

OFFICE OF THE DIRECTOR
DEPARTMENT OF MOTOR VEHICLES
P.O. BOX 932328
SACRAMENTO, CA 94232-3280



TITLE 13: DEPARTMENT OF MOTOR VEHICLES

NOTICE IS HEREBY GIVEN

The Department of Motor Vehicles (department) proposes to amend Sections 225.00, 225.03, 225.06, 225.09, 225.12, 225.18, 225.21, 225.24, 225.35, 225.36, 225.38, 225.42, 225.45, 225.54, 225.60, 225.63, 225.66, 225.69, and 225.72 in Article 3.6, Chapter 1, Division 1 of Title 13, California Code of Regulations, relating to the department's Business Partner Automation (BPA) Program.

PUBLIC HEARING

A public hearing regarding this proposed regulatory action is not scheduled. However, a public hearing will be held if any interested person or his or her duly authorized representative requests a public hearing to be held relevant to the proposed action by submitting a written request to the contact person identified in this notice no later than 5:00 P.M., 15 days prior to the close of the written comment period.

DEADLINE FOR WRITTEN COMMENTS

Any interested person or his or her duly authorized representative may submit written comments relevant to the proposed regulations to the contact person identified in this notice. All written comments must be received at the department no later than 5:00 P.M. on **April 2, 2012**, the final day of the written comment period, in order for them to be considered by the department before it adopts the proposed regulations.

AUTHORITY AND REFERENCE

The department proposes to adopt the proposed action under the authority granted by Vehicle Code section 1651, in order to implement, interpret or make specific Vehicle Code section 1685.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

The Department of Motor Vehicles (department) proposes to amend Sections 225.00, 225.03, 225.06, 225.09, 225.12, 225.18, 225.21, 225.24, 225.35, 225.36, 225.38, 225.42, 225.45, 225.54, 225.60, 225.63, 225.66, 225.69, and 225.72 in Article 3.6, Chapter 1, Division 1 of Title 13, California Code of Regulations, relating to the department's Business Partner Automation (BPA) Program.

The proposed regulations make changes or additions among other revisions, to include:

- Limiting contracts to only first-line business partners and first-line service providers.
- Expanding of business partner definitions. Now includes dealers, automobile dismantlers, salvage pools, and rental/leasing companies as business partners.
- Add and delete Permanent Fleet Registration (PFR) Program transactions, as specified.

- Remove second-line business partner contracts and bonds. The proposed regulations remove previous contract and bond requirements. This action is business-friendly and seeks to streamline the permitting procedures for second-line business partners.
- Remove complicated fingerprint language. The proposed regulations remove previous redundant requirements to streamline the permitting process.

The proposed regulations are being implemented under the authority granted to the department with passage of Assembly Bill (AB) 1215 (Chapter 329; Statutes of 2011) and will produce non-monetary benefits to business by streamlining application processes and benefits to customers by promoting business comprehensibility and equity.

Vehicle Code section 1685 authorizes the department to contract with private industry partners to electronically process and update registration and titling transactions. The proposed regulatory action will amend program requirements as follows:

§225.00. Definitions. Section 225.00 would be amended to specify the PFR inventory and define the PFR Program. In addition, other definitions would be clarified and added.

§225.03. Application Requirements. Section 225.03 would be amended to identify the original application revisions that allow each business partner to identify transactions that would be processed by the business partner, including the new PFR transactions.

§225.06. Fingerprints. Section 225.06 would be deleted for redundancy with fingerprint requirements in Section 225.03.

§225.09. Financial Security Requirements. Section 225.09 would be amended to correctly identify form names as well as remove subsections requiring bonds for second-line business partners.

§ 225.12. First-Line Business Partner or First-Line Service Provider Business Partner Contract. Section 225.12 is amended to reflect the elimination of contract for second-line business partners.

§225.27. Transaction Access. Section 225.27 would be amended to identify the various transactions available to a business partner and inform the business partner that the authorized transactions will be listed in each business partner contract.

§225.35. Renewal. Section 225.35 would be amended to standardize the identity of forms and documents by adding italics to the form title and identify the new transactions allowed on the renewal application.

§225.36 Change of First-Line Service Provider. Section 225.36 would be amended to identify the new revision date of the Business Partner Automation Program Service Provider Change form and to require second-line business partner to collect all unassigned accountable and controlled inventory and return to the first-line service provider.

§225.42. Business Partner Changes. Section 225.42 would be amended to standardize the identity of forms and documents by adding italics to the form title.

§225.45. Customer Fees. Section 225.45 would be amended to standardize the identity of forms and documents by adding italics to the form title and delete the monetary maximum limits a business partner is allowed to charge customers for processing transactions.

§225.54. Transaction Procedures and Inventory Requirements. Section 225.54 would be amended to identify the proposed revision of the BPA Handbook.

§225.63. Audit Requirements. Section 225.63 would be amended to eliminate business partner audit self certification form requirement.

§225.72. Voluntary Closing. Section 225.72 would be amended to standardize the identity of forms and documents by adding italics to the form title.

