Consolidated
Private Industry Partner
Report

July 2020 through June 2021 Fiscal Year

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Governor

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In Accordance with California Vehicle Code Section 1685(g)
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INTRODUCTION AND SUMMARY
California Vehicle Code (CVC) Section 1685(g) requires the Department of Motor Vehicles (DMV) to submit an annual report to the Legislature identifying the partnerships created from this statute. Pursuant to CVC Section 1685(g) (1-7), the DMV is required to provide the following information:

1. A listing of all qualified private industry partners, including names and business addresses.
2. Volume of transactions by type, completed by the Business Partners.
3. Total amount of funds by transaction type, collected by the Business Partners.
4. Total amount of funds received by DMV.
5. Description of any fraudulent activities identified by DMV.
6. Evaluation of the benefits of the program.
7. Recommendations for any administrative or statutory changes that may be needed to improve the program.

This annual report is for the 2020/2021 Fiscal Year (FY) and is due to the Legislature by October 1, 2021.

BACKGROUND
CVC Section 1685 authorizes the DMV to join with qualified private industry partners to provide services that include processing and payment programs for vehicle registration and titling transactions. There are three types of private industry partnerships authorized under this section:

1. A First-Line Business Partner is a partner who receives information from the Department and uses it to process vehicle registration and titling transactions for that partner’s own business purposes.
2. A First-Line Service Provider is a partner who provides software to Second-Line Business Partners, who receive information from the Department for processing vehicle registration and titling transactions.
3. A Second-Line Business Partner is a partner who utilizes software and receives information from the Department through a First-Line Service Provider that allows them to process vehicle registration and titling transactions.

Transaction volumes in the Business Partner Automation (BPA) program increased by 19.2 percent in FY 2020/2021, to a little more than 8.79 million transactions, with a total revenue impact exceeding $3.19 billion. Revenue from the program, in the form of processing fees paid to the Motor Vehicle
Account by participants, increased by $5,432,695, to more than $38 million annually.

The significant increase in transactions and registration fees collected, compared to previous years, can be attributed to the availability of in-person BPA services during the COVID-19 pandemic while some DMV field offices were temporarily closed or offered appointment only services.

QUALIFIED PRIVATE INDUSTRY PARTNERS
There is one First-Line Business Partner, AVIS Rent A Car, and six First-Line Service Providers: Dealertrack Registration and Titling Solutions (DLTK), Motor Vehicle Software Corporation (MVSC), American Driving Records (ADR), Car Registration Incorporated (CRI), Amerifleet Transportation Incorporated, and Computerized Vehicle Registration (CVR). A seventh partner, Automated Vehicle Registration Services, was acquired by CVR in 2015 and both companies continue to process transactions on their respective platforms pending technical changes underway at the company.

The First-Line Service Providers provide connectivity for 6,235 Second-Line Business Partner locations throughout California and the Continental United States. A listing of all qualified private industry partners and their addresses is enclosed with this report.

VOLUME OF TRANSACTIONS BY TYPE
The First-Line and Second-Line Business Partners have the ability to process the following vehicle registration and titling transactions:

1. Registration of new vehicles
2. Posting fees for new vehicles to avoid penalties
3. Non-resident vehicles
4. Miscellaneous original vehicles
5. Transfer of registered owner
6. Transfer of legal owners
7. Renewing the registration of vehicles
8. Duplicate titles
9. Vehicle License Fee (VLF) Refunds (restricted to Salvage Pools only)
10. Junk or non-revivable junked vehicles
11. Salvage or non-repairable vehicles
12. Vessels
13. Posting of fees non-original vehicles
The table below lists the volume of transactions by type that were processed by the Business Partners in FY 2020/2021:

<table>
<thead>
<tr>
<th>TRANSACTION TYPE</th>
<th>VOLUME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration of new vehicles</td>
<td>2,111,338</td>
</tr>
<tr>
<td>Posting of fees on new vehicles</td>
<td>258,737</td>
</tr>
<tr>
<td>Non-resident vehicles</td>
<td>346,537</td>
</tr>
<tr>
<td>Miscellaneous original vehicles</td>
<td>104,020</td>
</tr>
<tr>
<td>Transfer of registered owner</td>
<td>2,981,892</td>
</tr>
<tr>
<td>Transfer of legal owner</td>
<td>51,258</td>
</tr>
<tr>
<td>Registration renewals</td>
<td>2,512,173</td>
</tr>
<tr>
<td>Duplicate titles</td>
<td>24,625</td>
</tr>
<tr>
<td>VLF refunds</td>
<td>15,816</td>
</tr>
<tr>
<td>Junked/ non-revivable junked vehicles</td>
<td>25,830</td>
</tr>
<tr>
<td>Salvage/ non-repairable vehicles</td>
<td>338,359</td>
</tr>
<tr>
<td>Vessels</td>
<td>2,842</td>
</tr>
<tr>
<td>Posting of fees non-original vehicles</td>
<td>16,601</td>
</tr>
<tr>
<td><strong>Total transactions processed</strong></td>
<td><strong>8,790,028</strong></td>
</tr>
</tbody>
</table>
AMOUNT OF FUNDS COLLECTED
The First-Line and Second-Line Business Partners collect registration fees on behalf of the Department for the following transactions:

