

Initial Statement of Reasons
Title 13, Division 1, Chapter 1
Article 3.6 - Interstate Carrier Program

Background and Explanation of Problems Addressed

Background Summary

The department's Registration Operations Division (ROD) administers statewide vehicle registration services and services the Motor Carrier industry to handle all related programs. ROD's core purpose is to collect revenue on behalf of the state and local government, to protect the public through the titling of vehicles, to ensure the safe and efficient operation of commercial vehicles on California highways.

The International Registration Plan (IRP) is a registration reciprocity agreement among states of the United States, the District of Columbia and provinces of Canada providing for payment of license fees on the basis of fleet distance operated in various jurisdictions. (IRP Plan, Article I)

The fundamental principle of the International Registration Plan is to promote and encourage the fullest possible use of the highway system by authorizing apportioned fleet registration and the recognition by each member jurisdiction of apportionable vehicles registered in other member jurisdictions, thereby contributing to the economic and social development and growth of all member jurisdictions.

In conformance with Government Code (commencing with 19130), the Legislature authorized private entities to electronically process vehicle registrations in conjunction with the department since 2001 with passage of Senate Bill 46 (Ch. 127, Statutes of 2001).

The department implemented a Business Partner Pilot Program in May 2004 for qualified Registration Services to process applications for carriers enrolled in the International Registration Plan under existing broad authority of the Business Partner Automation program.

Senate Bill 1233 (Ch. 615, Statutes of 2004) added Vehicle Code section 1685.1 authorizing motor carrier associations who represent both intra and interstate motor carriers to submit an application to become a private industry partner with the department, as described in Vehicle Code section 1685. The provisions were effective January 1, 2005 and sunset January 1, 2010.

Over the years various California legislative and federal requirements increased the amount of documentation and the complexity of processing International Registration Plan vehicle registrations. This caused an increase in the rate of incomplete applications received by the department from International Registration Plan customers. Repeated handling of incomplete applications adversely affected customer service levels. In July 2010, the department discontinued the processing of International Registration Plan vehicle registrations in its field offices which was precipitated by insufficient resources to comply with federal verification requirements.

In 2009, the department modified the pilot program to allow registration agents access to the new International Registration Plan system, which was implemented in August 2009, through a business partnership which became the Interstate Carrier Program. The partnership enabled certain businesses to electronically interface with the department's International Registration Plan system software to process International Registration Plan vehicle registrations.

Assembly Bill 2107 (Ch. 456, Statutes of 2016) added Vehicle Code section 1685.1 authorizing the department to establish the Interstate Carrier Program and to establish private industry partners such as licensed registration services, vehicle leasing companies and motor carrier associations to process International Registration Plan related transactions in their offices.

Problem Addressed by these Regulations

The problem the adoption of these regulations is intending to address is the implementation of Vehicle Code section 1685.1 which requires an Interstate Carrier Program applicant to submit an application to the department on the form adopted in regulations by the department. Additionally, Vehicle Code section 1685.1 allows the department to specify program administration structure, fees, financial responsibility, compliance requirements, adequate oversight and monitoring, safeguards for protecting information, and transaction processing requirements through adoption of regulations.

Necessity of Each Proposed Adoption to Accomplish the Stated Purpose

§ 226.00 Definitions

Subsection (a) states that the department's program which allows partners to provide vehicle registration services electronically for the International Registration Plan is the Interstate Carrier Program.

Necessity: To inform the public of the name of the program and what function the department's Interstate Carrier Program partners are authorized to perform.

Subsection (b) states the title given to individuals who applied to, received approval from, and been issued a permit by the department to participate in the Interstate Carrier Program is Interstate Carrier Program partner.

Necessity: To inform the public of the official name of the department's authorized partners for the Interstate Carrier Program. This distinguishes these departmental partners from the department's other partners who perform other functions.

Subsection (c) describes the business structure that constitutes ownership and would therefore be designated as an Interstate Carrier Program business owner for the purposes of this program.

Necessity: There are requirements in the application, auditing, and investigations processes of this program that are specific to the owners of the business. This definition clarifies who would

be considered a business owner for purposes of the Interstate Carrier Program and these regulations.

Subsection (d) clarifies that a designated employee is one that has been identified by the Interstate Carrier Program applicant/partner for the purposes of this program.

Necessity: Because some of the Interstate Carrier Program applicant/partner's employees may be working in their business for the purposes of processing International Registration Plan vehicle registrations and some of their employees may not be, it is necessary to distinguish those employees who have been identified by the applicant/partner and have had the appropriate background check.

Subsection (e) describes what type of department issued registration materials are included under Accountable Inventory and that they are the property of the department.

Necessity: As a departmental partner, Interstate Carrier Program partners are entrusted with registration materials that must be distributed appropriately and safeguarded at all times. By defining this term, it makes clear exactly which items fall under these requirements and distinguishes them from the other registration materials that are considered Controlled Inventory.

Subsection (f) describes what type of department issued registration materials are included under Controlled Inventory and that they are the property of the department.

Necessity: As a departmental partner, Interstate Carrier Program partners are entrusted with registration materials that must be distributed appropriately and safeguarded at all times. By defining this term, it makes clear exactly which items fall under these requirements and distinguishes them from the other registration materials that are considered Accountable Inventory.

Subsection (g) states the items that are considered business records within the context of the Interstate Carrier Program and these regulations.

Necessity: Since Interstate Carrier Program partners are required to retain numerous documents to stay in compliance with program requirements, specifically auditing and/or investigations, to participate, it is necessary to have this term defined so that they are aware of the meaning as it relates to the Interstate Carrier Program and these regulations.

§ 226.02 Interstate Carrier Program Partner Application Requirements

Subsection (a) and (a)(1) through (a)(3) specify who is eligible to apply for a permit in the Interstate Carrier Program, specifically vehicle leasing or rental companies, Registration Services, as defined in Vehicle Code section 505.2, that are current occupational licensees of the department, and Motor Carrier Associations, as defined in Vehicle Code section 1685.1.

Necessity: There is a limitation to the categories of individuals/businesses who are eligible to become Interstate Carrier Program partners. This subsection makes clear which categories are eligible.

Subsection (b) directs an individual, who wants to obtain an Interstate Carrier Program permit, to submit an application to the department's Interstate Carrier Program administrator and identifies which form is appropriate to use (Interstate Carrier Program Application form, REG 202 I). Additionally, the Interstate Carrier Program Application form, REG 202 I (NEW 11/2017) is incorporated into the regulation here.

Interstate Carrier Program Application form, REG 202 I

The form REG 202 I is a new departmental form consisting of eleven sections.

Section 1 – Applicant Information

Section 1 requires the applicant to provide their identifying information including business name, Doing Business As, business address, and business mailing address.

Section 2 – Ownership Information

Section 2 requires the applicant to provide, through checkbox selection, the type of ownership under which they are operating (sole owner, partnership, association, corporation, LLC, or leasing company.)

Section 3 – Owner/Corporation Name and Information

Section 3 requires the applicant to provide owner/corporation name and information, if different than what was provided in Section 1, including name on file with the Secretary of State, corporation number, business address, office phone number and office fax number.

Section 4 – Primary Contact Person

Section 4 requires the disclosure of the primary contact person's true full name, business address, primary contact telephone number, primary contact fax number, and email address.

Section 5 – Agent for Service of Process

Section 5 requires the Interstate Carrier Program applicant to provide the business name of firm, designee's true full name, and business address for their Agent for Service of Process.

Section 6 – Estimated Annual Volumes

Section 6 requires the Interstate Carrier Program applicant to provide an estimate of volumes they expect to process annually (transactions and vehicles they will register.)

Section 7 – Occupational License Information

Section 7 requires the disclosure of the Occupational License information, name and number of Registration Service, of the Interstate Carrier Program applicant when applicable.

Section 8 – Employees who will Process Transactions

Section 8 requires the Interstate Carrier Program applicant to provide their employees' true full name for any and all employee(s) that they are employing to process transactions.

Section 9 – Corporate Declaration

Section 9 requires the Interstate Carrier Program applicant to print their business name and to then disclose the name, title, and effective date of any and all partners, officers, stockholders, and/or directors that will participate in the direction, control, and management of the Interstate Carrier Program.

Section 10 – Limited Liability Company (LLC) Declaration

Section 10 requires the Interstate Carrier Program applicant to print their business name and to then disclose the name and effective date of any and all Limited Liability Company member(s) that will participate in the direction, control, and management of the Interstate Carrier Program.

Section 11 – Certification

Section 11 is the certification section and requires the Interstate Carrier Program applicant to print their name, title, sign, and date the form certifying, under penalty of perjury, that the information provided to the department on this REG 202 I is true and correct. This certification is consistent with the provisions of Code of Civil Procedure section 2015.5(b) and is consistent with all other departmental forms containing certifications. Section 11 also provides the department's address that the form is to be mailed to by the Interstate Carrier Program applicant.

Necessity: This section will make clear to anyone who wants to become an Interstate Carrier Program partner how to apply to the department. Having a specific form as the application makes processing and record keeping efficient for the department.

Subsection (c) directs an applicant to remit an application fee to the department in the non-refundable amount of \$349 when submitting an application to be approved as an Interstate Carrier Program partner.

Necessity: In order to recoup costs related to processing the application the department must charge an application fee, which in this case is set at \$349. The fee must accompany the application and is non-refundable because it is being charged for the purpose of covering the costs the department incurs related to reviewing applications and either issuing a permit or communicating the reasons for rejecting the application. Departmental costing has been prepared to show how the department determined \$349 to be sufficient to cover the departmental costs associated with the application process. Interested parties can request costing

documentation by contacting the departmental representative identified in the Notice of Proposed Action.

Subsection (d) directs an applicant to complete and sign the departmental form (Interstate Carrier Program (ICP) Security Agreement form, REG 216 I) related to the program's security requirements. The Interstate Carrier Program (ICP) Security Agreement form, REG 216 I (NEW 11/2017) is incorporated into the regulation here.

Interstate Carrier Program (ICP) Security Agreement form, REG 216 I

The form REG 216 I is a new departmental form consisting of seven sections and a glossary page.

