

ECONOMIC DEVELOPMENT, TRANSPORTATION, AND NATURAL RESOURCES SUBCOMMITTEE MEETING

Wednesday, March 27, 2019

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AGENDA

South Carolina House of Representatives



Legislative Oversight Committee

ECONOMIC DEVELOPMENT, TRANSPORTATION, AND NATURAL RESOURCES SUBCOMMITTEE

The Honorable William M. "Bill" Hixon, Chair

The Honorable Lee Hewitt

The Honorable Mandy Powers Norrell

The Honorable Marvin R. Pendarvis

Wednesday, March 27, 2019

1 hour after adjournment of the House

321 - Blatt Building

Pursuant to Committee Rule 6.8, S.C. ETV shall be allowed access for internet streaming whenever technologically feasible.

AGENDA

- I. Approval of Minutes
- II. Discussion of the study of the Department of Motor Vehicles
- III. Adjournment

MINUTES FROM PREVIOUS MEETING

Chair Wm. Weston J. Newton

*First Vice-Chair:
Laurie Slade Funderburk*

Legislative Oversight Committee



*Micajah P. (Micah) Caskey, IV
Neal A. Collins
Patricia Moore (Pat) Henegan
William M. (Bill) Hixon
Jeffrey E. (Jeff) Johnson
Marvin R. Pendarvis
Tommy M. Stringer
Bill Taylor
Robert Q. Williams*

*Gary E. Clary
Chandra E. Dillard
Lee Hewitt
Joseph H. Jefferson, Jr.
Mandy Powers Norrell
Robert L. Ridgeway, III
Edward R. Tallon, Sr.
John Taliaferro (Jay) West, IV
Chris Wooten*

South Carolina House of Representatives

*Jennifer L. Dobson
Research Director*

Post Office Box 11867

Columbia, South Carolina 29211

Telephone: (803) 212-6810 • Fax: (803) 212-6811

Room 228 Blatt Building

*Charles L. Appleby, IV
Legal Counsel*

*Cathy A. Greer
Administration Coordinator*

*Carmen J. McCutcheon Simon
Research Analyst/Auditor*

*Kendra H. Wilkerson
Fiscal/Research Analyst*

Economic Development, Transportation, and Natural Resources Subcommittee

Wednesday, March 20, 2019

2:15 p.m.

Blatt Room 321

Archived Video Available

- I. Pursuant to House Legislative Oversight Committee Rule 6.8, South Carolina ETV was allowed access for streaming the meeting. You may access an archived video of this meeting by visiting the South Carolina General Assembly's website (<http://www.scstatehouse.gov>) and clicking on *Committee Postings and Reports*, then under *House Standing Committees* click on *Legislative Oversight*. Then, click on *Video Archives* for a listing of archived videos for the Committee.

Attendance

- I. The Economic Development, Transportation, and Natural Resources Subcommittee meeting was called to order by Chair William M. (Bill) Hixon on Wednesday, March 20, 2019, in Room 321 of the Blatt Building. The following other members of the Subcommittee were present for either all or a portion of the meeting: Representative Lee Hewitt, Representative Mandy Powers Norrell, and Representative Marvin R. Pendarvis.

Minutes

- I. House Rule 4.5 requires standing committees to prepare and make available to the public the minutes of committee meetings, but the minutes do not have to be verbatim accounts of meetings. It is the practice of the Legislative Oversight Committee to provide minutes for its subcommittee meetings.

- II. Representative Hewitt moves to approve the minutes from the February 27, 2019, meeting. A roll call vote is held, and the motion passes.

Rep. Hewitt's motion to approve the minutes from the February 27, 2019, meeting:	Yea	Nay	Not Voting
Rep. Hewitt	✓		
Rep. Norrell	✓		
Rep. Pendarvis			✓ (absent)
Rep. Hixon	✓		

Receipt of Constituent Testimony

- I. Chair Hixon swears in Mr. Clarence Jenkins, Jr., who provides testimony about his experiences with the Human Affairs Commission and the Department of Employment and Workforce. Mr. Jenkins responds to questions from subcommittee members.

Discussion of the Department of Motor Vehicles (DMV)

- I. Chair Hixon swears in Mr. Robert Bailes, DMV's incoming Chief of Staff and Director of Operations.
- II. DMV Executive Director Kevin Shwedo updates some of the information provided at previous meetings and responds to questions from Subcommittee members about the follow-up information the agency submitted on March 14, 2019. Mr. Karl McClary, DMV Inspector General, also responds to questions.
- III. Director Shwedo continues the agency's presentation of its strategic plan, which was started at the previous Subcommittee meeting on February 27, 2019. He begins with the agency's Goal 2.
- IV. Mr. John Laganelli, outgoing DMV Chief of Staff and Director of Operations, presents information about the agency's Strategy 1 under Goal 2.
- V. Mr. Frank Rodgers, DMV Chief Information Officer, and Mr. Michael Baum, DMV Application Systems Manager, present information about the agency's Strategy 2 under Goal 2. Mr. Rodgers, Mr. Baum, Mr. Laganelli, and Director Shwedo respond to member questions.
- VI. Mr. McClary, Ms. Shirley Rivers, DMV Director of Driver Services, and Mr. Larry Murray, DMV Director of Vehicle Services, present information about the agency's Strategy 3 under Goal 2. Mr. McClary, Ms. Rivers, Mr. Murray, and Director Shwedo respond to member questions.
- VII. Director Shwedo presents the agency's recommended law changes related to Goal 2, followed by an overview of Goal 3.

