

2005 DRAFTING REQUEST

Bill

Received: 12/27/2004

Received By: phurley

Wanted: As time permits

Identical to LRB:

For: Administration-Budget

By/Representing: Percy

This file may be shown to any legislator: NO

Drafter: phurley

May Contact:

Addl. Drafters:

Subject: Transportation - veh reg/filing

Extra Copies:

Submit via email: YES

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Percy, BB0334 -

Topic:

Electronic Processing of Motor Vehicle Title Applications

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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/1			chaugen 01/04/2005	_____	lemery 01/04/2005		

FE Sent For:

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FE Sent For:

<END>

2005-07 Budget Bill Statutory Language Drafting Request

- Topic: Electronic Processing of Motor Vehicle Title Applications
- Tracking Code: BB0334
- SBO team: Environmental and Commercial Resources
- SBO analyst: Doug Percy
 - Phone: 266-1039
 - Email: doug.percy@doa.state.wi.us
- Agency acronym: DOT
- Agency number: 395

LEGISLATIVE BUDGET/NON-BUDGET PROPOSAL

Wisconsin Department of Transportation

2005-2007 BIENNIUM

DT1586 3/2004

Instructions: Complete this form for any budget/non-budget legislative initiative for which a Division requests the Secretary's Office (SO) approval. Check the budget box only if the proposal has a fiscal impact on department expenditures or revenue. This form must be signed by the Division Administrator(s). Include this form with your budget submittal materials or return two completed copies to the Office of Policy & Budget (OPB), Attention: Paul Hammer. One copy will be retained by OPB and the other copy provided to the Office of General Counsel. The form is available in the department forms catalog on dotnet.

Short Title of Topic Mandatory Electronic Processing of Motor Vehicle Title Applications			
Type of Proposal <input checked="" type="checkbox"/> Budget <input type="checkbox"/> Non-Budget	OGC OFFICE USE ONLY "T" Number Assigned "B" Number Assigned "NB" Number Assigned		
Date Submitted November 30, 2004	Division(s) Motor Vehicles		
OPB Contact Person Karen Baetsen	Area Code - Telephone Number (608) 266-0179		
Lead Division Contact Person Carson P. Frazier	Area Code - Telephone Number (608) 266-7857		
OGC Contact Person Joe Maassen	Area Code - Telephone Number (608) 266-7364		
Define Problem Precisely Currently, motor vehicle dealers collect fees and prepare vehicle title applications for their retail customers, and are required to submit the applications to DOT within 7 business days of the sale. In addition, over 600 licensed dealers, participating in a voluntary program to electronically process title applications, currently process over 20% of all title applications. Under the voluntary program, dealers are able to offer metal plates immediately, as well as other benefits to the customer; they access the DOT database by way of a vendor to whom the dealer pays a fee. Having dealers process a significant share of title applications has allowed DMV to address our workload with fewer staff. If dealer processing could expand significantly, then DMV would be able to reduce staff by a significant amount. This proposal would require all licensed motor vehicle dealers to process electronically all title/registration applications for their retail customers. Dealers would access the DOT database through a DOT website, for which DOT would not charge the dealer a fee. This proposal would supplement, not replace, the voluntary program. Dealers could still opt to offer the voluntary program, rather than only utilizing the department's web-based electronic process.			
Description of Proposed Change 1. Amend s. 342.16 Wis. Stats., to require motor vehicle dealers licensed under Ch 218 subchapter I to process electronically, as prescribed by DOT, all title/registration applications for their sales or transfer. **This applies to motor vehicle dealers as defined in Ch 218 Subchapter I (automobile, truck, motorcycle, and motorhome dealers). **Give DOT permissive authority to promulgate rules to implement this requirement. **Provide that this requirement applies to all motor vehicle dealers unless exempted by DOT by administrative rule. Provide that, if DOT exempts certain dealers, those dealers must pay DOT a fee to be determined by DOT by rule, for DOT to process title/registration transactions from the dealer. The fee shall approximate the cost to DOT of providing the processing. Give DOT authorization to promulgate a rule regarding these provisions. **The effective date of the mandatory requirement for all motor vehicle dealers is June 30, 2007. **Provide transitional language so that, during the 05-07 biennium, DOT has authority to designate motor vehicle dealers to begin participation prior to the effective date. The reason for this is to provide an orderly phase-in of dealer participation. Consider as a possible example the language that authorized DOT to phase in the 8-year driver license. *Clarify that this requirement does not replace the contracted program under S.341.20 and S.341.21. A dealer may participate in those programs in addition to this mandate; and may operate a contracted program to comply with this requirement, as long as the dealer processes all title/registration applications. 2. Amend Ch 218 Subchapter I to require that any person licensed as a motor vehicle dealer must process title/registration applications, cross-referenced to s. 342.16 Wis. Stats. **Add a provision to license sanctions for motor vehicle dealer license that allows DOT to deny, suspend, or revoke for			

failure to perform title/registration application processing.

**The sanction provision would also be cross-referenced with provisions for penalties for violations of dealer license requirements.

**Provide that dealers may charge a reasonable fee to the vehicle purchaser, as one component of dealers authorized service fee.

3. Amend s. 341.09 Wis. Stats., and, if necessary, section 341.15. This refers to "mandatory display" which requires automobiles and trucks up to 8,000 lbs to display a metal plate or temporary credentials within 2 business days of transfer.

**Authorize DOT to issue not only "temporary plates" but also "temporary permits" under s. 341.09(2m) and (9) Wis. Stats. DOT envisions issuing a paper temporary permit for a vehicle to display in the rear window.