Cover page – form name

First page:

Section 1 – Introduction

Section 1 provides a statement that the department is the provider of International Registration Plan services and has developed its Interstate Carrier Program to expand delivery options for products and services. Additionally, the introduction cites the Vehicle Code section (1685.1) that authorizes the department to partner with private entities for this purpose.

Section 2 – ICP Partner Primary Location

Section 2 requires the Interstate Carrier Program applicant to provide their business name, total number of workstations to be used in the program, and business address for their primary place of business.

Section 3 – Additional Branch Locations

Section 3 requires the Interstate Carrier Program applicant to provide their business name, total number of workstations to be used in the program, and business address for any branch locations of their business.

Section 4 – Authorized ICP Partner Representative

Section 4 requires the Interstate Carrier Program applicant to provide the name, title, email address, and phone number of their authorized representative.

Second page:

Section 5 – Floor Plan Diagram

Section 5 includes seven requirements that the Interstate Carrier Program applicant must meet related to providing the department with a computer-generated floor plan diagram of their business location(s). These requirements include identifying interior and exterior barriers, the interior placement of workstations, inventory storage rooms, dimensions, and labeling what is on the exterior of the building. Additionally, this section provides a chart of symbols to be used on the floor plan and a sample floor plan for reference.

Third page

Section 6 – ICP Security Requirements

Section 6 includes 18 requirements related to physical security that the Interstate Carrier Program applicant must agree to including exterior doors being of solid construction, workstations and printers must be secured to the business site, and alarm and video surveillance systems monitor all points of entry.

Fourth page

Section 6 – ICP Security Requirements continued

Section 6 continued includes an additional three requirements related to physical security and five requirements related to computer system security including information system components are positioned to minimize unauthorized viewing and access, anti-virus mechanisms are implemented to detect and eradicate malicious code in critical entry and exit points of the organization's information system, and information system vulnerabilities are remediated when discovered. Also, eleven access control requirements are on page four including User ID requirements, that default passwords must be changed on first user logon, and specific safeguards to protect passwords.

Fifth page

Section 6 – ICP Security Requirements continued

Section 6 continued includes an additional seven requirements related to access control and eight requirements related to proprietary assets and media protection including audit record content, providing the department the Global Network Address Translation (NAT) Internet Protocol (IP) address, that department records cannot be retained or stored on portable media, and that obsolete and damaged inventory is recorded with the department before it is appropriately destroyed.

Sixth page

Section 6 – ICP Security Requirements continued

Section 6 continued includes an additional four requirements related to proprietary assets and media protection and five requirements related to incident response and reporting including

department information media is protected until the media is destroyed or sanitized using National Institute of Standards and Technology approved techniques and procedures, incident reporting and privacy notification are consistent with the requirements of the California Information Practices Act of 1977 (Civil Code 1798), and providing of annual incident response procedures training to all new and current authorized users. Also, nine physical key management controls are on page six including a policy being in place for the issuance and collection of all business facility keys and that the partner inventories keys, combinations, and other access devices annually.

Seventh page

Section 7 – Certification

Section 7 is the certification section and requires the Interstate Carrier Program applicant to print their name, title, sign, and date the form certifying, under penalty of perjury, that the information provided to the department on this REG 216 I is true and correct. This certification is consistent with the provisions of Code of Civil Procedure section 2015.5(b) and is consistent with all other departmental forms containing certifications.

Eighth page – Glossary

The glossary contains definitions of terms used for purposes of this security agreement.

Necessity: The purpose of the REG 216 I is to verify that the required security controls are implemented by the Interstate Carrier Program partner to protect the accountable and controlled inventory, the department's International Registration Plan system, and confidential information from unauthorized access and/or misuse.

Subsection (e) directs an applicant to have each of the applicant's business owner(s) and designated employee(s) to be fingerprinted through Live Scan and identifies which departmental form, Request for Live Scan DMV 8016 (REV. 11/2011), to use. The Request for Live Scan Service form, DMV 8016 (REV. 11/2011) has previously been adopted in the department's Business Partner Automation (BPA) program (Register 2009, No.21 - filed 5-22-2009).

Necessity: Since Interstate Carrier Program partner business owner(s) and their designated employee(s) work with confidential and personal information it is necessary for the department to know exactly who would be viewing and processing this information. Additionally, in order to help prevent misuse of information and/or fraud the department must be able to correctly identify all of these individuals and check for criminal history.

Subsection (f) directs an applicant to provide a color photocopy of each of the applicant's business owner(s) and designated employee(s) driver's license or identification card as part of the application package.

Necessity: Since Interstate Carrier Program participants and their designated employee(s) work with confidential and personal information it is necessary for the department to know exactly

who would be viewing and processing this information. Additionally, in order to help prevent misuse of information and/or fraud the department must be able to correctly identify these individuals and check for criminal history.

Subsection (g) directs an applicant, who has a valid Occupational License for Registration Services issued by the department, to submit a copy of that license with their application package. Not all applicants need to have one because they may be eligible to participate in the program as a vehicle leasing company or a motor carrier association, as specified in section 1685.1 of the Vehicle Code.

Necessity: Part of the application review process for an Interstate Carrier Program permit includes checking the status of the applicant's Occupational License for Registration Services, should the applicant have one. By having the applicant submit a copy of any valid Occupational License for Registration Services they hold, efficiency is realized for the department when processing the Interstate Carrier Program application.

Subsection (h) directs an Interstate Carrier Program applicant to submit a statement of personal history for each of its business owners as a part of the application package and identifies which form is appropriate to use (Statement of Personal History - Owner Interstate Carrier Program (ICP) form, REG 2060 I.) The Statement of Personal History - Owner Interstate Carrier Program (ICP) form, REG 2060 I, (NEW 11/2017) is incorporated into the regulation here.

Statement of Personal History - Owner Interstate Carrier Program (ICP) form, REG 2060 I

The form REG 2060 I is a new departmental form consisting of five sections and an introduction.

Introduction – explains that the department has a pre-implementation screening process that the information obtained is public record except where protected by law, and submission of incorrect information is grounds for the department to refuse participation in the program.

Section 1 – Personal Information

Section 1 requires the business owner to provide personal information including true full name, residence address, and telephone number.

Section 2 – Physical Description

Section 2 requires the business owner to provide their physical description including hair color, eye color, height, and weight. Also, whether or not they hold a valid California Driver's License or Identification Card and if yes, to provide the associated number. And if they have ever been known by or used another name and if yes, to provide the other name and signature used.

Section 3 – Employment History

Section 3 requires the business owner to provide their employment history by listing all jobs held for the past 3 years, including the most recent one. Information is to include from and to dates, job title, number of hours worked per week, total length of time worked in years plus any additional months, company name, business address, a description of duties performed, and reason for leaving.

Section 4 – Personal History

Section 4 requires the business owner to provide their personal history by asking a series of questions that assists the department in determining trustworthiness including if the applicant has ever applied to be a Registration Service, for a Requester Code, if they have ever had a business or occupational license refused, revoked, suspended or subjected to other disciplinary action (and if yes, the details), if they were ever a partner, manager, officer, director, or stockholder of a business whose license was suspended or revoked.

Section 5 – Certification

Section 5 is the certification section and requires the Interstate Carrier Program applicant to print their name, sign, and date the form certifying, under penalty of perjury, that the information provided to the department on this REG 2060 I is true and correct. This certification is consistent with the provisions of Code of Civil Procedure section 2015.5(b) and is consistent with all other departmental forms containing certifications.

Necessity: Since Interstate Carrier Program participants work with confidential and personal information it is necessary for the department to know exactly who is viewing and processing this information. Additionally, in order to help prevent misuse of information and/or fraud the department must be able to correctly identify these individuals and check for criminal history.

Subsection (i) directs an Interstate Carrier Program applicant to submit a statement of personal history for each of their designated employees and identifies which form (Statement of Personal History - Employee Interstate Carrier Program (ICP) form, REG 206 I) is appropriate to use. The Statement of Personal History - Employee Interstate Carrier Program (ICP) form, REG 206 I, (NEW 11/2017) is incorporated into the regulation here.

Statement of Personal History - Employee Interstate Carrier Program (ICP) form, REG 206 I

The form REG 206 I is a new departmental form consisting of six sections and an introduction.

Introduction – explains that the department has a pre-implementation screening process that the information obtained is public record except where protected by law, and submission of incorrect information is grounds for the department to refuse participation in the program.

Section 1 – Personal Information

Section 1 requires the Interstate Carrier Program applicant's designated employee to provide personal information including true full name, residence address, and telephone numbers.

Section 2 – Physical Description

Section 2 requires the Interstate Carrier Program applicant's designated employee to provide their physical description including hair color, eye color, height, and weight. Also, whether or not they hold a valid California Driver's License or Identification Card and if yes, to provide the associated number. And if they have ever been known by or used another name and if yes, to provide the other name and signature used.

Section 3 – Employment History

Section 3 requires the Interstate Carrier Program applicant's designated employee to provide their employment history listing all jobs held for the past three years, including the most recent one. Information to include from and to dates, job title, number of hours worked per week, total length of time worked in years plus any additional months, company name, business address, a description of duties performed, and reason for leaving.

Section 4 – Personal History

Section 4 requires the Interstate Carrier Program applicant's designated employee to provide their personal history by asking a series of questions that assists the department in determining trustworthiness including if the designated employee has ever applied to be a Registration Service, for a Requester Code, if they have ever had a business or occupational license refused, revoked, suspended or subjected to other disciplinary action (and if yes, the details), if they were ever a partner, manager, officer, director, stockholder of a business whose license was suspended or revoked.

Section 5 – Certification by Employee

Section 5 is the certification section and requires the Interstate Carrier Program applicant's designated employee to print their name, sign, and date the form certifying, under penalty of perjury, that the information provided to the department on this REG 206 I is true and correct. This certification is consistent with the provisions of Code of Civil Procedure section 2015.5(b) and is consistent with all other departmental forms containing certifications.

Section 6 – Employing ICP Partner's Certification

Section 6 requires the Interstate Carrier Program partner's authorized representative to provide their name, title, signature, and date signed when the form is being submitted by an individual that the Interstate Carrier Program partner intends to employ.

