

ASSEMBLY BILL NO. 309—ASSEMBLYMEN
FLORES, BOBZIEN; AND DIAZ

MARCH 18, 2013

Referred to Committee on Transportation

SUMMARY—Requires the Department of Motor Vehicles to contract for certain electronic services. (BDR 43-947)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to the Department of Motor Vehicles; requiring the Department to establish and implement a system to process security interests electronically; requiring the Department to contract with a supplier to establish and implement such a system; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 This bill directs the Department of Motor Vehicles to establish and implement
2 an "electronic lien system" to process the notification and release of security
3 interests by way of electronic batch file transfers. To carry out this directive, the
4 Department is further required to: (1) prepare a request for proposals to solicit bids
5 from suppliers interested in furnishing electronic lien services to the Department;
6 (2) establish parameters for the contract between the Department and the supplier
7 who will furnish the electronic lien services; and (3) under certain circumstances,
8 reimburse lost revenues of the supplier who is selected to fulfill the contract.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 482.293 is hereby amended to read as follows:
2 482.293 1. The Department may establish a program for the
3 electronic submission and storage of documents.
4 2. If the Department establishes a program pursuant to
5 subsection 1:



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(a) An electronic submission or storage of documents that is carried out pursuant to the program with respect to a particular transaction is not valid unless all original documents required for the transaction pursuant to:

(1) The provisions of 49 U.S.C. §§ 32701 et seq.; and

(2) The provisions of any regulations adopted pursuant thereto,

➔ have been executed and submitted to the Department.

(b) The Department shall allow ~~only~~ the following persons , *and may allow other persons*, to apply for participation in the program:

(1) Financial institutions, new vehicle dealers and used vehicle dealers, for the purpose of submitting documents by electronic means to the Department on behalf of their customers.

(2) Owners of fleets composed of 10 or more vehicles.

(c) The Department shall adopt regulations to carry out the program.

3. The regulations required to be adopted pursuant to paragraph (c) of subsection 2 must include, without limitation:

(a) The type of electronic transmission that the Department will accept for the program.

(b) The process for submission of an application by a person who desires to participate in the program and the fee, if any, that must accompany the application for participation.

(c) The criteria that will be applied by the Department in determining whether to approve an application to participate in the program.

(d) The standards for ensuring the security and integrity of the process for issuance and renewal of a certificate of registration and a certificate of title, including, without limitation, the procedure for a financial and performance audit of the program.

(e) The terms and conditions for participation in the program and any restrictions on the participation.

(f) The contents of a written agreement that must be on file with the Department before a participant may submit a document by electronic means to the Department. Such written agreement must include, without limitation:

(1) An assurance that each document submitted by electronic means contains all the information that is necessary to complete the transaction for which the document is submitted;

(2) Certification that all the information contained in each document that is submitted by electronic means is truthful and accurate;



(3) An assurance that the participant who submits a document by electronic means will maintain all information and records that are necessary to support the document; and

(4) The signature of the participant who files the written agreement with the Department.

(g) The conditions under which the Department may revoke the approval of a person to participate in the program, including, without limitation, failure to comply with this section and NRS 482.294 and the regulations adopted pursuant thereto.

(h) The method by which the Department will store documents that are submitted to it by electronic means.

(i) The required technology that is necessary to carry out the program.

(j) Any other regulations that the Department determines necessary to carry out the program.

(k) Procedures to ensure compliance with:

(1) The provisions of 49 U.S.C. §§ 32701 et seq.; and

(2) The provisions of any regulations adopted pursuant thereto,

↳ to the extent that such provisions relate to the submission and retention of documents used for the transfer of the ownership of vehicles.

4. *Notwithstanding any provision of subsection 2 or paragraphs (a) to (j), inclusive, of subsection 3 to the contrary, the Department may, by regulation, require financial institutions, new vehicle dealers, used vehicle dealers or any other persons to participate in a program established pursuant to this section as a condition of submitting any or all documents to the Department.*

5. The Department may accept gifts and grants from any source, including, without limitation, donations of materials, equipment and labor, for the establishment and maintenance of a program pursuant to this section.

Sec. 2. 1. Unless the Department determines that a suitable contractor is not available or the Department is not able to agree to terms with a qualified supplier, the Department shall, pursuant to the authority granted by NRS 482.293 and not later than July 1, 2014, and in lieu of the issuance and maintenance of paper documents otherwise required by chapter 482 of NRS, establish and implement on a statewide basis a system to process the notification and release of security interests through electronic batch file transfers.

2. Not later than September 1, 2013, the Department shall begin preparation of a request for proposals to solicit bids from interested suppliers to select a qualified supplier to perform the services required pursuant to this section. The request for proposals described in this subsection must be issued not later than



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1 October 1, 2013. The award of the contract, if any, resulting from
2 the issuance of the request for proposals described in this subsection
3 must occur not later than December 1, 2013.

4 3. The Department shall include, without limitation, the
5 following provisions in the contract with the qualified supplier:

6 (a) The term of the contract must be for a fixed period of not
7 less than 7 years.

8 (b) The contract must not require the Department to pay any
9 amount to the qualified supplier unless otherwise provided in this
10 section. The qualified supplier must be required to reimburse the
11 Department for any reasonable implementation costs directly
12 incurred by the Department during establishment and ongoing
13 administration of the electronic lien system.

14 (c) The qualified supplier must be allowed to charge lienholders
15 and their agents fees as set forth in the contract for implementation
16 and administration of the electronic lien system.

17 4. Participating lienholders and their agents shall collect a fee
18 of not more than \$8 from the borrowers of an automotive loan or
19 lessees of an automotive lease, where a lien is present, for lienholder
20 participation in the electronic lien system.

21 5. After the electronic lien system has been in operation for 12
22 months, except for lienholders who are not normally engaged in the
23 business or practice of financing vehicles, all lienholders must be
24 required to participate in the electronic lien system.

25 6. The Department shall reimburse the qualified supplier for
26 lost income from transaction fees if, after the initiation of services
27 required by this section, for any reason the Department:

28 (a) Does not require lienholders to participate in the electronic
29 lien system as required by subsection 5; or

30 (b) Terminates operation of the electronic lien system before the
31 end of the term of the contract.

32 7. As used in this section:

33 (a) "Department" means the Department of Motor Vehicles.

34 (b) "Electronic lien system" means the system to process the
35 notification and release of security interests through electronic batch
36 file transfers that the Department is directed to establish and
37 implement pursuant to subsection 1.

38 (c) "Qualified supplier" means a supplier who has:

39 (1) A minimum of 5 years' experience in directly providing
40 electronic lien transactions to motor vehicle departments of other
41 states or the District of Columbia; and

42 (2) A minimum of 10 years' experience in directly providing
43 internet-accessible electronic lien and title software and services to
44 lienholders.



1 **Sec. 3.** This act becomes effective upon passage and approval.

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