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COMMITTEE REPORT

May 21, 2014

**H. 3904**

Introduced by Reps. Daning, Crosby, Merrill, Simrill and Lucas

S. Printed 5/21/14--S.

Read the first time May 1, 2014.

**THE COMMITTEE ON TRANSPORTATION**

To whom was referred a Bill (H. 3904) to amend Section 56‑3‑2340, Code of Laws of South Carolina, 1976, relating to the Department of Motor Vehicles allowing licensed motor vehicle dealers to issue first, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

LAWRENCE K. GROOMS for Committee.

**A** **BILL**

TO AMEND SECTION 56‑3‑2340, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE DEPARTMENT OF MOTOR VEHICLES ALLOWING LICENSED MOTOR VEHICLE DEALERS TO ISSUE FIRST TIME MOTOR VEHICLE REGISTRATION AND LICENSE TAGS DIRECTLY FROM THEIR DEALERSHIPS, SO AS TO MAKE A TECHNICAL CHANGE, TO PROVIDE THAT THE DEPARTMENT MAY CERTIFY THIRD‑PARTY PROVIDERS TO PROCESS TITLE, LICENSE PLATES, TEMPORARY LICENSE PLATES, AND VEHICLE REGISTRATION TRANSACTIONS ON BEHALF OF THE DEPARTMENT, TO PROVIDE THAT THE DEPARTMENT AND THIRD-PARTY PROVIDERS MAY COLLECT TRANSACTION FEES FROM ENTITIES WHO TRANSMIT OR RETRIEVE CERTAIN DATA FROM THE DEPARTMENT; AND TO AMEND SECTION 56‑19‑265, AS AMENDED, RELATING TO LIENS RECORDED AGAINST MOTOR VEHICLES AND MOBILE HOMES BY THE DEPARTMENT OF MOTOR VEHICLES, SO AS TO MAKE TECHNICAL CHANGES, TO PROVIDE THAT LIEN RECORDINGS MAY BE ELECTRONICALLY TRANSMITTED TO THE DEPARTMENT, TO PROVIDE THAT THE OWNERS OF MOTOR VEHICLES OR MOBILE HOMES MAY RETAIN THE ELECTRONIC COPY OF THE VEHICLE’S TITLE WITH THE DEPARTMENT ONCE ALL LIENS ARE SATISFIED, AND TO PROVIDE THAT THE DEPARTMENT MAY CONVENE A WORKING GROUP TO DEVELOP PROGRAM SPECIFICATIONS RELATING TO GOVERNING THE TRANSMISSION OF ELECTRONIC LIEN INFORMATION.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 56‑3‑2340 of the 1976 Code is amended to read:

“Section 56‑3‑2340. (A) The Department of Motor Vehicles or its designated agent may allow licensed motor vehicle dealers to issue first time motor vehicle registrations and license ~~tags~~ plates directly from the dealership. A dealership shall apply to the department upon forms approved and provided by the department. The department may request information necessary to ensure the integrity of the current licensing system. The department may allow or refuse a dealership the right to issue motor vehicle registrations or license ~~tags~~ plates based upon criteria established by the department. If a dealership previously is denied the privilege to issue registrations and ~~tags~~ license plates, upon meeting the established criteria, the dealership may be allowed to issue registrations or ~~tags~~ license plates. If in the opinion of the department a bond is necessary to ensure the payment of fees associated with the registering and licensing of a vehicle, the department may require a bond not to exceed the estimated value of new ~~tags~~ license plates and validation stickers held by the dealership or the department’s designated agent.

(B) The department may certify third‑party providers to process title, temporary license plate as provided in Section 56‑3‑210, license plate, and vehicle registration transactions on behalf of the department. The department shall develop program standards and specifications that would be required for certification. Third parties requesting certification must agree to the program terms, conditions, standards, and specifications in order to participate.

(C) The department is authorized to collect a transaction fee from entities who either transmit or retrieve data from the department pursuant to this section. The fee must not exceed the fee authorized in Section 56‑19‑265(B) for each transaction. These fees must be placed by the State Treasurer into a special restricted account to be used by the department to pay for the development and maintenance of the program.”

SECTION 2. Section 56‑19‑265 of the 1976 Code, as last amended by Act 290 of 2008, is further amended to read:

“Section 56‑19‑265. (A) Notwithstanding ~~any~~ a requirement in this chapter that a lien on a motor vehicle or mobile home ~~shall~~ must be noted on the face of the certificate of title, if there are one or more liens or encumbrances on the motor vehicle or mobile home, the Department of Motor Vehicles shall transmit, electronically or by paper certificate, the lien to the first lienholder and notify the first lienholder of ~~any~~ additional liens. ~~Subsequent~~ Lien recordings and subsequent lien satisfactions may be electronically transmitted to the department and shall include the name and address of the person satisfying the lien. ~~When electronic~~ Electronic transmission of liens and lien satisfaction ~~is used,~~ does not require a certificate of title ~~need not be issued~~ until the last lien is satisfied and a clear certificate of title is issued to the owner of the motor vehicle or mobile home. The owner has the option to retain the electronic copy of the title with the department once all liens are satisfied. When a motor vehicle or mobile home is subject to an electronic lien, the certificate of title for the motor vehicle or mobile home is considered to be physically held by the lienholder for purposes of compliance with state or federal odometer disclosure requirements, and a duly certified copy of the department’s electronic record of the lien is admissible in any civil, criminal, or administrative proceeding in this State as evidence of the existence of the lien. The lienholder shall have the option to receive a paper certificate of title and to receive notices of subsequent liens and satisfaction of liens by the United States Postal Service.

(B)The department is authorized to convene a working group chaired by the director of the department or his designee for the purpose of assisting in the development of program specifications governing the transmission of electronic lien information between lienholders and the department, and maximize the use of the program by various lien stakeholders. The working group will be composed of members of the lienholder community, representing applicable industries. The director is authorized to appoint members of the working group to ensure that all stakeholders are represented. The working group will be a standing group convened on a regular basis until all specifications have been developed. The department also is charged with promulgating regulations pursuant to the specifications and standards for lien recording and releasing developed by the working group.

(C) All entities submitting lien information electronically under this program are required to comply with all regulations.

~~(B)~~(D) The department is authorized to collect a transaction fee from commercial ~~parties~~ entities who either transmit or retrieve data from the department pursuant to this section. The fee must not exceed five dollars for each transaction and must be ~~mutually~~ agreed to as part of the program specifications developed by ~~all parties~~ the working group. These fees must be placed by the ~~Comptroller General~~ State Treasurer into a special restricted account to be used by the department to defray the expenses of this program.

~~(C)~~(E) Commercial ~~parties~~ entities and lenders who either transmit or retrieve data from the department pursuant to this section, notwithstanding Sections 37‑2‑202 and 37‑3‑202, may collect transaction fees from owners of the vehicles or mobile homes not to exceed a fee of five dollars for each transaction which must be ~~mutually~~ agreed to as part of the program specifications developed by ~~all parties~~ the working group.”

SECTION 3. This act takes effect upon approval by the Governor.

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