Necessity: Since Interstate Carrier Program partner's designated employees work with confidential and personal information it is necessary for the department to know exactly who is viewing and processing this information. Additionally, in order to help prevent misuse of

information and/or fraud the department must be able to correctly identify these individuals and check for criminal history.

Subsection (j) requires an Interstate Carrier Program applicant to submit an Information Security and Disclosure Statement Firm form, EXEC 201X (REV. 3/2003) for each business owner, and an Information Security and Disclosure Statement Public/Private Partnerships Employee form, EXEC 200X (REV. 3/2003), for each designated employee. The Information Security and Disclosure Statement Firm form, EXEC 201X (REV. 3/2003) and the Information Security and Disclosure Statement Public/Private Partnerships Employee form, EXEC 200X (REV. 3/2003) have previously been adopted in the department's Business Partner Automation (BPA) program (Register 2003, No.33 - filed 8-11-2003).

Necessity: These forms are required of anyone who applies to a departmental program in which they and their employees will have access to confidential and personal information related to vehicle registration.

Subsection (k) requires an applicant to put into place the ability for the department to receive funds directly from the applicant's bank account through electronic transfer by completing and submitting, with their application, an Electronic Fund Transfer Authorization Form California Department of Motor Vehicles (CADMV) and Interstate Carrier Program (ICP) form, REG 214 I (NEW 11/2017) which is incorporated into the regulation here.

Electronic Fund Transfer Authorization Form California Department of Motor Vehicles (CADMV) and Interstate Carrier Program (ICP) form, REG 214 I

The form REG 214 I is a new departmental form consisting of five sections.

Section 1 – General Provisions

Section 1 provides information to the Interstate Carrier Program partner/applicant related to the electronic funds transfer authorization for participation in this program.

Section 2 – Payment of DMV Fees Due

Section 2 provides information to the Interstate Carrier Program partner/applicant related to date fees are due, when the settlement date occurs, the amount of debit being authorized, what is acceptable proof of payment, that the electronic billing will serve as notification of payment, and what happens if there are insufficient funds or the account is closed.

Section 3 – Change of Authorization

Section 3 informs the Interstate Carrier Program partner/applicant that any changes related to their electronic funds transfer require a minimum of 60 days prior notice to the department.

Section 4 – Debit Authorization

Section 4 has a statement of authorization for the department to debit from the checking account identified with space for providing the depository name, branch, address, transit/aba number, and account number. There is a sample check with instruction to attach a voided check to it. And there is a note with instructions to the Interstate Carrier Program partner/applicant to follow if they are using a concentration account instead of a checking account.

Section 5 – EFT Representative Authorized Signatures

Section 5 states that the authorization is valid once signed and dated by both the department and the Interstate Carrier Program partner/applicant. There is space for providing the printed name, title, signature, date, and phone number of both entities.

Necessity: Transferring funds electronically is the most secure and expedient way for the Interstate Carrier Program partner to transmit the vehicle registration fees they collect from the carriers to the department.

Subsection (m) informs the Interstate Carrier Program applicant that they have one year to fully submit their application package. Beyond that time they must start the process over and remit another application fee.

Necessity: The department cannot keep files open indefinitely. This sets a reasonable amount of time for an applicant to complete their application package so that it may be reviewed and either accepted or rejected.

§ 226.04 Financial Security Requirements

Subsection (a) requires Interstate Carrier Program partners to secure and maintain a \$50,000 surety bond for the entire length of time their permit is valid and for a period of three years following its expiration.

Necessity: In the event an Interstate Carrier Program partner harms the department in some way, financial recovery can be made through a claim to the partner's bond. This is less costly to the department than having to pursue a lawsuit against the partner.

Subsection (b) requires Interstate Carrier Program partners to notify the department's Interstate Carrier Program administrator, within 1 business day, of any change to the status of their required surety bond.

Necessity: Since any claim made against the surety bond could put the Interstate Carrier Program partner out of compliance with the requirement in section 226.04 (a), it is necessary for the department to be aware of any change in the status of surety bonds immediately.

§ 226.06 Interstate Carrier Program Permit and Permit Authority

Subsection (a) informs the Interstate Carrier Program partner of the length of time the permit is valid and instructs them to place it in view of their customers. Interstate Carrier Program Permit form, REG 200 I (NEW 11/2017) is incorporated into the regulation here.

Interstate Carrier Program Permit form, REG 200 I

The form REG 200 I is a new departmental form and is designated by the department as the Interstate Carrier Program Permit. Upon approval by the department, an Interstate Carrier Program applicant will receive an Interstate Carrier Program Permit. The REG 200 I contains the Interstate Carrier Program partner's office number, the date of issue, the Interstate Carrier Program partner's business name and address, from and to dates the Permit is valid and signature of the department's employee authorized to issue the Interstate Carrier Program Permit.

The form REG 200 I is necessary because department approved Interstate Carrier Program partners must display their valid permit in view of their customers as required in subsection 226.06(a) of these regulations.

Necessity: Having the permit in view of customers is important so that the public can ensure they are doing business with someone who is authorized by the department. Due to the sensitive nature of this permit, the department is not posting the form to its website, however, an interested party may request copies of the form by contacting the department representative identified in the Notice of Proposed Regulatory Action.

Subsection (b) establishes that any permit issued for a branch office will have the same expiration date as the permit of the primary office.

Necessity: This is to ensure the date required for submission of the renewal application is the same for both the primary office and any branch office(s) of the Interstate Carrier Program partner. By putting the primary office and any branch office(s) on the same renewal schedule the department realizes efficiency when processing applications for renewal and when audits are conducted.

§ 226.08 Cause for Refusal to Approve Application and/or Issue a Permit

This section informs applicants for a permit to participate in the department's Interstate Carrier Program of reasons the department may reject an application.

Subsection (a) informs an Interstate Carrier Program applicant of character criteria (honesty, integrity, and reputation) that must be met to a satisfactory level.

Necessity: Since an Interstate Carrier Program partner works with confidential and personal information it is important that they are trustworthy. Ultimately, the department is responsible for protecting the customer from misuse of their confidential information.

Subsection (b) informs an Interstate Carrier Program applicant of criteria that all of their owner(s) and designated employee(s) must meet a satisfactory level of trustworthiness in order to have their application approved and a permit issued.

Necessity: Since the business owner(s) and/or designated employee(s) of Interstate Carrier Program partners work with confidential and personal information it is important that they are trustworthy. Ultimately, the department is responsible for protecting the public from misuse of their confidential information.

Subsection (c) establishes that failure to comply with the department's information security requirements, as established in 226.02(d), is cause for the refusal to approve an application or issue a permit in the Interstate Carrier Program.

Necessity: Due to the sensitive and confidential nature of information that an Interstate Carrier Program partner would be handling, it is imperative all partners comply with information security requirements.

Subsection (d) informs the Interstate Carrier Program applicant that information provided in the Statement of Personal History and the result of the Live Scan fingerprinting will be considered by the department in determining to approve or reject participation in the program.

Necessity: Since it is the department's responsibility to safeguard the personal and confidential information provided by the public for registration purposes, the department must ensure that it enters into partnership with trustworthy entities.

Subsection (e) prohibits the department from issuing a permit if any of the factors listed in (e)(1) through (e)(8) are present (i.e. having been convicted of a crime or engaged in conduct involving moral turpitude that is substantially related to the function of a department business partner, holder/managerial employee of a departmental Occupational License that is not in good standing, commercial requestor that is not in good standing, made false statements on or withheld material fact from Interstate Carrier Program application or statement of personal history, in violation of section 25 of the Vehicle Code, engaged in or permitted employees to engage in fraudulent acts in relation to the department or clients, or was a departmental employee who resigned or was dismissed for cause related to honesty, integrity, good character, or reputation within the last 10 years with the applicant or their employees.

Necessity: To inform the Interstate Carrier Program applicant that the department will not issue a permit to them if they or any of their designated employees fall in a category stated in (e)(1) through (e)(8) including but not limited to being convicted of a crime involving moral turpitude, committing fraud, in pending litigation as an occupational licensee.

§ 226.10 Review for Criminal History

Subsection (a) informs the permit applicant that a representative of the department will review criminal history information and seek the opinion of the department's Licensing Operations

Division's Occupational Licensing Branch Chief or his/her designee when determining whether to approve the application.

Necessity: Since Interstate Carrier Program permit holders and their designated employees work with confidential and personal information it is necessary for the department to know exactly who is viewing and processing this information. Additionally, in order to help prevent misuse of information and/or fraud the department must be able to correctly identify these individuals and check for criminal history.

Subsection (b) establishes that there may be mitigating factors that could warrant the Director to refuse approval.

Necessity: This is to allow for other divisions within the department such as the Investigations Division, to bring forth information relevant to the applicant's trustworthiness and/or criminal activity that should be considered before approving their application.

§ 226.16 Electronic Fund Transfer

Subsection (a) establishes that the Interstate Carrier Program partner is to comply with the terms and conditions set forth on the electronic fund transfer authorization form adopted in section 226.02(k) of these regulations.

Necessity: So that the department is remitted the fees collected by the partner in a secure and expedient manner.

Subsection (b) establishes that the department will suspend the Interstate Carrier Program partner's access to the department's International Registration Plan system if the department is notified that there are insufficient funds in the account, or the account is closed, until a returned item charge and all monies due have been paid to the department.

Necessity: To inform the Interstate Carrier Program partner of the action the department will take should the account identified for the electronic fund transfer have insufficient funds or be closed thus putting the partner out of compliance.

Subsection (b)(1) requires the Interstate Carrier Program partner to submit reimbursement for all returned items by overnighting guaranteed funds on the same day. The reimbursement shall include a \$30 returned item charge and the exact amount of the electronic billing.

Necessity: To inform the Interstate Carrier Program partner what to do to get back into compliance with the requirements set forth in subsection 226.16(a).

Subsection (c) requires the Interstate Carrier Program partner to notify the department's Interstate Carrier Program administrator, no less than 60 calendar days prior, of any changes in bank account from which funds are drawn electronically on the prescribed form for electronic fund transfer authorization which is adopted into these regulations in section 226.02(k).

