

**State of California
Department of Motor Vehicles**

Report to the Legislature of the State of California

**Consolidated
Private Industry Partner
Report**

July 2021 through June 2022 Fiscal Year

Gavin Newsom Governor

Toks Omishakin, Secretary
California State Transportation Agency

Steve Gordon, Director Department of
Motor Vehicles



In Accordance with California Vehicle Code section 1685(g)

TABLE OF CONTENTS

Introduction.....	1
Background and Summary	1
Benefits of the Program.....	2
Qualified Private Industry Partners.....	3
BPA Transaction Data	4
Amount of Funds Received by the Department	5
Fraudulent Activities Identified	5
Administrative or Statutory Changes	6

INTRODUCTION

California Vehicle Code (CVC) [section 1685\(g\)](#) requires the Department of Motor Vehicles (DMV) to submit an annual report to the Legislature identifying the partnerships created from this statute. Pursuant to CVC section 1685(g) (1-7), the DMV is required to provide the following information:

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

This annual report is for the 2021/2022 Fiscal Year (FY) and is due to the Legislature by October 1, 2022.

BACKGROUND AND SUMMARY

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

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

Transaction volumes in the Business Partner Automation (BPA) Program decreased by 10.2% percent in FY 2021/2022, to a little more than 7.89 million transactions, with a total registration revenue collected exceeding \$3

billion. Revenue from the program, in the form of processing fees paid to the Motor Vehicle Account (MVA) by participants, decreased by \$2,333,363 to a little more than \$35.8 million annually.

The 10.2% decrease in transactions and registration fees collected, compared to previous years, can be attributed to DMV's on-going effort towards modernization. Specifically, DMV has expanded digital services through two efforts: development of the DMV Virtual Office (VO) and expansion of DMV NOW Kiosk program. The VO allows a customer to upload documents to DMV when initiating a transaction which are reviewed and completed by a DMV customer service representative. DMV has also launched additional DMV NOW kiosk machines to various DMV field offices and retail stores throughout California as well as expanded services. The freestanding self-service kiosk guides customers to complete various DMV transactions through its touchscreen technology. As DMV continues to expand new service options for a customer to utilize at their convenience, reasons to visit a BPA location may decrease and reduce transactions performed in the BPA Program.

BENEFITS OF THE PROGRAM

Transactions processed by the business partners provide DMV the following benefits:

- Provides nightly updates to the DMV registration database with new owner information.
- Allows vehicle license plates to be issued to car buyers more quickly.
- Offers an alternative method of service for DMV transactions. Many industry partners offer other services such as car insurance, and smog certification for one stop shopping. They also provide flexible hours and accept credit cards.
- Reduces the workload in the DMV field offices.
- Eliminates costs to the state associated with dishonored payments as all fees are paid via Electronic Fund Transfer (EFT) from the First-Line Service Providers and First-Line Business Partner, who absorb the risk associated with invalid customer payments.
- Allows DMV to accrue interest earlier since the EFT funds are received more quickly than other forms of payment.

QUALIFIED PRIVATE INDUSTRY PARTNERS

There is one First-Line Business Partner, AVIS Rent A Car, and five First-Line Service Providers:

- Dealertrack Registration and Titling Solutions (DLTK),
- Motor Vehicle Software Corporation (MVSC),
- American Driving Records (ADR),
- Car Registration Incorporated (CRI), and
- Computerized Vehicle Registration (CVR).

A sixth partner, Automated Vehicle Registration Services (AVRS), was acquired by CVR in 2015. The AVRS platform supports the majority of the second line business partners with the CVR platform mainly supporting the salvage transaction activity. Lastly, Amerifleet Transportation Incorporated was reported as a First-Line Service Provider in the previous annual legislative report; however, due to internal technical and administrative support issues, Amerifleet Transportation Incorporated has asked to be a non-active First-Line Service Provider until further notice.

