

Date of Hearing: April 4, 2016

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 2107 (Frazier) – As Introduced February 17, 2016

SUBJECT: Department of Motor Vehicles: electronic vehicle registration services: interstate carrier partnership

SUMMARY: Authorizes the Department of Motor Vehicles (DMV) to enter into agreements with qualified private industry partners to carry out certain electronic registration transactions related to the International Registration Plan (IRP). Specifically, **this bill:**

- 1) Authorizes DMV to enter into contracts with three types of interstate carrier partners subject to certain requirements for the purpose of providing electronic vehicle registration service using an apportioned registration system.
- 2) Authorizes DMV to adopt regulations to carry out the purposes of this program.
- 3) Authorizes DMV to establish through regulation the maximum amount that an interstate carrier partner may charge its customers in providing the services under this program.

EXISTING LAW:

- 1) Authorizes DMV to enter in to the IRP and adopt rules and regulations necessary to carry out the provisions of the IRP.
- 2) Authorizes DMV to establish contracts for electronic programs that allow qualified private industry partners to provide services that include processing and payment programs for vehicle registration and titling transactions.
- 3) Requires a new motor vehicle dealer to use electronic programs provided by a specific type of private industry partner to register a vehicle the dealer sells or leases if DMV permits the transaction to be processed electronically, except for off-highway or recreational vehicles.

FISCAL EFFECT: Unknown

COMMENTS: Existing law, [SB 46 (Polanco), Chapter 127, Statutes of 2001], establishes DMV's Business Partner Automation (BPA) program and authorizes the department to enter into contracts that allow private industry partners to process specific vehicle-related transactions, such as vehicle registration and titling. Under this program, a business partner communicates with DMV either directly or through a service provider to complete the transaction. In 2011, AB 1215 (Blumenfield), Chapter 329, Statutes of 2011, required licensed new motor vehicle dealers to participate in the BPA program and electronically process all vehicle sales and leases. Since that time, the BPA program has grown to become the primary processing method for these transactions, and more than \$1.2 billion in annual vehicle-related state revenue is received by the state through the BPA program.

The IRP is a federally-supported program that facilitates interstate trucking operations across the United States and the Canadian provinces. Member jurisdictions of the IRP collect vehicle registration fees from their home-based interstate trucking companies on behalf of each member

jurisdiction in which the companies operate. Fees collected under the IRP are then apportioned to each member jurisdiction, based on the proportion of the carrier's operations in that jurisdiction. In order to participate in this apportioned registration program, motor carriers must register and obtain IRP credentials from their home jurisdiction.

In 2011, DMV initiated a pilot program resembling the BPA program to allow certain registration services to perform a limited set of transactions related to the IRP on an electronic platform. Under the pilot, authorized vendors can issue IRP credentials and documents to motor carriers and record transactions on DMV systems that are then reviewed by the department for accuracy and completeness. The alternative, non-electronic method to complete these transactions requires motor carriers to submit physical documents to DMV headquarters for approval, which can be a lengthy, time-consuming process. This pilot program has allowed the trucking industry to obtain local service in a timely manner without negatively impacting processing times in DMV field offices. In the span of five years, over 75,000 IRP transactions will have been processed by 59 program participants.

AB 2107 would make DMV's pilot program permanent and authorize DMV to adopt regulations to carry out the program. Specifically, this bill establishes basic qualifications for industry partners and identifies three types of entities DMV may partner with: a registration service, who handles vehicle registration as part of a bookkeeping operation for owner-operators and small firms; a vehicle leasing company or vehicle rental company, who provide trucks and equipment; and a motor carrier association, which could assist their memberships with IRP credentialing. DMV would also be authorized to adopt regulations relating to program administration structure, fees, financial responsibility, compliance requirements, adequate oversight and monitoring, safeguards for privacy, minimum transaction requirements, performance standards to ensure accuracy and efficiency, and to set the maximum amount that an industry partner could charge for these services.

According to the author, this bill will ensure that the trucking industry has immediate and convenient access to IRP credentialing, expediting the entry of commercial motor vehicles into interstate trucking activities. The success of the BPA program demonstrates the value of public-private partnerships in accomplishing regulatory compliance with California's motor vehicle-related standards. The author argues that this bill would improve the movement of goods in California, home to three of the nation's busiest ports and a primary arrival and destination point for international trade, by quickly authorizing vehicles to operate in interstate commerce through an efficient and cost-effective technological solution.

Previous legislation: AB 1215 (Blumenfeld), Chapter 329, Statutes of 2011, required new car dealers to participate in a program to electronically title and register vehicles that they sell and to post specified warning notices on some used cars.

SB 46 (Polanco), Chapter 127, Statutes of 2001, established the BPA program, allowing qualified private industry partners to process specific vehicle-related transactions and electronically transmit the transaction information to the department's vehicle registration database.

REGISTERED SUPPORT / OPPOSITION:

Support

California Trucking Association

Opposition

None on file

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