Necessity: To keep the department's records current and allow the department adequate time to process the change.

§ 226.18 Use and Retention of Information

Subsection (a) clearly informs the Interstate Carrier Program partner that any and all information obtained from a customer is only to be utilized for purposes of the program.

Necessity: This is to provide consistency with the requirements found in the Interstate Carrier Program (ICP) Security Agreement, the Information Security and Disclosure Statement Public/Private Partnerships Employee, and the Information Security and Disclosure Statement Firm.

Subsection (b) clearly informs the Interstate Carrier Program partner any and all information is protected by sections 1808.21, 1808.45, 1808.46, and 1808.47 of the Vehicle Code which requires confidential or restricted treatment.

Necessity: Since the Interstate Carrier Program partner and their designated employee(s) have access to information that is confidential and/or restricted they need to be aware of the specific Vehicle Code sections that are relevant to its protection.

§ 226.20 Renewal of Permit

Subsection (a) makes clear that the Interstate Carrier Program partner is responsible for initiating and completing the permit renewal process and submitting the appropriate form to the department's Interstate Carrier Program administrator at least 30 days prior to the permit's expiration date.

Necessity: To put the Interstate Carrier Program partner on notice that applying to renew their permit is their responsibility.

Subsection (a)(1) identifies the Interstate Carrier Program Renewal Application form, REG 203 I (NEW 11/2017) as the appropriate form to submit for renewal and incorporates it into the regulation here.

Interstate Carrier Program Renewal Application form, REG 203 I

The form REG 203 I is a new departmental form consisting of nine sections.

The form REG 203 I is designated by the department as the form required when an Interstate Carrier Program partner chooses to apply to the department to renew their Interstate Carrier Program permit.

Upper right corner – has spaces for office number and branch office number

Section 1 – Application for Interstate Carrier Program Renewal

Section 1 requires the applicant to provide business information including Doing Business As, business address, and business mailing address (if different).

Section 2 – Branch Office Renewal Information

Section 2 requires the applicant to provide branch office business address and business mailing address, if different.

Section 3 – Type of Ownership

Section 3 requires the applicant to disclose type of ownership of their business (i.e. Sole ownership, partnership, LLC etc.).

Section 4 – Owner/Corporation Name and Information, if Different from Above

Section 4 requires the applicant to provide owner/corporation name and information, if different than what was provided in Section one, including name on file with the Secretary of State, business address, office phone number and office fax number.

Section 5 – Primary Contact Person

Section 5 requires the applicant to provide the true full name, business address, office telephone and fax numbers and email address of their primary contact person.

Section 6 – Agent for Service of Process

Section 6 requires the applicant to provide the business name of firm, designee's true full name, and business address of their Agent for Service of Process.

Section 7 – Name of Employees who Process Transactions at the Primary Location

Section 7 requires the Interstate Carrier Program participant to provide their employees' true full name for any and all employee(s) that they are employing to process transactions at the primary business location.

Section 8 – Name of Employees who Process Transactions at the Branch Location

Section 8 requires the Interstate Carrier Program participant to provide their employees' true full name for any and all employee(s) that they are employing to process transactions at the branch business location.

Section 9 – Certification

Section 9 is the certification section and requires the Interstate Carrier Program participant to print their name, title, phone number, and to sign and date certifying, under penalty of perjury, that the information provided to the department on this REG 203 I is true and correct. This

certification is consistent with the provisions of Code of Civil Procedure section 2015.5(b) and is consistent with all other departmental forms containing certifications. Section 9 also provides the department address that the form is to be mailed to by the Interstate Carrier Program participant.

Necessity: The information provided in Sections 1-4 is necessary to allow the department to verify the applicant and the type of ownership they are operating under. The information in Section 5-8 is necessary so that the department can check what is provided against departmental records and resolve any discrepancies during the renewal process.

Subsection (a)(2) establishes the renewal fee at \$269.

Necessity: In order to recoup costs related to processing the renewal application the department must charge an application fee, which in this case is set at \$269. The fee must accompany the application and is non-refundable because it is being charged for the purpose of covering the costs the department incurs related to reviewing applications and either renewing a permit or communicating the reasons for rejecting the renewal application. Departmental costing has been prepared to show how the department determined \$269 to be sufficient to cover the departmental costs associated with the application process. Interested parties can request costing documentation by contacting the departmental representative identified in the Notice of Proposed Action.

Subsection (a)(3) directs an applicant, who has a valid Occupational License for Registration Services issued by the department, to submit a copy of that license with their renewal application package. Not all applicants need to have one because they may be eligible as a vehicle leasing company or a motor carrier association, as defined in section 1685.1 of the Vehicle Code.

Necessity: Part of the renewal application review process for an Interstate Carrier Program permit includes checking the status of the applicant's Occupational License for Registration Services, should they have one. By having applicants submit a copy of any valid Occupational License for Registration Services they hold, efficiency is realized for the department's staff when processing the Interstate Carrier Program renewal application.

Subsection (a)(4) directs an applicant to complete and sign the departmental form related to the program's security requirements. Interstate Carrier Program (ICP) Security Agreement form, REG 216 I (NEW 11/2017).

Necessity: Requiring the submittal of the REG 216 I as part of the renewal process allows the department to verify that the required security controls to protect the accountable and controlled inventory, the department's International Registration Plan system, and personal/confidential information from unauthorized access and/or misuse are implemented by the Interstate Carrier Program partner.

Subsection (a)(5) directs a renewal applicant and each of the applicant's business owner(s) and designated employees to be fingerprinted through Live Scan using the Request for Live Scan

Service form, DMV 8016 (REV. 11/2011) and must not be completed more than 60 days prior to the expiration of the permit.

Necessity: Since Interstate Carrier Program partner business owner(s) and their designated employee(s) work with confidential and personal information it is necessary for the department to know exactly who is viewing and processing this information. Additionally, in order to help prevent misuse of information and/or fraud the department must be able to correctly identify all of these individuals and check for criminal history.

Subsection (b) informs the Interstate Carrier Program partner that their performance, error rate and minimum transaction requirement, in the program will be evaluated by the department when making a determination to approve or deny the partner's renewal application.

Necessity: For consistency with section 226.32 of these regulations which requires the Interstate Carrier Program partner to keep their processing error rate at three percent or lower monthly and their processing volume at a minimum of 100 transactions annually. Also, for consistency with the compliance requirement in section 226.54 repeat adverse audit findings are taken into consideration during the review process of renewal applications.

Subsection (c) prohibits the Interstate Carrier Program partner from processing any transactions after the expiration of their permit.

Subsection (d) informs the Interstate Carrier Program partner that their access to the department's International Registration Plan system will be removed the next business day after the expiration of their permit.

Necessity for subsections (c) and (d): The department cannot allow anyone access to the International Registration Plan system who does not hold a valid permit in order to protect the personal and confidential information of the carriers who provide the information.

Subsection (e) informs the Interstate Carrier Program partner that their permit will be terminated if their renewal is not completed within 30 days after its expiration date. And subsection (e)(1) further clarifies that applications received after that will be required to comply with the original application requirements as specified in section 226.02 of these regulations.

Necessity: The department needs to initiate the process of getting the inventory returned and audited when an Interstate Carrier Program partner's permit is terminated. Also, to be able to submit a request to remove their connection to the International Registration Plan system.

§ 226.22 Interstate Carrier Program Partner Responsibilities – Inventory Requirements

Subsection (a) establishes that the Interstate Carrier Program partner is solely responsible for accountable and controlled inventory under their control.

Necessity: Since the accountable and controlled inventory are assets of the department, the partner must safeguard them as agreed to when completing and signing the Interstate Carrier Program (ICP) Security Agreement form, REG 216 I.

Subsection (b) establishes that the accountable and controlled inventory must be stored securely at all times with access given only to designated employee(s).

Necessity: For consistency with the requirements in the security agreement adopted in section 226.02(d).

Subsection (c) makes clear that the Interstate Carrier Program partner is to store no more than three months' supply of accountable inventory and to base the amount on historical inventory usage data.

Necessity: To ensure the partner has an adequate inventory supply, but to avoid them ordering excess amounts that may deplete the department's supply.

Subsection (d) requires the Interstate Carrier Program partner to complete and submit the Interstate Carrier Program (ICP) Inventory Order form, REG 215 I (NEW 11/2017), to request a supply of accountable and controlled inventory from the department and incorporates the Interstate Carrier Program (ICP) Inventory Order form, REG 215 I (NEW 11/2017) into the regulation here.

Interstate Carrier Program (ICP) Inventory Order form, REG 215 I

The form REG 215 I is a new departmental form consisting of six sections and instructions at the top.

In the Instructions area, the REG 215 I informs the Interstate Carrier Program partner to complete the form making certain that they are staying within the 3 month of inventory supply threshold and to submit the form to the department via the email address provided. Additionally, it informs the partner of the timeframe that it may take the department to fulfill the order.

Section 1 – ICP Partner Information

Section 1 requires the Interstate Carrier Program partner to provide their Interstate Carrier Program name, office number, order date, and the printed name and signature of the authorized employee who is placing the inventory order.

Section 2 – IRP Apportioned Plates (Accountable Item)

Section 2 is the area to be filled out when the Interstate Carrier Program partner is ordering International Registration Plan apportioned plates. There is space for the partner to specify quantity of the plates being ordered next to the pre-filled description of the plate type.

Section 3 – Apportioned Plate Year Stickers (Accountable Item)

Section 3 is the area to be filled out when the Interstate Carrier Program partner is ordering apportioned plate year stickers. There is space for the partner to specify quantity, user id, and the year of the sticker being ordered.

Section 4 – CVRA Year Stickers (Controlled Item)

Section 4 is the area to be filled out when the Interstate Carrier Program partner is ordering Commercial Vehicle Registration Act year stickers. There is space for the partner to specify quantity and year of the CVRA year sticker(s) being ordered.

Section 5 - CVRA Weight Decals (Controlled Item)

Section 5 is the area to be filled out when the Interstate Carrier Program partner is ordering Commercial Vehicle Registration Act weight decals. There is space for the partner to specify quantity being ordered next to the pre-filled description of the CVRA weight decal type.