The five First-Line Service Providers establish connectivity for over 6,570 Second-Line Business Partner locations throughout California and the continental United States. A [listing](#) of all qualified private industry partners and their addresses is provided as part of this report.

BPA TRANSACTION DATA

The First-Line and Second-Line Business Partners have the ability to process the following vehicle registration and titling transactions. The transaction types and their corresponding volumes and registration revenue are noted in the table below.

TRANSACTION TYPE	VOLUME	REGISTRATION REVENUE
Registration of new vehicles	2,025,566	\$1,171,153,269
Posting of fees on new vehicles	41,107	\$11,482,793
Non-resident vehicles	278,327	\$210,724,818
Miscellaneous original vehicles	103,887	\$126,153,385
Transfer of registered owner	2,702,568	\$840,663,791
Transfer of legal owner	70,258	\$4,133,982
Registration renewals	2,147,186	\$713,693,444
Duplicate titles	23,334	\$2,604,251
Vehicle License Fee (VLF) refunds	21,200	\$0
Junks/non-revivable junked vehicles	58,327	\$1,644,525
Salvage/non-repairable vehicles	397,291	\$12,294,544
Vessels	2,032	\$1,992,228
Posting of fees non-original vehicles	22,450	\$2,673,289
Total transactions processed	7,893,533	\$3,099,214,319

AMOUNT OF FUNDS RECEIVED BY THE DEPARTMENT

The DMV, via an EFT, takes the fees from the collection of the registration transactions from the appropriate First-Line Service Provider or First-Line Business Partner account. During FY 2021/2022, the DMV collected a total registration revenue of \$3,099,214,319.

The DMV, per CVC section 1685 and California Code of Regulations (CCR) section 423.00, charges the First-Line Service Provider and First-Line Business Partner a transaction fee, adjusted for consumer price index (CPI) annually, for each BPA transaction processed through completion; however, there is no BPA transaction fee billed for the posting of fees on new vehicles or for processing a refund for the VLF. In addition, the DMV charges the private industry partners, per Senate Bill (SB) 848 (Chapter 46, Statutes of 2018), a \$1 fee per completed transaction for their proportionate share of the department wide system improvements. During April 2022, the CPI for the BPA transaction increased from a \$5 fee to a \$6 fee. The total transaction fees collected from the First-Line Business Partner and First-Line Service Providers was \$35,816,882. All fees collected by the department are deposited into the MVA.

FRAUDULENT ACTIVITIES IDENTIFIED

The BPA Program receives information regarding fraudulent activities from different resources and refers them to DMV Investigations for research and clarification. If fraudulent activities are identified, the investigation will result with a formal report provided to DMV Legal Affairs as part of the BPA Program's due process procedures. On April 18, 2022, Independent Registration Service was revoked from the BPA Program due to multiple incidents of fraudulently bypassing smog, transferring a vehicle where the legal owner's name was omitted, and providing fraudulent documentation to avoid the collection of taxes. On June 1, 2022, Garibay Auto Registration was also revoked from the program due to multiple incidents of fraudulently bypassing smog when processing a vehicle registration transaction.

ADMINISTRATIVE OR STATUTORY CHANGES

In 2018, Senate Bill (SB) 848 (Chapter 46, Statutes of 2018) was chaptered and required the DMV to charge the private industry partners a \$1 fee per completed transaction for their proportionate share of the department wide system improvements. Follow up legislation, Assembly Bill 3163 (Chapter 400, Statutes of 2018), allowed the private industry partners to collect the \$1 transaction fee directly from their customers. As of June 30, 2022, a total of \$26,540,744 has been collected from the BPA transaction fees. This \$1 transaction fee will be discontinued when the DMV Director determines sufficient funds have been received to pay for the system improvements, or on December 31, 2023, whichever occurs first.

The DMV has begun the effort to modernize its Vehicle Registration (VR) and Control Cashier (CC) systems. This effort will continue for the next two fiscal years. The DMV will engage the BPA partners in the discussion and ensure that the system development and change management activities will align with the stakeholders.