- VIII. Mr. Rodgers presents information about the agency's Strategies 1 and 2 under Goal 3. Mr. Rodgers, Director Shwedo, and Ms. Laura Bayne, Deputy Director of Legislative Affairs, respond to member questions.
- IX. Mr. McClary presents information about the agency's Strategy 3 under Goal 3. Mr. McClary and Mr. Rodgers respond to member questions.
- X. Director Shwedo and Ms. Trish Blake, Director of Administration, present information about the agency's Goal 4. Ms. Blake and Director Shwedo respond to member questions.
- XI. The meeting is adjourned.

STUDY TIMELINE: DEPARTMENT OF MOTOR VEHICLES

Legislative Oversight Committee Actions

- May 3, 2018 - Prioritizes the agency for study
- May 9, 2018 - Provides the agency with notice about the oversight process
- July 17 – August 20, 2018 - Solicits input from the public about the agency in the form of an online survey
- January 14, 2019 - Holds **Meeting 1** to **obtain public input** about the agency

Economic Development, Transportation, and Natural Resources Subcommittee Actions

- January 23, 2019 – Holds **Meeting 2** with the agency to discuss an overview of its **mission, history, resources, and major programs**
- February 13, 2019 – Holds **Meeting 3** with the agency to continue discussing its **major programs, successes, challenges, and emerging issues**
- February 27, 2019 – Holds **Meeting 4** with the agency to discuss the agency's **strategic plan** and **performance measures**.
- March 20, 2019 – Holds **Meeting 5** with the agency to continue discussion of the agency's **strategic plan** and **performance measures**.
- March 27, 2019 (TODAY) – Holds **Meeting 6** with the agency to discuss the agency's recommendations for law changes.

Department of Labor, Licensing and Regulation Actions

- March 31, 2015- Submits its **Annual Restructuring and Seven-Year Plan Report**
- January 12, 2016- Submits its **2016 Annual Restructuring Report**
- September 2016- Submits its **FY 2015-16 Accountability Report/Annual Restructuring Report**
- September 2017- Submits its **FY 2016-17 Accountability Report/Annual Restructuring Report**
- September 2018 – Submits its **FY 2017-18 Accountability Report/Annual Restructuring Report**
- November 16, 2018 - Submits its **Program Evaluation Report**
- January 2019-present- Meets with and **responds to Subcommittee**

Public's Actions

- July 17 – August 20, 2018- Provides input about the agency via an **online public survey**
- January 14, 2019- Provides **testimony** about the agency to the full Committee
- Ongoing - **Submits written comments on the Oversight Committee's webpage** on the General Assembly's website (www.scstatehouse.gov)

DMV SNAPSHOT

Department of Motor Vehicles

Agency Mission

To administer the state's motor vehicle licensing and titling laws by maintaining strict controls to deliver secure and valid identification, licenses, property records, while accurately accounting for the receipt and timely distribution of all revenue collected in order to best serve our citizens.

Successes *Identified by the agency*

- Partnering with external entities to deliver services and products with fewer errors and higher customer satisfaction
- Implementing the S.C. Uniform Traffic Ticket Information Exchange System
- Rolling out Real ID

History

The Department of Motor Vehicles began as a division of the State Highway Commission in 1917. After spending time with both the Department of Revenue and the Department of Public Safety, it became a cabinet agency in 2003.

Organizational Units

Administration
Customer Service Delivery (Vehicle Services)
Office of Inspector General
Procedures and Compliance (Driver Services)
Technology and Product Development
Customer Service Centers

Resources *(FY 18-19)*

Employees
1,220 filled FTE positions at the start of the year

Funding
\$114,055,506 appropriated and authorized

Challenges *Identified by the agency*

Current:

- Meeting dynamic needs with existing infrastructure
- Rising cost of goods, services, and contracts
- Modernizing the agency's 17-year-old operating system
- Retaining talented employees

Emerging:

- Autonomous vehicle regulation
- Mobile driver's license / ID card
- Mobile integration in all aspects of customer service
- Taking advantage of technology while protecting citizens' information

Source: Agency Program Evaluation Report

AGENCY RECOMMENDATIONS FOR LAW CHANGES

Source: Agency [Program Evaluation Report](#) and [Correspondence on February 22, 2019](#)