Section 6 - Apportioned Plate Month Stickers (Controlled Item)

Section 6 is the area to be filled out when the Interstate Carrier Program partner is ordering Apportioned plate month stickers. There is space for the partner to specify the quantity being ordered next to the pre-filled description of the Apportioned Plate month sticker.

Necessity: To establish the same method for all Interstate Carrier Program partners to request, in writing, the type and quantity of inventory needed to replenish their supply of on hand inventory.

Subsection (e) instructs the Interstate Carrier Program partner to allow 30 calendar days for an inventory order to be processed.

Necessity: To allow adequate time for the department's staff to request the inventory from the department's warehouse and for the preparation and shipment of the order.

Subsection (f) instructs the Interstate Carrier Program partner to conduct a quarterly inventory, per office, of unassigned accountable and controlled inventory and to complete and submit the Interstate Carrier Program (ICP) Quarterly Inventory Report form, REG 210 I (NEW 11/2017), incorporated into the regulation here.

Necessity: To be able to continuously monitor the inventory that is in possession of the partner and to rectify any inventory discrepancies in a timely manner.

Interstate Carrier Program (ICP) Quarterly Inventory Report form, REG 210 I

The form REG 210 I is a new departmental form consisting of eight sections and instructions at the top.

In the Instructions area, the REG 210 I informs the Interstate Carrier Program partner to conduct a physical inventory, to complete and submit the report to the department by email, and that transaction processing may resume once clearance is received from the department. Additionally, the instructions include a note regarding who cannot conduct the physical inventory.

Section 1 – ICP Partner Information

Section 1 requires the Interstate Carrier Program partner to provide their Interstate Carrier Program name, office number, date physical inventory was conducted, and telephone number.

Section 2 – IRP Apportioned Plates

Section 2 requires the Interstate Carrier Program partner to provide plate type, item count, beginning number, and end number in the appropriate spaces when taking inventory of the International Registration Plan Apportioned Plates.

Section 3 – Apportioned Plate Year Stickers

Section 3 requires the Interstate Carrier Program partner to provide sticker type, item count, beginning number, and end number in the appropriate spaces when taking inventory of the Apportioned Plate Year Stickers.

Section 4 – CVRA Year Stickers

Section 4 requires the Interstate Carrier Program partner to provide sticker year and item count in the appropriate spaces when taking inventory of the Commercial Vehicle Registration Act Year Stickers.

Section 5 – CVRA Weight Decals

Section 5 requires the Interstate Carrier Program partner to provide item count next to pre-filled space that identify the type of sticker when taking inventory of the Commercial Vehicle Registration Act Weight Decals.

Section 6 – Apportioned Plate Month Stickers

Section 6 requires the Interstate Carrier Program partner to provide item count next to pre-filled spaces that identify the month of sticker when taking inventory of the Apportioned Plate Month Stickers.

Section 7 – Inventory Being Returned to the Department

Section 7 requires the Interstate Carrier Program partner to provide item description, item count, beginning number, and ending number in the appropriate spaces when returning inventory to the department.

Section 8 – Certification and Signature

Section 8 is the certification and requires the printed name and signature of the Interstate Carrier Program partner's employee authorized to complete the physical inventory along with the date certifying, under penalty of perjury, that the information provided to the department on this REG 210 I is true and correct. This certification is consistent with the provisions of Code of Civil Procedure section 2015.5(b) and is consistent with all other departmental forms containing certifications.

Necessity: Assists the department in monitoring and verifying the quantity of accountable and controlled inventory issued to the Interstate Carrier Program partner to ensure inventory is not missing, being misused, and/or the partner's supply does not exceed the three months on hand inventory requirement.

Subsection (g) requires an Interstate Carrier Program partner to submit a completed Interstate Carrier Program Inventory Contact form, REG 213 I, designating employees authorized to order inventory. The Interstate Carrier Program Inventory Contact form, REG 213 I (NEW 11/2017) is incorporated into the regulation here.

Interstate Carrier Program (ICP) Inventory Contact form, REG 213 I

The form REG 213 I is a new departmental form consisting of three sections and instructions at the top.

In the Instructions area, the REG 213 I informs the Interstate Carrier Program partner that up to three employees may be designated to order and distribute inventory. The instructions also direct the Interstate Carrier Program partner where to submit their completed form. Additionally, the instructions include a note regarding who cannot conduct the physical inventory.

Section 1 – ICP Partner Information

Section 1 requires the Interstate Carrier Program partner to provide their name, office number, and business address.

Section 2 – Employees Authorized to Order Inventory

Section 2 requires the Interstate Carrier Program partner to provide the true full name of up to three authorized employees and have the employee(s) provide their signature and the date next to their printed true full names.

Section 3 – Certification and Signature

Section 3 is the certification section and requires the Interstate Carrier Program partner to print their name and title, sign and date certifying, under penalty of perjury that the information provided to the department on this REG 213 I is true and correct. This certification is consistent

with the provisions of Code of Civil Procedure section 2015.5(b) and is consistent with all other departmental forms containing certifications.

Necessity: The department utilizes this form to verify that the Interstate Carrier Program partner's employee(s) who has submitted an Interstate Carrier Program (ICP) Inventory Order form (REG 215 I) to obtain inventory from the department is a designate employee that has been authorized to do so by the partner.

Subsection (h) requires the Interstate Carrier Program partner to email the department's Interstate Carrier Program administrator at RODICPAdministrators@dmv.ca.gov prior to any changes to staff authorized to order inventory.

Necessity: To keep the department's records current and to assist in the prevention of any unauthorized staff ordering of inventory.

§ 226.24 Interstate Carrier Program Changes

Subsection (a) establishes the requirement for the Interstate Carrier Program partner to notify the department's Interstate Carrier Program administrator of a change in employee and/or office contact information by completing, signing, and submitting the Interstate Carrier Program Employee Listing form, REG 209 I no more than one business day after the effective date. The Interstate Carrier Program Employee Listing form, REG 209 I (NEW 11/2017) is incorporated into the regulation here.

Interstate Carrier Program Employee Listing form, REG 209 I

The form REG 209 I is a new departmental form consisting of four sections and instructions at the top.

The Instructions inform the Interstate Carrier program partner to fill out the form clearly, to list all employees they are designating, to complete form any time there is an employee change, and provides the department's email address for submission.

Section 1 – ICP Partner Information

Section 1 requires the Interstate Carrier Program partner to provide their name, office email address, phone number, office ID number, and business address.

Section 2 – Type of Change

Section 2 requires the Interstate Carrier Program partner to give a brief description of type of changes being made.

Section 3 – Employee Information

Section 3 requires the Interstate Carrier Program partner to provide the name of each employee affected, whether or not the employee is authorized to process transactions and if yes, their user id, the employee's email address and phone number, and to check the box yes or no indicating if the employee is an authorized signer.

Section 4 – Certification

Section 4 is the certification section and requires the Interstate Carrier Program applicant to print their name, title, sign, and date the form certifying, under penalty of perjury, that the information provided to the department on this REG 209 I is true and correct. This certification is consistent with the provisions of Code of Civil Procedure section 2015.5(b) and is consistent with all other departmental forms containing certifications.

Necessity: To ensure the department's records are current and so that the department has the information it needs to add the Interstate Carrier Program designated employee(s) to the department's International Registration Plan system.

Subsection (b) requires an Interstate Carrier Program partner requesting to make changes to notify the department's Interstate Carrier Program administrator, within the timeframes identified for the changes listed, by completing, signing and submitting the Interstate Carrier Program Application for Changes form, REG 201 I. The Interstate Carrier Program Application for Changes form, REG 201 I (NEW 11/2017) is incorporated into the regulations here.

Interstate Carrier Program Application for Changes form, REG 201 I

The form REG 201 I is a new departmental form consisting of six sections.

The top of the form has a space for the Interstate Carrier Program partner to provide their business name and office number. Next is a series of check boxes for the partner to indicate the type of change they are making and direction of which sections to complete based on that type of change.

Section 1 – Employee Change

Section 1 requires the Interstate Carrier Program partner to fill in the effective date of the change, true full name, birthdate, DL or ID number with state issued, prior true full name if making a name change, residence address, and reason for deletion (if deleting an employee).

Section 2 – Interstate Carrier Program Partner Business Information

Section 2 requires the Interstate Carrier Program partner to provide current business address, effective date of change, and phone number.

Section 3 – Relocation or Adding a Branch Office

Section 3 requires the Interstate Carrier Program partner to provide new business address and phone number.

Section 4 – Changing Business Name

Section 4 requires the Interstate Carrier Program partner to provide new business name.

Section 5 – Change to Corporation, Association, Partnership, or Limited Liability Company

Section 5 requires the Interstate Carrier Program partner to provide date added or deleted, true full name, and title when making changes to employees who direct, control, or manage the partner's office. Information is provided by business structure type to assist the partner with identifying who they must include.

Section 6 – Certification

Section 6 is the certification section and requires the Interstate Carrier Program applicant to print their name, title, sign, and date the form certifying, under penalty of perjury, that the information provided to the department on this REG 201 I is true and correct. This certification is consistent with the provisions of Code of Civil Procedure section 2015.5(b) and is consistent with all other departmental forms containing certifications.

The department's address of where to mail the form is provided below section 6.

Necessity: To ensure the department's records are kept current and so that the department can process the requested change.

Subsection (b)(1) establishes the requirements when an Interstate Carrier Program partner adds a designated employee and makes clear that the partner must not permit any employee to access the department's system, inventory, and/or data unless the Interstate Carrier Program partner has received written approval from the department's Interstate Carrier Program administrator.

Necessity: To help ensure that the personal and confidential information is protected by only allowing authorized individuals to have access to the department's system, inventory, and/or data.

Subsections (b)(2) through (b)(9) inform the Interstate Carrier Program partner of the time frames they must adhere to when making specific changes (such as deleting a designated employee or adding a branch office).

Necessity: To allow the department adequate time to process the Interstate Carrier Program partner's application for changes and approve/deny the request. Also, to keep the department's records accurate.

§ 226.26 Registration Requirements

This section informs the Interstate Carrier Program partners that they are responsible for ensuring their designated employee(s) follows the registration requirements.

