

Date of Hearing: April 27, 2015

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 605 (Gatto) – As Amended March 26, 2015

**SUBJECT:** Dealer charges: license plates

**SUMMARY:** Prohibits an electronic filing charge levied by a first-line service provider from being used for any other purpose than processing vehicle titling and registration information, as specified.

**EXISTING LAW:**

- 1) Creates the Business Partner Automation (BPA) Program which allows the Department of Motor Vehicles (DMV) to enter into contracts to establish electronic programs to be used by private industry partners for purposes of processing vehicle titling and registration transactions, as specified.
- 2) Identifies three categories of private industry partners within BPA and specifies the roles and responsibilities of each category of BPA partner.
- 3) Requires DMV to adopt regulations and procedures to monitor and provide oversight over BPA partners and the proper use of vehicle records.
- 4) Allows a dealer to charge the purchaser or lessee of a vehicle an electronic filing charge to cover processing fees by a BPA partner, as specified. Authorizes the Director of the DMV through regulations to establish the maximum amount a BPA partner may charge a dealer.

**FISCAL EFFECT:** Unknown

**COMMENTS:** At the time of retail sale, the vehicle dealer is responsible for applying to DMV for the registration of a new vehicle and the transfer of registration for a used vehicle. In 2001, under SB 46 (Polanco), Chapter 127, DMV established the electronic vehicle registration (EVR) program where motor vehicle dealers may enter into contracts to act as DMV business partners for vehicle registration and titling purposes. A business partner either directly, or through a "first-line service provider", communicates electronically with DMV to register a vehicle it has sold and then mails license plates, registration cards, and registration stickers to the buyer.

AB 1215 (Blumenfield), Chapter 329, Statutes of 2011, implemented significant changes to the vehicle registration process including, now requiring new car dealers to participate in the EVR program, reducing the period a vehicle may operate with a report-of-sale notice to 90 days, and requiring license plates to be attached upon receipt by the registered owner. Under this process, a dealer uses a software program developed by a first-line service provider to electronically process and transfer the vehicle's title and registration information to DMV. Once all the necessary documentation is in order, the first-line service provider then issues permanent license plates to the registered owner. AB 1215 also authorized dealers to charge an EVR fee to customers that cover the cost of electronically processing registration and titling documents.

The author introduced AB 605 in attempt to resolve an unintentional consequence that has resulted from the enactment of AB 1215. Existing law and regulations have established the EVR fee at a fixed \$29 per EVR transaction and requires dealers to use EVR through a first-line service provider. However, it has been reported that a number of first-line service providers are attracting dealers away from their existing EVR agreements by incentivizing dealers to enter into new EVR agreements by providing other services for free or at a heavily discounted rate. These additional services include a dealer management systems, digital retailing services, or website management. Industry stakeholders argue that this practice does not reflect the original intent of the EVR requirement as enacted under AB 1215 which was to only include the costs associated with vehicle registration and the issuance of license plates. Thus, the author notes that this bill aims to "clarify that the charge being paid by consumers for electronically filing title and registration documents with the DMV does not include costs associated with services unrelated to EVR."

**REGISTERED SUPPORT / OPPOSITION:****Support**

Honorable Bob Blumenfield, Councilmember, City of Los Angeles  
Motor Vehicle Software Corporation

**Opposition**

None on file

**Analysis Prepared by:** Manny Leon / TRANS. / (916) 319-2093