- Rec 1: Eliminate 4-year expiration date for service member licenses
- Rec 2: Eliminate temporary driver's permit during investigations
- Rec 3: Eliminate ability to cancel a minor's license if sponsoring adult dies
- Rec 4: Eliminate ability to garnish income tax refunds
- Rec 5: Eliminate 6-month certificate to operate a vehicle after a verdict or plea
- Rec 6: Eliminate temporary CDL waiver for humanitarian relief
- Rec 7: Eliminate \$1 fee for veteran's designation
- Rec 8: Eliminate NASCAR license plates
- Rec 9: Eliminate requirement to print "Please Forward" on required notices
- Rec 10: Eliminate requirement for safety glass in vehicles
- Rec 11: Eliminate conflicting requirement regarding verification of insurance
- Rec 12: Limit the number of free ID cards given and extend validity period
- Rec 13: Codify proviso relating to FOIA fees; exempt publications from sales tax
- Rec 14: Extend validity period of CDL
- Rec 15: Eliminate requirement to display license plate options
- Rec 16: Allow DMV to charge a technology fee
- Rec 17: Allow registration of mopeds even when the owner has outstanding insurance penalties
- Rec 18: Allow DMV to employ sworn law enforcement officers
- Rec 19: Increase penalties for vehicle dealers engaging in unfair practices
- Rec 20: Strike all DMV regulations
- Rec 21: Require inclusion of brands on vehicle titles
- Rec 22: Standardize fees and requirements for military plates
- Rec 23: Assess Infrastructure Maintenance Fee based on weight of commercial trucks (not value)

Rec 1: Eliminate 4-year expiration date for service member licenses

- a. **Law number and title:** 56-1-35 “Driver’s License for members of the armed services and dependents”
- b. **Summary of current law:** Requires the SCDMV to issue a 4-year license to members of the armed services and his dependents
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;**
Eliminate – Conform to current practice
- d. **Wording of law, with recommended change provided in strike through and underline:** A member of the Armed Services of the United States and his dependents, who become permanent residents of this State, have ninety days to apply for a South Carolina driver's license, and they must be issued a license without examination except for the visual test required by Section 56-1-210 if they have a valid driver's license from another state or territory of the United States, or the District of Columbia. ~~The license expires on the licensee's birth date which occurs within the fourth calendar year in which the license is issued.~~

Rec 2: Eliminate temporary driver's permit during investigations

- a. **Law number and title:** 56-1-70 "Temporary Driver's Permit"
- b. **Summary of current law:** Allows the SCDMV to issue a temporary driver's permit while completing an investigation to determine whether the individual should receive a driver's license
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;**
Eliminate – Conform to current practice
- d. **Wording of law, with recommended change provided in strike through and underline:** ~~The Department of Motor Vehicles may, in its discretion, issue a temporary driver's permit to an applicant for a motor vehicle driver's license permitting him to operate a motor vehicle while the Department is completing its investigation and determination of all facts relative to such applicant's right to receive a driver's license. Such permit must be in his immediate possession while operating a motor vehicle, and it shall be invalid when the applicant's license has been issued or for good cause has been refused.~~

Rec 3: Eliminate ability to cancel a minor's license if sponsoring adult dies

- a. **Law number and title:** 56-1-250 “Cancellation of license or permit upon death of person signing minor’s application”
- b. **Summary of current law:** Authorizes the SCDMV to cancel a minor’s license if the sponsoring adult dies
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;**
Eliminate – Conform to current practice
- d. **Wording of law, with recommended change provided in strike through and underline:** ~~The Department of Motor Vehicles upon receipt of satisfactory evidence of the death of the person who signed the application of a minor for a license or permit shall cancel such license or permit and shall not issue a new license until such time as a new application, duly signed and verified, is made as required by this article.~~

Rec 4: Eliminate ability to garnish income tax refunds

- a. **Law number and title:** 56-1-288 “Tax refund garnishment for failure to comply with financial responsibility”
- b. **Summary of current law:** Authorizes the SCDMV to garnish income tax refund instead of revoking a driver’s license or vehicle registration for failure to satisfy financial responsibility
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;** Eliminate – Conform to current practice
- d. **Wording of law, with recommended change provided in strike through and underline:**
~~The Department of Motor Vehicles may garnish a person's income tax refund instead of revoking a person's driver's license or vehicle registration for failure to satisfy financial responsibility requirements of Title 56.~~

Rec 5: Eliminate 6-month certificate to operate a vehicle after a verdict or plea

- a. **Law number and title:** 56-1-365 “Surrender of driver's license; fine; Department of Motor Vehicles to receive disposition and license surrender information; notice to defendant of suspension or revocation; multiple offenses; punishable offense”
- b. **Summary of current law:** Allows the SCDMV to issue a six-month certificate to operate a motor vehicle after a verdict or plea
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;**
Eliminate – Conform to current practice
- d. **Wording of law, with recommended change provided in strike through and underline:** (F) If the defendant surrenders his license, upon conviction, and subsequently files a notice of appeal, the appeal acts as a supersedeas as provided in Section 56-1-430. ~~Upon payment of a ten dollar fee and presentment by the defendant of a certified or clocked in copy of the notice of appeal, the department shall issue him a certificate which entitles him to operate a motor vehicle for a period of six months after the verdict or plea. The certificate must be kept in the defendant's possession while operating a motor vehicle during the six month period, and failure to have it in his possession is punishable in the same manner as failure to have a driver's license in possession while operating a motor vehicle.~~