Subsections (a) through (e) establish that the Interstate Carrier Program partner must require their employees to print all appropriate DMV data on the day the transaction is completed, promptly cancel any International Registration Plan vehicle registration documents issued improperly, send to the department via “trackable” mail and at the partner’s expense all required departmental International Registration Plan vehicle registration documents and supporting paper documents by the next business day, shred and make unusable all voided or damaged copies of International Registration Plan vehicle registration documents and supporting paper documents by the close of the business day they were printed, and to reconstruct, within thirty (30) calendar days from the date of completion, all registration documents lost in the mail.

Necessity: To maintain processing requirements for the Interstate Carrier Program partners that are consistent with the processing requirements that departmental employees must follow.

§ 226.30 Information Security Requirements

Subsection (a) informs the Interstate Carrier Program partner of the requirement to notify the department’s Interstate Carrier Program administrator, 60 days or sooner, of any change in how the partner is meeting compliance with the Interstate Carrier Program security agreements as set forth in the form REG 216 I.

Necessity: In order for the department’s Interstate Carrier Program administrator to have adequate time to review the change in method of compliance to Interstate Carrier Program (ICP) Security Agreement (REG 216 I) and make a determination if the Interstate Carrier Program partner is still eligible to participate in the program.

Subsection (b) informs the Interstate Carrier Program partner that they and their employees shall comply with the Information Practices Act of 1977 (section 1798 et seq. of the Civil Code), the Public Records Act (section 6250 of the Government Code), section 1808.21 and 1808.47 of the Vehicle Code, sections 11015.5 and 11019.9 of the Government Code and any and all related statutes pertaining to information security.

Necessity: To make clear to the Interstate Carrier Program partner they must adhere to the other governing laws related to information privacy and security, and to inform the partner that their employees are included in this requirement.

Subsections (c) and (c)(1) establish requirements, providing credit monitoring for a year, that an Interstate Carrier Program partner must adhere to in the event of a breach of personal information of anyone with whom the partner has been disclosed that information. These subsections also direct the Interstate Carrier Program partner to send those affected by the breach a written letter and to send a copy of the letter to the department as proof of compliance.

Necessity: To make clear that the Interstate Carrier Program partner has the responsibility to notify anyone whose personal information has been breached and to provide them with credit monitoring services for the year following the breach. Also, a copy of the letter sent to anyone affected is to be sent to the department as proof of compliance with these requirements.

§ 226.32 Transaction Procedures and Inventory Requirements

Subsection (a) states that the Interstate Carrier Program partner must ensure the designated employee has been trained prior to accessing the department's International Registration Plan system.

Necessity: To make clear it is the responsibility of the Interstate Carrier Program partner to train their designated employee(s).

Subsection (b) requires the Interstate Carrier Program partner to process International Registration Plan vehicle registration transactions as instructed during the departmental training.

Necessity: In order for the vehicle registrations to be processed correctly through the department's database the procedures must be followed. If they are not followed, errors occur that delay the processing.

Subsection (c) makes clear that the Interstate Carrier Program partner can only access the department's database between the hours of 6:00am and 6:00pm Pacific Time Monday through Friday, excluding California State holidays and furloughs.

Necessity: The Interstate Carrier Program partners are limited to specific hours and days because support from the department is only available during those timeframes. Also, the vendor of the International Registration Plan system and the department's Information Systems Division conduct changes and upgrades to the system after business hours and on weekends.

Subsection (d) establishes that the Interstate Carrier Program partner must maintain a processing error rate of three percent or less monthly per office and the error percentage shall be based on the total number of transactions with errors divided by the total number of transactions processed each month.

Necessity: The partners are held to the same error rate as department employees who process vehicle registration transactions in the department's International Registration Plan system.

Subsection (e) establishes that the Interstate Carrier Program partner must maintain at least 100 transactions per year per office.

Necessity: An Interstate Carrier Program partner must process at least 100 transactions per year for each of their offices to make it worthwhile for the department to provide oversight and support for the program and Interstate Carrier Program partner. It was established using historical data that showed the majority of interested applicants will process a minimum of 100 transactions.

§ 226.38 Retention of Business Records

Subsection (a) informs the Interstate Carrier Program partner of the requirement to maintain business records, for what length of time (4 years following the end of the permit being valid – whatever the reason) and circumstances that necessitate a longer maintenance time period (such as an ongoing investigation).

Subsection (b) informs the Interstate Carrier Program partner to maintain the business records such that they are readily available during normal business hours.

Subsection (c) informs Interstate Carrier Program partners where the business records are to be stored.

Necessity: Subsections (a) through (c) are required for consistency with subsections 226.40 and 226.42 which require access to business records for the purposes of auditing or investigation, respectively.

Subsection (d) informs the Interstate Carrier Program partners that the business records required to be maintained for this program are considered the records of the department.

Necessity: Makes clear that while the partner is the custodian of the records, they do not own them and therefore cannot dispose of them at will.

§ 226.40 Audit Requirements

Subsection (a) establishes that the department may conduct audits of all of the Interstate Carrier Program partner's activities related to the program even if the Interstate Carrier Program partner's permit is terminated, suspended, expired, or no longer valid.

Necessity: The department is ultimately responsible for the registration of vehicles and protection of the carrier's personal and confidential information. Also, an audit of records and practices may become necessary due to a reason for investigation coming to light against the Interstate Carrier Program partner or the partner's customer that is discovered only after the Interstate Carrier Program permit has been terminated or has expired.

Subsection (b) informs the Interstate Carrier Program partner that they must make available to the department, at the partner's principal place of business during normal business hours, all of its records and reports required to be retained, immediately upon a request from the department.

Necessity: The department will need to review records and reports when auditing the partner and specifying the expected location and time for access is practical for both the partner and the department.

Subsection (c) informs the Interstate Carrier Program partner that they must make available their owners, managers, business representatives and employees to the department during any and all audits.

Necessity: The department may need to interview the Interstate Carrier Program partner's owners, managers, business representative, and employees during the course of an audit.

Subsection (d) establishes that the Interstate Carrier Program partner must pay the reasonable amount of the salary and other compensation paid to the department staff, and reasonable expenses for travel, meals and lodging for the department staff incurred during the audit within 30 calendar days of receipt of an invoice from the department.

Necessity: The private entity has to cover the costs associated with being in the business of an Interstate Carrier Program partner and it is the business practice of the department to recoup the costs of audits/investigations across all of its partnership programs.

§ 226.42 Investigation and Review

Subsection (a) asserts that the department will pursue any and all enforcement actions within its authority including administrative, civil, and criminal action. Additionally, the department will collect reasonable costs from the Interstate Carrier Program partner for any action taken.

Necessity: The private entity has to cover the costs associated with being in the business of an Interstate Carrier Program partner and it is the business practice of the department to recoup the costs of audits/investigations across all of its partnership programs.

Subsection (b) states that all of the Interstate Carrier Program partner's activities related to the program are subject to the department's scrutiny regardless of whether the partner's permit is terminated, suspended or expired. Additionally, this subsection puts the Interstate Carrier Program partner on notice that failure to comply will result in the termination of their permit if it has only been suspended.

Necessity: The department is ultimately responsible for the registration of vehicles and protection of the carrier's personal and confidential information.

Subsection (c) establishes that whenever the department examines or investigates an Interstate Carrier Program partner, the partner must pay, within 30 calendar days after receipt of an invoice from the department, the reasonable costs incurred by the department for the examination or investigation, including but not limited to: the reasonable amount of the salary and other compensation paid to the department staff making the examination or investigation; the reasonable expenses for travel, meals and lodging of the staff making the examination or investigation; and the reasonable amount of any other expenses, including overhead.

Necessity: The private entity has to cover the costs associated with being in the business of an Interstate Carrier Program partner and it is the business practice of the department to recoup the costs of audits/investigations across all of its partnership programs.

§ 226.44 Interstate Carrier Program Permit Suspension

Subsection (a) establishes that the department may suspend an Interstate Carrier Program partner's permit at any time without notice for any cause listed in subsections (a)(1) through (a)(9). The causes include fraudulent submission and processing of International Registration Plan vehicle registration applications, insufficient Electronic Funds Transfer funds or closed accounts for the payment of department transaction fees, failure to notify the department's Interstate Carrier Program administrator of any changes within the timeframes specified in this article, lapse or cancellation of the Surety Bond, Occupational License has expired, been suspended, or terminated, adverse audit findings, error rates that exceed the acceptable monthly percentage rate of three percent in any three months of a six-month period, incidents of accountable inventory that is issued out of sequence, issued in error, voided/damaged and not reported to the department, and/or missing three times in any consecutive three month period, and incomplete, inaccurate, missing, or late reports.

Necessity: Subsection (a) serves to put the Interstate Carrier Program partners on notice that their permit can be suspended by the department without notice for any of the nine reasons listed. Subsections (a)(1) through (a)(9) make specific the infractions that can lead to such a permit suspension.

Subsection (b) establishes that when Interstate Carrier Program partner's permit is suspended, regardless of the reason, the partner shall immediately discontinue accessing the department's International Registration Plan system and discontinue the issuance of any and all inventory.

Necessity: An Interstate Carrier Program partner must have a valid permit in order to process International Registration Plan vehicle registrations through the department's database.

§ 226.46 Interstate Carrier Program Permit Termination

Subsection (a) establishes that the Department may terminate an Interstate Carrier Program partner's permit at any time without notice for any cause listed in subsections (a)(1) through (a)(10). The causes include three incidents of insufficient Electronic Funds Transfer funds or closed account for the payment of DMV transaction fees within a one year time period, lapse or cancellation of the Surety Bond, adverse audit findings, error rates that exceed the acceptable monthly percentage rate of three percent in any three months of a six-month period, incidents of accountable inventory that is issued out of sequence, issued in error, voided/damaged and not reported to the department, and/or missing three times in any consecutive three month period, failure to meet the minimum transaction requirement as specified in section 226.32, incomplete, inaccurate, missing, or late reports, failure to possess a valid Occupational License for Registration Services (if applicable) in good standing, fraudulent submission and processing of International Registration Plan vehicle registration applications, the failure of an Interstate Carrier Program partner to comply with the information security requirements identified in the Interstate Carrier Program (ICP) Security Agreement form, REG 216 I.

