report  
39 to 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 (i) This section does not impair or limit the authority provided  
18 in Section 12155 of the Insurance Code.

19 SECTION 1. ~~Section 1685 of the Vehicle Code is amended to~~  
20 ~~read:~~

21 ~~1685. (a) In order to continue improving the quality of products~~  
22 ~~and services it provides to its customers, the department, in~~  
23 ~~conformance with Article 4 (commencing with Section 19130) of~~  
24 ~~Chapter 5 of Part 2 of Division 5 of Title 2 of the Government~~  
25 ~~Code, may establish contracts for electronic programs that allow~~  
26 ~~qualified private industry partners to join the department in~~  
27 ~~providing services that include processing and payment programs~~  
28 ~~for all of the following:~~

29 ~~(1) Vehicle registration and titling transactions.~~

30 ~~(2) Driver's license renewals.~~

31 ~~(3) Eyesight and hearing tests.~~

32 ~~(4) Fingerprinting services.~~

33 ~~(5) Photography services.~~

34 ~~(b) (1) The department may enter into contractual agreements~~  
35 ~~with qualified private industry partners to provide the services~~  
36 ~~authorized under subdivision (a). The following three types of~~  
37 ~~private industry partnerships are authorized under this section:~~

38 ~~(A) A first-line business partner is an industry partner that~~  
39 ~~receives data directly from the department and uses it to complete~~

1 ~~an activity authorized in subdivision (a), for that partner's own~~  
2 ~~business purposes.~~

3 ~~(B) A first-line service provider is an industry partner that~~  
4 ~~receives information from the department and then transmits it to~~  
5 ~~another authorized industry partner.~~

6 ~~(C) A second-line business partner is a partner that receives~~  
7 ~~information from a first-line service provider.~~

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

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

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

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

17 ~~(3) The department, by regulation, shall establish any additional~~  
18 ~~requirements for the purpose of safeguarding privacy and protecting~~  
19 ~~the information authorized for release under this section.~~

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

24 ~~(d) The department shall charge a three-dollar (\$3) transaction~~  
25 ~~fee for each category of information and services provided under~~  
26 ~~subdivision (a). The private industry partner may pass the~~  
27 ~~transaction fee to the customer, but the total charge to a customer~~  
28 ~~for any category of information and services may not exceed the~~  
29 ~~amount established by the director under subdivision (c).~~

30 ~~(e) All fees collected by the department pursuant to subdivision~~  
31 ~~(d) shall be deposited in the Motor Vehicle Account. On January~~  
32 ~~1 of each year, the department shall adjust the fee in accordance~~  
33 ~~with the California Consumer Price Index. The amount of the fee~~  
34 ~~shall be rounded to the nearest whole dollar, with amounts equal~~  
35 ~~to, or greater than, fifty cents (\$0.50) rounded to the next highest~~  
36 ~~whole dollar.~~

37 ~~(f) The department shall adopt or revise regulations and~~  
38 ~~procedures that ensure adequate oversight and monitoring of~~  
39 ~~qualified private industry partners to protect vehicle owners and~~  
40 ~~other department customers from the improper use of vehicle~~

1 records or other information provided to the qualified industry  
2 partner pursuant to this section. These regulations and procedures  
3 shall include provisions for qualified private industry partners to  
4 periodically submit records to the department, and the department  
5 shall review those records as necessary. The regulations shall also  
6 include provisions for the dedication of department resources to  
7 program monitoring and oversight; the protection of confidential  
8 records in the department's files and databases; and the duration  
9 and nature of the contracts with qualified private industry partners.

10 (g) Notwithstanding Section 10231.5 of the Government Code,  
11 by October 1 of each year, the department shall provide a report  
12 to the Legislature that shall include all of the following information  
13 gathered during the fiscal year immediately preceding the report  
14 date:

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

17 (2) Volume of transactions, by type, completed by business  
18 partners.

19 (3) Total amount of funds, by transaction type, collected by  
20 business partners.

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

22 (5) Description of any fraudulent activities identified by the  
23 department.

24 (6) Evaluation of the benefits of the program.

25 (7) Recommendations for any administrative or statutory  
26 changes that may be needed to improve the program.

27 (h) A report submitted under subdivision (g) shall be submitted  
28 pursuant to Section 9795 of the Government Code.

29 (i) This section does not impair or limit the authority provided  
30 in Section 4610 or Section 12155 of the Insurance Code.