Rec 6: Eliminate temporary CDL waiver for humanitarian relief

- a. **Law number and title:** 56-1-2025 “Waiver of licensing and registration requirements of motor carriers providing humanitarian relief during time of emergency”
- b. **Summary of current law:** Allows the SCDMV to issue a temporary waiver for someone to operate a CDL while providing humanitarian relief during time of declared emergency by the Governor or President.
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;** Eliminate – Conform to current practice

Rec 6: Eliminate temporary CDL waiver for humanitarian relief

Wording of law, with recommended change provided in strike through and underline:

~~(A) The Governor may authorize the Department of Motor Vehicles to waive temporarily any requirements under the provisions of this title relating to any permits, authorizations, or licenses required to operate a motor vehicle in this State. However, a temporary waiver must be for the sole purpose of facilitating the response of motor carriers providing humanitarian relief during a time of emergency officially declared by the President of the United States, the Governor of this State, or the chief executive of another state or jurisdiction, and must satisfy the following conditions:~~

~~(1) the driver of the vehicle must be properly licensed in his jurisdiction of residency;~~

~~(2) the motor vehicle must be properly licensed and registered in this or another jurisdiction; and~~

~~(3) the motor vehicle satisfies all motor vehicle insurance requirements or provisions of its jurisdiction of registration. Proof of the insurance must be carried in the cab of the motor vehicle.~~

~~(B) A motor vehicle operating pursuant to this section must be issued a statement from the person or entity authorizing the transport of goods or materials which certifies that the motor carrier is providing humanitarian relief without compensation on a volunteer basis and include a description of the materials or goods being transported during the time of declared emergency while it is in this State. The statement must be carried in the cab of the motor vehicle and be made available for inspection upon request of an employee of the Department of Motor Vehicles, or any law enforcement officer.~~

~~(C) The Department of Motor Vehicles shall determine, at the time the temporary waiver is issued, the length of time the waiver shall be in effect. However, all temporary waivers issued pursuant to this section become void upon the termination of the time of the emergency as determined by the President of the United States, the Governor of this State, or the chief executive of another state or jurisdiction.~~

Rec 7: Eliminate \$1 fee for veteran's designation

- a. **Law number and title:** 56-1-3350 "Issuance of special identification card, veteran designation; fees and fee waivers.
- b. **Summary of current law:** Says the SCDMV must collect \$1 to put the veteran's designation on the ID card.
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;** Eliminate – Conform to current practice
- d. **Wording of law, with recommended change provided in strike through and underline:**

(B) An applicant for a new, renewed, or replacement South Carolina driver's license may apply to the Department of Motor Vehicles to obtain a veteran designation on the front of his driver's license by providing a:

~~(1) United States Department of Defense discharge certificate, also known as a DD Form 214, that shows a characterization of service, or discharge status of "honorable" or "general under honorable conditions" and establishes the person's qualifying military service in the United States Armed Forces; and;~~

~~(2) payment of a one dollar fee that must be collected by the department and placed by the Comptroller General into the State Highway Fund as established by Section 57-11-20, to be distributed as provided in Section 11-43-167.~~

Rec 8: Eliminate NASCAR license plates

- a. Law number and title: 56-3-8710 “NASCAR Plates”
- b. Summary of current law: Allows the SCDMV to issue NASCAR plates
- c. Recommendation (eliminate, modify, or add new law) and rationale for recommendation; Eliminate-conform to current practice
- d. Wording of law, with recommended change provided in strike through and underline:

~~(A) The Department of Motor Vehicles may issue special motor vehicle license plates to owners of private passenger motor vehicles as defined in Section 56-3-630 registered in their names which may have imprinted on the plates an emblem, a seal, or other symbol the department considers appropriate to NASCAR or a NASCAR driver or team. NASCAR or a NASCAR driver or team may submit to the department for approval of the emblem, seal, or other symbol it desires to be used for its respective special license plate. Before a design is approved, NASCAR or the NASCAR driver or team must submit to the department written authorization for the use of a copyrighted or registered logo, trademark, or design. NASCAR or a NASCAR driver or team also may request a change in its respective emblem, seal, or other symbol once the existing supply has been exhausted. The fee for each special license plate is seventy dollars every two years in addition to the regular motor vehicle license fee set forth in Article 5. Each special license plate must be of the same size and general design of regular motor vehicle license plates. Each special license plate must be issued or revalidated for a biennial period which expires twenty four months from the month the special license plate is issued.~~

Rec 8: Eliminate NASCAR license plates

Wording of law, with recommended change provided in strike through and underline (continued):

~~(B) The department may also provide, upon request, special NASCAR or NASCAR driver or team collector license plates which shall not be displayed on any vehicle registered or required to be registered in this State. Any person displaying the special NASCAR or NASCAR driver or team collector license plates on any vehicle registered or required to be registered in this State is guilty of a misdemeanor and, upon conviction, must be fined not less than one hundred dollars or be imprisoned for not more than thirty days. The special NASCAR or NASCAR driver or team collector license plates shall be the same size and general design of the regular NASCAR or NASCAR driver or team special motor vehicle license plates. The fee for issuance of the special NASCAR or NASCAR driver or team collector license plates is twenty five dollars. The words "collector license plate" shall be imprinted on the special NASCAR or NASCAR driver or team collector license plates.~~