1. Registration of new vehicles
2. Posting of fees on new vehicles
3. Non-resident vehicles
4. Miscellaneous original vehicles
5. Transfer of registered owner vehicles
6. Transfer of legal owner
7. Renewing the registration of vehicles
8. Duplicate titles
9. VLF refunds
10. Junk or non-revivable junked vehicles
11. Salvage or non-repairable vehicles
12. Vessels
13. Posting of fees non-original vehicles
The table lists the amount of revenue by type collected by the Business Partners in FY 2020/2021:

<table>
<thead>
<tr>
<th>REVENUE TYPE</th>
<th>AMOUNT COLLECTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration of new vehicles</td>
<td>$1,097,820,296</td>
</tr>
<tr>
<td>Posting of fees on new vehicles</td>
<td>$132,040,983</td>
</tr>
<tr>
<td>Non-resident vehicles</td>
<td>$217,969,324</td>
</tr>
<tr>
<td>Miscellaneous original vehicles</td>
<td>$126,263,133</td>
</tr>
<tr>
<td>Transfer of registered owner</td>
<td>$809,839,541</td>
</tr>
<tr>
<td>Transfer of legal owners</td>
<td>$2,735,352</td>
</tr>
<tr>
<td>Registration renewals</td>
<td>$790,525,745</td>
</tr>
<tr>
<td>Duplicate titles</td>
<td>$2,104,780</td>
</tr>
<tr>
<td>VLF refunds</td>
<td>$0</td>
</tr>
<tr>
<td>Junks/non-revivable junked vehicles</td>
<td>$767,411</td>
</tr>
<tr>
<td>Salvage/non-repairable vehicles</td>
<td>$10,153,072</td>
</tr>
<tr>
<td>Vessels</td>
<td>$2,908,417</td>
</tr>
<tr>
<td>Posting of fees non-original vehicles</td>
<td>$1,838,184</td>
</tr>
<tr>
<td><strong>Total revenue collected</strong></td>
<td><strong>$3,194,966,238</strong></td>
</tr>
</tbody>
</table>

**AMOUNT OF FUNDS RECEIVED BY THE DEPARTMENT**

The Department, via an Electronic Fund Transfer (EFT), takes the fees from the collection of the registration transactions from the appropriate First-Line Service Provider or First-Line Business Partner account. During FY 2020/2021, the Department collected a total revenue of $3,194,966,238.

The Department, per CVC Section 1685, charges the First-Line Service Providers and First-Line Business Partner a $4 fee for each registration transaction processed through completion. The First-Line Service Providers
and First-Line Business Partner are not billed for the posting of fees on new vehicles or for processing a refund for the VLF.

In addition to the transaction fee the Department charges the private industry partners, per Senate Bill (SB) 848 (Chapter 46, Statutes of 2018), a $1 fee per completed transaction for the implementation of the private industry partners’ proportionate share of department wide system improvements.

The First-line Business Partner and First-Line Service Providers paid the Department $38,150,245 in transaction fees for FY 2020/2021. All fees collected by the department are deposited in the Motor Vehicle Account.

FRAUDULENT ACTIVITIES IDENTIFIED
The BPA Program receives information regarding fraudulent activities from different resources. The information is then referred to the Department’s Investigations Division for analysis. To allow external entities the forum to address accusations, regulations to the BPA Program were updated in April 2021 to allow due process procedures. This process, consistent with the Occupational Licensing Program, was recently used in a case related to fraudulent smog activities in which the business partner bypassed smog requirements. The due process allowed the entity to a fair hearing without any bias. In this case, with the evidence presented, the business partner voluntarily gave up their license prior to the administrative judge revoking their license.

BENEFITS OF THE PROGRAM
Transactions processed by the business partners provide DMV the following benefits:

- Vehicle license plates are issued to new car buyers more quickly and the DMV registration database is updated nightly with new owner information.
- Offers an alternative method of service for DMV transactions. Many industry partners offer other services such as car insurance, and smog certification for one stop shopping. They also provide flexible hours and accept credit cards.
- Reduces the workload in the DMV field offices.
- Costs to the state associated with dishonored payments are eliminated because all fees are paid via EFT from the First-Line Service Providers and First-Line Business Partner, who absorb the risk associated with invalid customer payments.
- Interest begins accruing earlier since the EFT funds are received more quickly than other forms of payment.
ADMINISTRATIVE OR STATUTORY CHANGES
SB 848 amended CVC Section 1685 to require the Department to impose an additional $1 transaction fee from private industry partners for implementation of their proportionate share of department wide system improvements. SB 848 further specified that private industry partners may not pass on this fee to their customers. Assembly Bill 3163 (Chapter 400, Statutes of 2018) amended CVC Section 1685 allowing private industry partners to collect the $1 transaction fee from their customers.

As of June 30, 2021, approximately $19,656,728 has been collected from this transaction fee. This fee will be discontinued when the DMV Director determines sufficient funds have been received to pay for the system improvements, or on December 31, 2023, whichever occurs first.