

**State of California
Department of Motor Vehicles**

Report to the Legislature of the State of California

**Consolidated
Private Industry Partner
Report**

July 2023 through June 2024 Fiscal Year

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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	2
BPA Transaction Data	3
Amount of Funds Received by the Department.....	4
Fraudulent Activities Identified	4
Administrative or Statutory Changes.....	5

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 2023/2024 Fiscal Year (FY) and is due to the Legislature by October 1, 2024.

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.

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.
- 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 seven First-Line Service Providers:

- Dealertrack Registration and Titling Solutions (DLTK),
- Motor Vehicle Software Corporation (MVSC),
- American Driving Records (ADR),
- Automated Vehicle Registration Services (AVRS),
- Computerized Vehicle Registration (CVR),
- Car Registration Incorporated (CRI), and
- California Electronic Vehicle Registration System Inc. (CEVRS)

In the BPA program, the First-Line Service Providers establish connectivity for 6,429 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	2,172,582	\$1,335,243,737
Posting of fees on new vehicles	47,638	\$17,094,853
Non-resident vehicles	240,938	\$213,620,219
Miscellaneous original vehicles	94,823	\$138,061,293
Transfer of registered owner	2,243,426	\$863,009,186
Transfer of legal owner	66,504	\$5,377,267
Registration renewals	2,185,741	\$830,396,974
Duplicate titles	21,054	\$1,860,024
Vehicle License Fee (VLF) refunds	10,205	\$0
Junks/non-revivable junked vehicles	3,247	\$267,993
Salvage/non-repairable vehicles	415,791	\$13,969,379
Vessels	2,047	\$1,386,280
Posting of fees non-original vehicles	27,036	\$4,841,283
Total	7,531,032	\$3,425,128,488

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 2023/2024, the DMV collected \$3,425,128,488 in registration revenue.

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 annually by the California Consumer Price Index (CPI), for each BPA transaction processed through completion. There is no BPA transaction fee billed for the posting of fees on new vehicles or for processing a VLF refund. The total transaction fees collected from the First-Line Business Partner and First-Line Service Providers was \$36,676,178. All fees collected by the department are deposited into the Motor Vehicle Account.

Pursuant to Vehicle Code section 1685(i), the DMV charges private industry partners a \$1 fee per completed transaction for their proportionate share of department-wide system improvements. From implementation in 2018 through December 31, 2023, when authority to collect the fee sunset, the department collected \$36,417,745 from the transaction fee.

All fees collected by the department are deposited into the Motor Vehicle Account.

FRAUDULENT ACTIVITIES IDENTIFIED

The BPA Program continues to effectively combat fraud. As the program grows with more Second-Line Business Partner participants, DMV continues to collaborate with internal and external stakeholders for this purpose. Six accusation cases are currently pending a court hearing that originated during FY 2023/2024. The scope of the accusations varies and include incidents of bypassing smog, eliminating delinquent fees, unauthorized accessing of database information, and fraudulently transferring vehicles. Once the case is scheduled for a hearing, each entity will be given an opportunity to plead their case.

The BPA program continues to investigate and reduce fraud committed by business partners. DMV additionally continues to evaluate and implement system changes to prevent fraudulent activities from occurring.

ADMINISTRATIVE OR STATUTORY CHANGES

Senate Bill 848 (Chapter 46, Statutes of 2018) 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. The authority to collect the fee sunset December 31, 2023.

Assembly Bill 3163 (Chapter 400, Statutes of 2018) allowed the private industry partners to collect the \$1 transaction fee directly from their customers.

Assembly Bill 157 (Chapter 570, Statutes 2022) requires the department to make annual CPI adjustments to the \$25 BPA processing fee. As of January 1, 2024, the fee is set at \$28.