~~(C) From the fees collected pursuant to this section, the Comptroller General shall place into the State Highway Fund as established by Section 57-11-20, to be distributed as provided in Section 11-43-167, an amount equal to the expenses of producing the special license plates. The remaining funds must be distributed in the following manner:~~

~~(1) one half deposited in a special account, separate and apart from the General Fund, designated the "South Carolina Children's Emergency Shelter Fund" established within and administered for use by the Department of Social Services. The Department of Social Services shall distribute at least one half of the funds from the special account to the South Carolina Association of Children's Homes and Family Services for the benefit of the South Carolina children's emergency shelters. Funds distributed to the South Carolina Association of Children's Homes and Family Services may be used only for providing donations to support the South Carolina children's emergency shelters. Funds received by the South Carolina Association of Children's Homes and Family Services pursuant to this section must be deposited in an appropriate nonprofit account designated by the South Carolina Association of Children's Homes and Family Services;~~

~~(2) one fourth deposited in a special account, separate and apart from the General Fund, designated the "South Carolina Sports Development Office Fund" established within and administered for use by the Department of Parks, Recreation and Tourism to promote the South Carolina Sports Development Office; and~~

~~(3) one fourth deposited in a special account, separate and apart from the General Fund designated the "NASCAR License Plate Highway Safety Fund" established within and administered for use by the Department of Public Safety to promote highway safety in conjunction with the Department of Transportation and NASCAR or a NASCAR driver or team.~~

~~(D) Before the department produces and distributes NASCAR's or a NASCAR driver's or team's respective special license plate pursuant to this section, it must receive four hundred prepaid applications for NASCAR's or the NASCAR driver's or team's respective special license plate or a deposit of four thousand dollars from the individual or organization seeking issuance of NASCAR's or the NASCAR driver's or team's respective license plate. If a deposit of four thousand dollars is made by an individual or organization pursuant to this section, the department must refund the four thousand dollars once an equivalent amount of license plate fees is collected for the NASCAR or NASCAR driver's or team's respective license plate. If the equivalent amount is not collected within four years of the first issuance of the respective license plate, the department shall retain the deposit.~~

~~(E) If the department receives less than three hundred biennial applications and renewals for a particular NASCAR or NASCAR driver or team special license plate, it may choose not to produce additional special license plates in that series. However, the department shall continue to issue special license plates of that series until the existing inventory is exhausted.~~

Rec 9: Eliminate requirement to print “Please Forward” on required notices

- a. **Law number and title:** 56-5-60 “Requirements for envelope containing certain notices”
- b. **Summary of current law:** An envelope in which a notice is required by law to be mailed by the SCDMV is mailed, other than by registered or certified mail, must have printed on it in bold letters “Please Forward.”
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;**
Eliminate – Conform to current practice
- d. **Wording of law, with recommended change provided in strike through and underline:** ~~The envelope in which a notice required by law to be mailed by the Department of Motor Vehicles is mailed, other than by registered or certified mail, must have printed on it in bold letters “Please Forward”.~~

Rec 10: Eliminate requirement for safety glass in vehicles

- a. **Law number and title:** 56-5-5010 “Safety glass in motor vehicles”
- b. **Summary of current law:** The SCDMV shall not register any motor vehicle unless it is equipped with safety glass where glass is used in doors, windows, and windshields.
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;** Eliminate-conform to current practice
- d. **Wording of law, with recommended change provided in strike through and underline:**

~~No person shall sell any new motor vehicle nor shall any new motor vehicle be registered unless such vehicle is equipped with safety glass wherever glass is used in doors, windows, and windshields. The foregoing provisions shall apply to all passenger-type motor vehicles, including passenger buses and school buses. But in respect to trucks, including truck tractors, the requirements as to safety glass shall apply to all glass used in doors, windows, and windshields in the drivers' compartments of such vehicles.~~

~~The Department of Motor Vehicles shall not register any motor vehicle which is subject to the provisions of this section unless it is equipped with an approved type of safety glass, and the department may thereafter suspend the registration of any motor vehicle so subject to this section which it finds is not so equipped until it is made to conform to the requirements of this section.~~

Rec 11: Eliminate conflicting requirement regarding verification of insurance

- a. **Law number and title:** 56-10-510 “Registration of uninsured motor vehicle; fee; use of fee; certificate of insurance; penalties for failure to submit certificate of insurance.
- b. **Summary of current law:** Allows people to register their vehicle as an uninsured motorist for a \$550.00. The SCDMV is to take suspension action if the customer no longer qualifies as an uninsured motorist.
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;** Eliminate the section in the second paragraph that says the director may require registered owners to provide proof of insurance and send to the insurance company for verification. The SCDMV does not do this. Instead, the agency verifies insurance and suspends through ALIR in accordance with 56-10-650.