This proposed action is consistent and compatible with both state and federal regulations.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference in Sections 225.03, 225.06, 225.35, 225.36 and 225.54 in Article 3.6:

- Business Partner Automation Application First-Line Business Partner form, REG 4024 (Rev. 2/2010) in Section 225.03
- Business Partner Automation Application First-Line Service Provider form, REG 4023 (Rev. 2/2010) in Section 225.03
- Business Partner Automation Application Second-Line Business Partner form, REG 4025 (Rev. 2/2010) in Section 225.03
- Business Partner Automation Program Information Security Pre-Implementation Checklist for First-Line Business Partner/First-Line Service Provider form, EXEC 5555A (New 11/2002) and Business Partner Automation Program Information Security Pre-Implementation Checklist for Second-Line Business Partner form, EXEC 5555B (New 11/2002) in Section 225.03
- Request for Live Scan Service form, DMV 8016 (Rev. 2/2008) in Section 225.03
- Business Partner Automation Renewal Application form, REG 5056 (Rev. 2/2010) in Section 225.35
- Authorized Business Partner Permit form, REG 4027 (Rev. 6/2002) in Section 225.35
- Business Partner Automation Program Service Provider Change Form, REG 4022 (Rev. 4/2010) in Section 225.36
- Business Partner Automation Program Application for Changes form, REG 4026 (Rev. 9/2010) in Section 225.42
- Business Partner Automation Disclaimer form, REG 4020 (Rev. 7/2010) in Section 225.45
- "BPA Transaction Procedures and Inventory Requirements Handbook" (Revised November 2010) in Section 225.54
- Registration Operations Branch Business Partner Automation Program Representative Non-Disclosure Statement form, REG 4028 (Rev. 4/2003) in Section 225.63
- Physical Inventory (Non-DMV Entities) form, ADM175A (Rev. 2/2000) in Section 225.72

It would be impractical, cumbersome or unduly expensive to publish the documents in the California Code of Regulations. The forms are currently available to the public upon request

from the department by calling its toll-free number at (800) 777-0133 or by contacting the department representative identified in this notice.

ECONOMIC AND FISCAL IMPACT DETERMINATIONS

- Cost Or Savings To Any State Agency: None.
- Other Non-Discretionary Cost or Savings to Local Agencies: None.
- Costs or Savings in Federal Funding to the State: None.
- Cost Impact on Representative Private Persons or Businesses: The department is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action. The proposed regulations would eliminate the department's maximum monetary limits that a business partner is currently authorized to charge a customer to process a transaction and authorize PFR vehicle add and delete transactions to be processed by business partners.
- Effect on Housing Costs: None.
- Local Agency/School District Mandates: The proposed regulatory action will not impose a mandate on local agencies or school districts, or a mandate that requires reimbursement pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code.
- Small Business Impact: This proposed action may impact small business.

RESULTS OF THE ECONOMIC IMPACT ASSESSMENT

The department states the following results of its Economic Impact Assessment per Gov. Code sec. 11346.3(b):

- 1) The creation or elimination of jobs within the State of California.
 - The proposed regulation will neither create nor eliminate jobs within the State of California.
- 2) The creation of new businesses or the elimination of existing businesses within the State of California.
 - The proposed regulation will neither create new business nor eliminate existing business within the State of California.
- 3) The expansion of businesses currently doing business within the State of California.
 - This bill will not expand businesses currently doing business within the State of California.
- 4) The benefits of the regulation to the health and welfare of California residents, worker safety, and the state's environment.
 - The proposed regulatory action has no impact on health and welfare workers, worker safety, nor the state's environment.

- 5) Potential significant statewide adverse economic impact:
- The proposed regulatory action will not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

PUBLIC DISCUSSIONS OF PROPOSED REGULATIONS

A pre-notice workshop, pursuant to Government Code section 11346.45, is not required because the issues addressed in the proposal are not so complex or large in number that they cannot easily be reviewed during the comment period.

ALTERNATIVES CONSIDERED

The department must determine that no reasonable alternative considered by the department or that has otherwise been identified and brought to the attention of the department would be more effective in carrying out the purpose for which the action is proposed, or would be effective as and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law.

CONTACT PERSON

Any inquiries or comments concerning the proposed rulemaking action may be addressed to:

Randi Calkins, Regulations Coordinator
Department of Motor Vehicles
Legal Affairs Division
P.O. Box 932382, MS C-244
Sacramento, CA 94232-3820

Any inquiries or comments concerning the proposed rulemaking action requiring more immediate response may use:

Telephone: (916) 657-6469
Facsimile: (916) 657-1204
E-Mail: LRegulations@dmv.ca.gov

In the event the contact person is unavailable, inquiries should be directed to the following back-up person:

Ally Grayson, Regulations Analyst
Telephone: (916) 657-6469

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The department has prepared an Initial Statement of Reasons for the proposed regulatory action, and has available all the information upon which the proposal is based. The contact person identified in this notice shall make available to the public upon request the Express Terms of the proposed regulatory action using underline or italics to indicate additions to, and strikeout to indicate deletions from the California Code of Regulations.

The contact person identified in this notice shall also make available to the public, upon request, the Final Statement of Reasons and the location of public records, including reports, documentation and other materials related to the proposed action. In addition, the above-cited

materials (the Notice of Proposed Regulatory Action, the Initial Statement of Reasons, the revised handbook and Express Terms) may be accessed at www.dmv.ca.gov/about/lad/regactions.htm.

AVAILABILITY OF MODIFIED TEXT

Following the written comment period, and the hearing if one is held, the department may adopt the proposed regulations substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the fully modified text, with changes clearly indicated, shall be made available to the public for at least 15 days prior to the date on which the department adopts the resulting regulations. Request for copies of any modified regulations should be addressed to the department contact person identified in this notice. The department will accept written comments on the modified regulations for 15 days after the date on which they are first made available to the public.