Necessity: Subsection (a) serves to put the Interstate Carrier Program partners on notice that their permit can be terminated by the department without notice for any of the ten reasons listed.

Subsections (a)(1) through (a)(10) make specific the infractions that can lead to such a permit termination.

Subsection (b) establishes that the department may terminate an Interstate Carrier Program partner's permit without cause upon 30 days written notification to an Interstate Carrier Program partner.

Necessity: This action may be taken because the department may choose to end the program at any given time and/or implement a new program in its place, therefore subsection (b) informs Interstate Carrier Program partners that the department reserves this right.

Subsection (c) establishes if the Interstate Carrier Program permit is terminated, regardless of the reason for termination, an Interstate Carrier Program partner must immediately discontinue accessing the department's International Registration Plan system and discontinue the issuance of any and all inventory.

Necessity: An Interstate Carrier Program partner must have a valid permit in order to process International Registration Plan vehicle registrations through the department's database.

Subsection (d) establishes that the department reserves the right to conduct an inventory reconciliation of the remaining accountable and controlled inventory.

Necessity: To ensure all inventory that has been assigned to the Interstate Carrier Program partner is accounted for and has not been misused or is missing.

Subsection (d)(1) requires the Interstate Carrier Program partner to allow the department immediate access, during normal business hours, to their office to physically remove any unassigned department accountable and controlled inventory.

Necessity: To prevent the Interstate Carrier Program partner from processing unauthorized transactions and issuing of inventory after their permit has been terminated.

Subsection (d)(2) requires the Interstate Carrier Program partner to allow the department immediate access, during normal business hours, to their office to physically remove all unprocessed transactions and records created in the performance of this article.

Necessity: To prevent the Interstate Carrier Program partner from processing unauthorized transactions and issuing of inventory after their permit has been terminated.

Subsection (d)(3) requires the Interstate Carrier Program partner to allow the department immediate access, during normal business hours, to their office to physically remove the Interstate Carrier Program Permit (form REG 200 I).

Necessity: To prevent misleading customers that the terminated Interstate Carrier Program partner holds a valid permit where the customer could then provide documents that contain

confidential information when the terminated partner is no longer authorized to receive such information.

Subsection (d)(4) establishes that the Interstate Carrier Program partner's records and practices related to the International Registration Plan vehicle registration transactions shall be subject to audit by the department or its representatives for a period of four (4) years following the termination of the permit. As permitted by state and federal law, the department shall safeguard the Interstate Carrier Program partner's records and practices as being proprietary to the Interstate Carrier Program partner.

Necessity: An audit of records and practices may become necessary due to a reason for investigation coming to light against the Interstate Carrier Program partner or the partner's customer that is discovered only after the Interstate Carrier Program permit has been terminated.

§ 226.48 Voluntary Closure of Interstate Carrier Program business

This section requires an Interstate Carrier Program partner who chooses to close their business to comply with several items within 30 days described in subsections (a) through (f).

Subsection (a) requires the Interstate Carrier Program partner that is voluntarily closing to complete an Interstate Carrier Program (ICP) Quarterly Inventory Report form, REG 210 I (NEW 11/2017).

Necessity: To provide the department with final written documentation of the accountable and controlled inventory that is in the partner's possession.

Subsection (b) establishes that the department reserves the right to conduct an inventory reconciliation of the remaining accountable and controlled inventory.

Necessity: To ensure all inventory that has been assigned to the Interstate Carrier Program partner is accounted for and has not been misused or missing.

Subsection (c) requires the Interstate Carrier Program partner that is voluntarily closing to allow the department immediate access during normal business hours to the office to physically remove any unassigned department accountable and controlled inventory.

Necessity: To prevent the Interstate Carrier Program partner from processing unauthorized transactions and issuing of inventory after their permit has been terminated.

Subsection (d) requires the Interstate Carrier Program partner that is voluntarily closing to allow the department immediate access during normal business hours to the office to physically remove all unprocessed transactions and records created in the performance of this article.

Necessity: To prevent the Interstate Carrier Program partner from processing unauthorized transactions and issuing of inventory after their permit has been terminated.

Subsection (e) requires the Interstate Carrier Program partner that is voluntarily closing to allow the department immediate access during normal business hours to the office to physically remove the Interstate Carrier Program Permit (form REG 200 1).

Necessity: To prevent misleading customers that the terminated Interstate Carrier Program partner holds a valid permit where the customer could then provide documents that contain confidential information when the terminated partner is no longer authorized to receive such information.

Subsection (f) establishes that the Interstate Carrier Program partner's records and practices related to the International Registration Plan vehicle registration transactions are subject to audit by the department or its representatives for a period of four years following the cancellation of the permit. Also, as permitted by state and federal law, the department will safeguard the Interstate Carrier Program partner's records and practices as being proprietary to the Interstate Carrier Program partner.

Necessity: An audit of records and practices may become necessary due to a reason for investigation coming to light against the Interstate Carrier Program partner or the partner's customer that is discovered only after the Interstate Carrier Program permit has been terminated.

§ 226.50 Training Requirements

Subsection (a) requires the Interstate Carrier Program partner to attend the department's International Registration Plan system training at their own expense.

Necessity: In order for the Interstate Carrier Program partner to accurately process International Registration Plan vehicle registrations through the department's system they must be trained. The costs associated with attending training have to be paid for by the partner because they are a private entity in partnership with the department and not an employee of the department.

Subsection (b) informs the Interstate Carrier Program partner to submit a complete Acceptable Use Statement form, DMV 350 (REV. 8/2017) while attending the department's International Registration Plan system training. The Acceptable Use Statement form, DMV 350 (REV. 8/2017) is incorporated into the regulation here.

Acceptable Use Statement form, DMV 350

The form DMV 350 is an existing departmental form (used internally) consisting of four sections and an introduction.

The introductory paragraph that explains the importance of complying with the department's information security and privacy policies, standards and practices. Additionally, it warns of penalties for failing to comply.

Section 1 – Access

Section 1 contains 13 expectations related to access of the department's information assets and the responsibility to safeguard them. There is a space next to each expectation for an individual to provide their initial which signifies they understand the expectation.

Section 2 – Use

Section 2 contains four expectations related to use of the department's information assets. There is a space next to each expectation for an individual to provide their initial which signifies they understand the expectation.

Section 3 – Disclosure

Section 3 contains four expectations related to disclosure of the confidential, sensitive, or personal information within the control of the department. There is a space next to each expectation for an individual to provide their initial which signifies they understand the expectation.

Section 4 – Individual Responsibility

Section 4 contains 13 expectations related to an individual's responsibility to protect the department's information assets and appropriate behavior related to software license agreements, patent/trademark/copyright law, and departmental policy. There is a space next to each expectation for an individual to provide their initial which signifies they understand the expectation.

There is space designated at the bottom of each page of this two page form for the individual to print their name, provide their signature and the date.

Necessity: Since an Interstate Carrier Program partner works with confidential and personal information it is important that they understand the expectations related to this departmental asset.

Subsection (c) informs the Interstate Carrier Program partner that it is their responsibility to train their designated employees to perform the duties related to the Interstate Carrier Program.

Necessity: The department does not have the resources to train all of the employees of the Interstate Carrier Program partners.

Subsection (d) prohibits Interstate Carrier Program partners from developing procedures that are not in alignment with the departmental training they received.

Necessity: In order for the International Registration Plan vehicle registrations to be processed correctly through the department's database the department's procedures related to the International Registration Plan system must be followed. If they are not followed, errors occur that delay the processing of the vehicle registrations.

§ 226.52 Reporting Requirements

This section establishes the requirements for the Interstate Carrier Program partner to complete and submit reports to the department.

Subsection (a) establishes the requirement that the Interstate Carrier Program partner keeps the Interstate Carrier Program Daily Transaction Summary Sheet (DTS) form, REG 212 I (NEW 11/2017) up to date at all times and submits it to the department daily via email, to the specified email address. The Interstate Carrier Program Daily Transaction Summary Sheet (DTS) form, REG 212 I (NEW 11/2017) is incorporated into the regulation here:

Interstate Carrier Program Daily Transaction Summary Sheet (DTS), form REG 212 I

The form REG 212 I is designated by the department as the form required when an Interstate Carrier Program partner is tracking their daily transactions and requires the disclosure of their name, the work date, office number, and telephone number. Additionally, the REG 212 I has spaces for the Interstate Carrier Program partner to report the carrier name, account number, fleet number, IRP fees, number of vehicles, IRP supplement number, type of transaction, supplement effective date, user ID, and DMV use (yes or no) for up to 18 transactions. There is a designated space at the bottom for reporting the total dollar amount and total number of vehicles for each REG 212 I.

Necessity: To ensure the Interstate Carrier Program partner is processing transactions correctly. The department utilizes the REG 212 I to verify that the department's records reflect the same information that the partner has reported.

Subsection (b) establishes the requirement that the Interstate Carrier Program partner maintains their Interstate Carrier Program (ICP) Quarterly Inventory Report form, REG 210 I (NEW 11/2017) and all Inventory Order forms REG 215 I (New 11/2017) and Notice of Transfer of Accountable or Controlled Items forms, ADM 518 (REV. 11/2001), that correspond to the REG 210 I reports.

Necessity: For consistency with the requirements adopted in section 226.54 related to audits.

Subsection (c) establishes the requirement that the Interstate Carrier Program partner maintain an Interstate Carrier Program Transactions Per Year Report form, REG 211 I. The Interstate Carrier Program Transactions Per Year Report form, REG 211 I (NEW 11/2017) is incorporated into the regulation here:

Interstate Carrier Program Transactions Per Year Report form, REG 211 I

The form REG 211 I is a new departmental form consisting of four sections with instructions at the top.

First, in the Instructions, the form requires the Interstate Carrier Program partner to identify their reporting period, through check boxes and fill-in spaces, either first half of the year or second

half of the year. Then it directs the Interstate Carrier Program partner to submit the report to the department's Interstate Carrier Program administrator at the email specified.

Section 1 – ICP Partner Information

Section 1 requires the Interstate Carrier Program partner to provide their Interstate Carrier Program partner name, their office number, and the date.