Rec 11: Eliminate conflicting requirement regarding verification of insurance

Wording of law, with recommended change provided in strike through and underline:

In addition to any other fees prescribed by law, every person registering an uninsured motor vehicle, as defined in Section 56-9-20, at the time of registering or reregistering the uninsured vehicle, shall pay a fee of five hundred and fifty dollars. Notwithstanding any other provision of law, fifty dollars of the uninsured motor vehicle fee is nonrefundable and is directed to be paid to the South Carolina Reinsurance Facility for the recoupment of assessments or losses of the South Carolina Reinsurance Facility pursuant to Section 56-10-554 until otherwise ordered by the director of the Department of Insurance. However, if the uninsured motor vehicle is being registered for a period of less than a full year, the uninsured motor vehicle fee exclusive of any nonrefundable portion must be prorated to conform to the registration period. This uninsured motor vehicle fee shall be increased annually based upon and in relation to the average rate level increases for private passenger automobile insurance coverages by insurers in this State. The director of the Department of Insurance, by annual order, will set this exact fee. The application for registering an uninsured vehicle must have the following statements printed on or attached to the first page of the form, boldface, twelve point type: "THIS \$550 FEE IS NOT AN INSURANCE PREMIUM AND YOU ARE NOT PURCHASING ANY INSURANCE BY PAYING THIS FEE. THIS \$550 UNINSURED MOTORIST FEE IS FOR THE PRIVILEGE TO DRIVE AND OPERATE AN UNINSURED MOTOR VEHICLE ON THE SOUTH CAROLINA ROADS." This uninsured motorist notice required by this section must also be given to the person registering an uninsured motor vehicle. The director shall prescribe the exact format of this notice by regulation and shall adjust the amount of this fee annually as part of the order by the director of the Department of Insurance adjusting the uninsured motorist fee in relation to the average rate level increases for private passenger automobile insurance coverages by insurers in this State. ~~Every person applying for registration of a motor vehicle and declaring it to be an insured motor vehicle, under the penalties set forth in Section 56-10-520, shall execute and furnish to the director his certificate that the motor vehicle is an insured motor vehicle as defined by the laws of this State, or that the director has issued to its owner, in accordance with Section 56-9-60, a certificate of self insurance applicable to the vehicle sought to be registered. The director, or his designee, may require any registered owner of a motor vehicle declared to be insured or any applicant for registration of a motor vehicle to be an insured to submit a certificate of insurance on a form prescribed by the director. The director must forward the certificate of insurance or bond to the insurance company or surety company, whichever is applicable, for verification as to whether the policy or bond named in the certificate is currently in force. At that time, and not later than thirty days following receipt of the certificate of insurance, the insurance company or surety company must cause to be filed with the director a written notice if the policy or bond was not applicable as to the named insured. The director must prescribe the manner in which the written notice must be made. The refusal or neglect of any owner within thirty days to submit the certificate of insurance when required by the director or his designee or the notification by the insurance company or surety company that the policy or bond named in the certificate of insurance is not in effect, must require the director to suspend any driver's license and all registration certificates and license plates issued to the owner of the motor vehicle until the person:~~

~~(1) has paid to the director of the Department of Motor Vehicles a fee of three hundred dollars to be disposed of as provided for in Sections 56-10-550 and 56-10-552 with respect to the motor vehicle determined to be uninsured; and~~

~~(2) furnishes proof of financial responsibility for the future in the manner prescribed in Section 56-10-10, et seq. of this chapter. An order of suspension required by this section is not effective until the director has offered the person an opportunity for a contested case hearing before the Office of Motor Vehicle Hearings to show cause why the order should not be enforced. Notice of the opportunity for hearing must be included in the order of suspension. When three years have elapsed from the effective date of the suspension required in this section, the director may relieve the person of the requirement of furnishing proof of future financial responsibility. If the director determines that the fee applicable to the registration of an uninsured motor vehicle has been paid on the vehicle in question on or before the date that the insurance certificate was requested, no suspension action must be taken. The director shall suspend the driver's license and all registration certificates and license plates of any person on receiving a record of his conviction of a violation of any provisions of Section 56-10-520, but the director shall dispense with the suspension when the person is convicted for a violation of Section 56-10-520 and the Department of Motor Vehicle's records show conclusively that the motor vehicle was insured or that the fee applicable to the registration of an uninsured motor vehicle has been paid by the owner before the date and time of the alleged offense.~~

Rec 12: Limit the number of free ID cards given and extend validity period

- a. **Law number and title:** 56-1-3350 “Issuance of special identification card; veteran designation; fees and fee waivers”
- b. **Summary of current law:** Allows the SCDMV to issue an identification card that does not extend driving privileges to the holder.
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;**
Modify- Limit the number of free ID cards given to one individual and charge the expiration date from five years to eight years.
- d. **Wording of law, with recommended change provided in strike through and underline:**
 - (C)(2) ~~An~~ One identification card must be issued free to a person aged seventeen years or older per issuance cycle. A five dollar fee must be charged to replace a card before its expiration date.
 - (D) The identification card expires ~~five~~ eight years from the date of issuance.