Section 2 – Carrier Information

Section 2 requires the Interstate Carrier Program partner to provide carrier information which includes the carrier's account number, name, the type of transaction, number of vehicles, and the date the supplement closed, for up to 100 transactions.

Section 3 – Processing Information During Reporting Period

Section 3 requires the Interstate Carrier Program partner to provide the total number of transactions and the total number of vehicles which is the processing information during reporting period.

Section 4 – Certification

Section 4 is the certification section and requires the Interstate Carrier Program partner's authorized employee to print their name, sign, and date the form certifying, under penalty of perjury, that the information provided to the department on this REG 211 I is true and correct. This certification is consistent with the provisions of Code of Civil Procedure section 2015.5(b) and is consistent with all other departmental forms containing certifications.

Necessity: The information provided in this report form is necessary for the department to identify the time period being reported, to be able to search for a particular transaction in the department's International Registration Plan system, to analyze if the amount of inventory ordered by an Interstate Carrier Program partner is in compliance with the requirement to have no more than the specified amount on hand, and for the department to determine if the partner has met the minimum number of transactions processed per year as specified.

Subsection (d) establishes the requirement that the Interstate Carrier Program partner maintain an Interstate Carrier Program Employee Listing form, REG 209 I (NEW 11/2017).

Necessity: The maintenance of the forms specified in this section (226.52) is necessary for the Interstate Carrier Program partner to remain in compliance with sections 226.22, 226.24, 226.38, 226.40, 226.42, 226.44, 226.46, 226.48, and 226.54 of these regulations.

§ 226.54 Annual Compliance Audit Requirements

Subsection (a) establishes that an annual compliance audit performed by a Certified Public Accountant must be completed at the Interstate Carrier Program partner's expense for their

primary business location and any branch locations. Subsections (a)(1) and (a)(2) specify that the Certified Public Accountant must be licensed and not have any interest in the partner's business.

Necessity: The private entity has to cover the costs associated with being in the business of an Interstate Carrier Program partner. Additionally, it is the business practice of the department to require independent compliance audits of its business partners.

Subsection (a)(3) establishes that the Certified Public Accountant shall conduct the audit using generally accepted government auditing standards and the department's Interstate Carrier Program Independent Audit Plan Guide for the Interstate Carrier Program Participant form, REG 217 I. The Interstate Carrier Program Independent Audit Plan Guide for the Interstate Carrier Program Participant form, REG 217 I (NEW 11/2017) is incorporated into the regulation here:

Interstate Carrier Program Independent Audit Plan Guide for the Interstate Carrier Program Participant form, REG 217 I

The form REG 217 I is a new departmental form consisting of five sections.

Section 1 – Background

Section 1 provides background information related to the International Registration Plan and the department's Interstate Carrier Program.

Section 2 – Accountability

Section 2 discusses accountability of the Interstate Carrier Program partner including how often the partner must secure an independent compliance audit, that the Certified Public Accountant hired to perform the audit must hold a valid license, that a copy of the audit report must be provided to the department within 60 calendar days at the end of each 12 month period, and that the audit is to be conducted in accordance with generally accepted government auditing standards.

Section 3 – Audits Areas

Section 3 outlines the areas subject to audit and lists numerous documents that the Interstate Carrier Program partner should have available to the Certified Public Accountant.

Section 4 – The Report

Section 4 instructs the Certified Public Accountant to provide the Interstate Carrier Program partner and the department's Interstate Carrier Program administrator a copy of the written report and sets a deadline for completion.

Section 5 – Audit Follow-Up

Section 5 establishes that the department's Internal Audits Branch is responsible for reviewing the completed audit reports and requesting any further documentation needed.

Necessity: To inform the Certified Public Accountant about the department's Interstate Carrier Program and its compliance audit expectations.

Subsection (a)(4): requires the Interstate Carrier Program partner to allow the Certified Public Accountant to perform the annual compliance audit according to the Interstate Carrier Program Independent Audit Program Audit Guide For The Certified Public Accountant form, REG 218 I. The Interstate Carrier Program Independent Audit Program Audit Guide For The Certified Public Accountant form, REG 218 I (NEW 11/2017) is incorporated into the regulation here:

Interstate Carrier Program Independent Audit Program Audit Guide For The Certified Public Accountant form, REG 218 I

The form REG 218 I is a new departmental form consisting of six sections.

Section 1 – General Information

Section 1 provides general instructions to the Certified Public Accountant performing the independent compliance audit including prepare an observation control sheet, prepare a reference points sheet, and prepare an audit report that includes all reportable findings.

Section 2 – Compliance with the ICP

Section 2 discusses compliance requirements related to the Interstate Carrier Program including verifying that the application and related documents are complete and that a valid permit is in displayed in public view.

Section 3 – Reports

Section 3 specifies which reports to verify, specifically the transactions per year and the employee listing.

Section 4 – Inventory

Section 4 instructs the Certified Public Accountant to verify across five areas, subject to audit, numerous documents and reports that the Interstate Carrier Program partner is responsible for maintaining.

Section 5 – Access Controls

Section 5 instructs the Certified Public Accountant to verify that user authorization and access authorization controls are in place and being utilized.

Section 6 – Security

Section 6 instructs the Certified Public Accountant to verify that the Interstate Carrier Program partner is in compliance with the security agreement including that the current office layout matches the approved floor plan diagram.

Necessity: To give specific instruction/guidance to the Certified Public Accountant hired by the partner to perform the annual compliance audit.

Subsection (b) establishes that the Certified Public Accountant shall be required to sign an Interstate Carrier Program Non-Disclosure Statement form, REG 205 I. The Interstate Carrier Program Non-Disclosure Statement form, REG 205 I (NEW 11/2017) is incorporated into the regulation here:

Interstate Carrier Program Non-Disclosure Statement form, REG 205 I

The form REG 205 I is a new departmental form.

The form REG 205 I is designated by the department as the form required when an Interstate Carrier Program partner hires a Certified Public Accountant to perform an independent compliance audit as require by Vehicle Code 1685.1 and section 226.54 of these regulations. This form requires the Interstate Carrier Program partner to disclose their business name, business address, business mailing address, name of contact person, and phone number. This form also requires the disclosure of the Certified Public Accountant's business and/or individual name, business address, business mailing address, name of contact person, and phone number. The Certified Public Accountant is required to sign and date this form certifying/declaring that the information provided is true and correct as well as that they have read and understand the confidentiality rules.

The REG 205 I contains notice of their responsibility to maintain confidentiality of restricted information and warns the Certified Public Accountant of the consequences for violating the confidentiality laws.

Further, there are instructions that the form must be stored at the worksite for the life of the agreement and for three years after its end. Should the department request the completed form it must be made available.

The REG 205 I is necessary to ensure that any Certified Public Accountant hired by an Interstate Carrier Program partner understands their responsibility to maintain the confidentiality of the restricted information they may come into contact within the course of conducting their audit. The REG 205 I also ensures that the department has identifying information of the Certified Public Accountant should there be a need to contact them. The REG 205 I is also necessary as part of the business records maintained by the Interstate Carrier Program partner for the term of their permit and the three years following its expiration.

Economic Impact Assessment (Government Code section 11346.3):

The department has made the following determinations when assessing the economic impact associated with this proposed regulation:

- **The Creation or Elimination of Jobs within the State of California:** As these proposed regulations set application fees only to recover the cost of processing each application type and establish the requirement for partners to maintain a surety bond, the department does not anticipate that this proposed action will have any impact on the creation or elimination of jobs within the State of California.
- **The Creation of New Businesses or the Elimination of Existing Businesses within the State of California:** As these proposed regulations set application fees only to recover the cost of processing each application type and establish the requirement for partners to maintain a surety bond, the department does not anticipate that these proposed regulations will create new businesses or eliminate existing businesses in the State of California.
- **The Expansion of Businesses Currently Doing Business within the State of California:** As these proposed regulations set application fees only to recover the cost of processing each application type and establish the requirement for partners to maintain a surety bond, these proposed regulations are unlikely to expand businesses within the State of California.
- **Benefits of the Regulations to the Health and Welfare of California Residents, Worker Safety, and the State's Environment:** This proposed action will continue to benefit the health and safety of California residents who use the public roads by ensuring immediate and convenient registration of motor carriers assisting in eliminating unregistered vehicles from operating on the roadways. It is unlikely these proposed regulations will have any impact on the State's environment.

Additional Economic and Fiscal Impact Determinations:

The department has made the following additional determinations regarding economic and fiscal impacts associated with this proposed regulation:

- **Cost or savings to any State agency:** None.
- **Other nondiscretionary cost or savings imposed on local agencies:** None.
- **Cost or Savings in Federal Funding to the State:** None.
- **Cost Impact on a Representative Private Person or Business:** The department is aware of a small cost impact a representative private person or business would necessarily incur in reasonable compliance with the proposed action. Application fees

for an original permit and to renew a permit are added, as well as the requirement to maintain a surety bond.

- **Effect on Housing Costs:** None.
- **Local Agency/School Districts Mandate:** The proposed regulation 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 is likely to impact small businesses.

Departmental Determinations

Technical, Theoretical and/or Empirical Studies, Reports or Documents: None relied upon.

Benefits Anticipated from this Regulatory Action: The benefits derived from these proposed regulations are ensuring that the application fees accurately reflect the cost to the department to process the applications, and thus maintaining cost-effectiveness and longevity of the program. The Interstate Carrier Program benefits numerous motor carriers by conveniently facilitating International Registration Plan vehicle registration transactions.

Reasonable Alternatives, Including Any That Would Lessen Adverse Impact on Small Business: No alternatives were considered or presented, including any that would lessen any adverse impact on small businesses.

Alternatives Considered: No alternatives were considered that are less burdensome and equally effective at achieving these purposes.

Comparable Federal and State Regulations: There are no comparable federal or state regulations. Only the department is authorized to implement vehicle registration and titling programs with approved business partners.

Evidence Supporting Determination of No Significant Adverse Economic Impact on Business: The adverse impact is at most several hundred dollars for a business partner with many sites. The department believes this sum is insignificant in today's commercial setting.