Rec 13: Codify proviso relating to FOIA fees; exempt publications from sales tax

- a. **Law number and title:** 56-1-345 “Fees Charged for Freedom of Information Act request”
- b. **Summary of current law:** Allows the SCDMV to charge and collect for FOIA requests
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;** Modify- The SCDMV has held a multi-year proviso that allows the agency to collect other fees, and this seemed to be a reasonable section of law to amend in order to codify the proviso. The SCDMV also seeks to not charge sales tax when it sells publications, like its driver’s license handbook.
- d. **Wording of law, with recommended change provided in strike through and underline:**

(A)The Department of Motor Vehicles may charge and collect fees in accordance with Section 30-4-30 of the Freedom of Information Act for providing copies of registration, title, and driver's license information records maintained by the department.

(B)The Department of Motor Vehicles may collect processing fees and fees to recover the costs of the production, purchase, handling and mailing of documents, publications, records and data sets. The department will not required to collect sales tax on these items. The Department of Motor Vehicles may not sell, provide or otherwise furnish to private parties, copies of photographs, whether digitized or not, taken for the purpose of a driver's license or personal identification card. Photographs and digitized images from a driver's license or personal identification card are not considered public records. Funds derived from these sources shall be retained by the department.

Rec 14: Extend validity period of CDL

- a. **Law number and title:** 56-1-2100 “Commercial driver license; contents; classifications of vehicles”
- b. **Summary of current law:** Gives requirements for issuing commercial driver licenses.
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;** Modify- Change the issuance period from five to eight years to maximize the allowable under REAL ID. Will also bring into line with other types of driver licenses.
- d. **Wording of law, with recommended change provided in strike through and underline:**
(E) A commercial driver license issued by the department expires five years after the date of issuance. ~~on the licensee's birth date on the fifth calendar year after the calendar year in which it is issued.~~

Rec 15: Eliminate requirement to display license plate options

- a. **Law number and title:** 56-3-1265 “Display of special license plates for particular groups”
- b. **Summary of current law:** Requires the DMV to display all license plate options in each branch office.
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;** Eliminate – Conform to current practice. With hundreds of license plates available, the DMV would not have enough wall space to accomplish this.
- d. **Wording of law, with recommended change provided in strike through and underline:**
~~The Department of Motor Vehicles must display in all Department of Motor Vehicle offices where motor vehicle license plates or stickers may be obtained or renewed examples of all types of special license plates which individuals of a particular group may obtain. The provisions of this section do not apply to special personalized motor vehicle license plates which individuals may obtain from the department under Section 56-3-2010.~~

Rec 16: Allow DMV to charge a technology fee

- a. **Law number and title:** Not yet identified
- b. **Summary of current law:** The DMV is not currently authorized under any statute to charge a fee that can be retained for the purpose of developing or updating technology.
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation:**
The DMV must routinely modernize and update its processing systems and IT infrastructure to account for the increase in customers South Carolina is seeing as well as new legislative mandates that are passed annually. By charging a fee that can be retained by the agency for this type of project, the General Assembly would likely see a reduction in the amount of large appropriation requests brought forth by the DMV for such activities. The Phoenix III modernization project, which will likely cost between \$15-20 million, is an example of such a project that could be funded by a fee.
- d. **Wording of law, with recommended change provided in strike through and underline:** Not yet developed

Rec 17: Allow registration of mopeds even when the owner has outstanding insurance penalties

- a. **Law number and title:** Not yet identified
- b. **Summary of current law:** Even though a moped owner is not required to carry insurance on the vehicle, someone whose driver's license has outstanding insurance penalties associated with it is not permitted to register their moped until those obligations are satisfied. The DMV does not believe this was the intent of the legislature when the moped bill was passed in 2017.
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;** Craft language that would allow moped owners to register their mopeds regardless of any outstanding financial responsibility (insurance) requirements. This recommendation is mentioned in both items 16 and 25 on the Deliverables-Potential Harms tab within the Program Evaluation Report Excel document.
- d. **Wording of law, with recommended change provided in strike through and underline:**
Not yet developed

Rec 18: Allow DMV to employ sworn law enforcement officers

- a. **Law number and title:** 56-1-5
- b. **Summary of current law:** Current law does not allow the DMV to employ sworn officers for the enforcement of dealer/consumer protection issues. Currently, the DMV does the investigation and then refers it to SLED for consideration.
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;** Craft language that would allow the DMV to employ sworn officers for the purpose of enforcing dealer licensing laws and other applicable provisions of law.

Rec 18: Allow DMV to employ sworn law enforcement officers

Wording of law, with recommended change provided in strike through and underline

56-1-5

1. It shall be the duty of the Executive Director of the Department to enforce all laws and ordinances of the State, and of the several counties, cities, and political subdivisions thereof, with reference to the following.
 - a) Fraud or other criminal activity related to the odometer disclosure statement as set forth in S.C. Code §56-3-240;
 - b) Fraud or other criminal activity related to the titling, registering, or licensing of vehicles, including obliterating or altering of information contained on a vehicle title, registration, or license and including illegal sale of a vehicle on which a lien exists;
 - c) Fraud or other criminal activity related to obtaining, maintaining, obliterating, and altering a South Carolina driver's license or identification card;
 - d) Fraud or other criminal activity related to accessing or using information from a person's driver or vehicle record;
 - e) Fraud and other criminal activity related to the International Fuel Tax Agreement (IFTA) as set forth in Chapter 11 of Title 56;
 - f) Fraud and other criminal activity related to manufacturers, distributors, and dealers of motor vehicles, motorcycles, and recreational vehicles as set forth in Chapters 14, 15, 16, and 17 of Title 56;
 - g) Fraud and other criminal activity vehicle titles and interests as set forth in Chapter 19 of Title 56 and related to the transfer of vehicles from one owner to another; and
 - h) Fraud and other criminal activity related to driver training schools as set forth in Chapter 23 of Title 56.
2. The Executive Director may appoint employees of the Department to be investigators. These investigators shall hold limited law enforcement authority, including limited powers of arrest, for the purpose of enforcing the laws and ordinances referenced in subsection 1. These investigators shall hold the same power to serve criminal processes against offenders as sheriffs of the various counties, but limited to only those laws and ordinances referenced in subsection 1. These investigators shall undergo training at the Criminal Justice Academy and be certified as Class 3 law enforcement officers, as set forth in S.C. Code §23-23-10, et seq.

Investigators appointed by the Executive Director may be armed with firearms or other weapons as may be determined necessary and appropriate by the Executive Director, but must undergo training for the appropriate and legal use of such weapons before being armed. Training regarding the appropriate and legal use of such weapons must be undergone annually by each investigator authorized to carry such weapons.

Rec 19: Increase penalties for vehicle dealers engaging in unfair practices

- a. **Law number and title:** Not yet identified
- b. **Summary of current law:** The current law doesn't include very stiff penalties or minimum sentencing for dealers engaging in unfair practices, nor does it allow the Department to take a previous history of unscrupulous behavior into consideration when determining whether or not to issue a dealer license. Further more, the SCDMV has no authority currently to regulate moped dealers, nor does the agency know what the intent of the legislature was in that regard.
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;** Update legislative language to increase penalties and require minimum sentencing for vehicle dealers engaging in unfair practices. Amend existing law to allow the Department to consider additional crimes/fraudulent acts when considering an applicant for a vehicle dealer license.

Additional information provided on 2/22/19:

- Tougher penalties for dealers who sell vehicles out of trust
- Broader laws for convictions of crimes or fraud, not just motor vehicle-related fraud (§56-15-350(c))
- Salesman's license for all agents/sales people working for a dealership
- NCIC fingerprint base background check requirement

Rec 20: Strike all DMV regulations

- a. **Law number and title:** Not yet identified
- b. **Summary of current law:** Most of the “force of law” surrounding driver trainings schools is contained in DMV regulations, which have some pretty outdated practices.
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;** In order to be responsive to new ideas, the DMV would move to strike its regulations in their entirety, and use the relevant parts of those regulations as the “minimum standards” that current law authorizes the agency to develop and use.
- d. **Wording of law, with recommended change provided in strike through and underline:** Not yet developed

Rec 21: Require inclusion of brands on vehicle titles

- a. **Law number and title:** Not yet identified
- b. **Summary of current law:** While it is an international best practice to honor the brands attached to a vehicle title, South Carolina law does not specifically advocate doing so. Removing brands is a dangerous practice because the DMV, as the issuing agency, has little knowledge as to why the brand was added to the vehicle. The vehicle may have suffered catastrophic flood damage, which can damage electrical systems and cause rusting that could put others on the road in danger.
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;** Construct legislation that makes it clear that South Carolina will apply any brand associated with a vehicle, whether it be on the paper copy of the title or noted in the National Motor Vehicle Information and Titling System (NMVITS) to a title issued by this state.
- d. **Wording of law, with recommended change provided in strike through and underline:**
Not yet developed

Rec 22: Standardize fees and requirements for military plates

- a. **Law number and title:** Not yet identified
- b. **Summary of current law:** Laws surrounding the fees associated with specialty plates, especially for military-related plates, are varied and often without reason. For instance, a fee of \$20 is charged for a Vietnam Veteran's plate yet the Korean Veteran's plate is free.
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;** Standardize the fees and eligibility requirements around the different types of military plates so that all veterans are treated equally.
- d. **Wording of law, with recommended change provided in strike through and underline:**
Not yet developed

Rec 23: Assess Infrastructure Maintenance Fee based on weight of commercial trucks (not value)

- a. **Law number and title:** Not yet identified
- b. **Summary of current law:** The Infrastructure Act of 2017 specified that the DMV must assess an IMF based on the value of a large commercial truck. This is problematic as 1) wear and tear on the roads is impacted by the weight of the vehicle, not the age, and 2) This requires other states remitting fees to South Carolina to make costly annual programming changes.
- c. **Recommendation (eliminate, modify, or add new law) and rationale for recommendation;** Change the existing law to collect IMF based on vehicle weight rather than value.
- d. **Wording of law, with recommended change provided in strike through and underline:** Not yet developed

Legislative Oversight Committee



South Carolina House of Representatives

Committee Mission

Determine if agency laws and programs are being implemented and carried out in accordance with the intent of the General Assembly and whether they should be continued, curtailed or eliminated. Inform the public about state agencies.

Website: <http://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee.php>

Phone Number: 803-212-6810

Email Address: HCommLegOv@schouse.gov

Location: Blatt Building, Room 228