**DOT must retain the ability to issue a temporary plate because there may be situations where displaying a paper permit in the rear window is not feasible.

Justification for Change

Requiring motor vehicle dealers to process title/registration applications will reduce DOT workload, and many dealers already participate in DOT's voluntary program, or at least enter much of the required data into their own databases; thus, this mandate will not unduly burden dealers.

Describe any legislative history and related statutory language

(Division Administrator Signature)

(Date)

(Division Administrator Signature)

(Date)

(Division Administrator Signature)

(Date)

DOA:.....Percy, BB0334 - Electronic Processing of Motor Vehicle Title Applications

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

in 12-27-09

1/3

DoNotGen

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TRANSPORTATION

DRIVERS AND MOTOR VEHICLES

Any person who obtains a vehicle must obtain a certificate of title for that vehicle from DOT. If a person obtains a vehicle from a motor vehicle dealer, the dealer prepares the application for certificate of title for the person, collects the required application fees, and submits the application to DOT within 7 business days of the sale of the vehicle. Currently, some motor vehicle dealers participate in a voluntary program wherein the dealers process the applications for certificate of title electronically.

Under this bill, all motor vehicle dealers must process the applications for certificate of title electronically. A dealer who fails to do so may have its license revoked or suspended by DOT.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 SECTION 1. 218.0116 (1) (gr) of the statutes is created to read:

1 218.0116 (1) (gr) Being a dealer who violates s. 218.0146 (4) ~~STET~~

2 **SECTION 2.** 218.0146 (4) of the statutes is created to read:

3 218.0146 (4) A motor vehicle dealer who is required to submit to the
4 department an application for transfer of title and registration under s. 342.16 (1)
5 (a) shall comply with the requirements of s. 342.16 (1) (am).

6 **SECTION 3.** 341.09 (2m) (a) 1., 2., ^{and} 3. and (d) of the statutes is amended to read:

7 341.09 (2m) (a) 1. Upon request by a dealer licensed in this state, the
8 department may issue any number of temporary operation plates and temporary
9 permits to a dealer under sub. (2) at a fee of \$3 per plate item. The dealer may issue
10 the temporary operation plate or permit at a fee of \$3 to any of the following:

11 2. Notwithstanding subd. 1., the department shall issue a sufficient number
12 of temporary operation plates and temporary permits without charge to each dealer
13 licensed in this state for issuance under this subdivision. Each dealer shall issue a
14 temporary operation plate or a temporary permit without charge to any state
15 resident who purchases or leases from the dealer an automobile or motor truck
16 having a registered weight of 8,000 pounds or less, for use on such vehicle if the state
17 resident submits to the dealer a complete application for registration of the vehicle,
18 including evidence of inspection under s. 110.20 when required, and for a new
19 certificate of title for a purchased vehicle, together with a check or money order made
20 payable to the department for all applicable title, registration, security interest and
21 sales tax moneys, for transmittal to the department by the dealer.

22 3. The department shall prescribe the manner in which a dealer shall keep
23 records of temporary operation plates and temporary permits issued by the dealer.

24 (d) If the department determines that a dealer has misused plates or permits
25 issued under this subsection or sub. (4) or has failed to comply with the requirements

1 of this section or rules issued under this section, the department may order the dealer
2 to return all temporary operation plates and permits in the dealer's possession.
3 Within 30 days after the issuance of the order, the dealer may request a hearing
4 before the division of hearings and appeals. The division of hearings and appeals
5 shall schedule a hearing with reasonable promptness. The dealer may not issue any
6 temporary operation plates or permits until after the division of hearings and
7 appeals holds its scheduled hearing and issues its findings.

History: 1975 c. 32, 351; 1977 c. 29 s. 1654 (7) (a), (e); 1977 c. 273; 1981 c. 150, 391; 1983 a. 27, 180; 1987 a. 100 s. 3; 1987 a. 369; 1989 a. 137, 304, 359; 1991 a. 39, 81, 189; 1993 a. 16, 165, 288; 1997 a. 27; 1999 a. 80; 2001 a. 109.

8 **SECTION 4.** 341.09 (9) of the statutes is amended to read:

9 341.09 (9) Notwithstanding any other provision of this section, the department
10 shall issue a temporary operation plate or a temporary permit without charge for an
11 automobile or motor truck having a registered weight of 8,000 pounds or less upon
12 receipt of a complete application accompanied by the required fee for registration of
13 the vehicle, including evidence of any inspection under s. 110.20 when required, if
14 the department does not immediately issue the regular registration plates for the
15 vehicle and the department determines that the applicant has not otherwise been
16 issued a temporary operation plate or a temporary permit under this section.

History: 1975 c. 32, 351; 1977 c. 29 s. 1654 (7) (a), (e); 1977 c. 273; 1981 c. 150, 391; 1983 a. 27, 180; 1987 a. 100 s. 3; 1987 a. 369; 1989 a. 137, 304, 359; 1991 a. 39, 81, 189; 1993 a. 16, 165, 288; 1997 a. 27; 1999 a. 80; 2001 a. 109.

17 **SECTION 5.** 342.16 (1) (a) of the statutes is amended to read:

18 342.16 (1) (a) Except as provided in par. (c), if a dealer acquires a new or used
19 vehicle that is not a salvage vehicle and holds it for resale, or acquires a salvage
20 vehicle that is currently titled as a salvage vehicle and holds it for resale or accepts
21 a vehicle for sale on consignment, the dealer may not submit to the department the
22 certificate of title or application for certificate of title naming the dealer as owner of
23 the vehicle. Upon transferring the vehicle to another person, the dealer shall

1 immediately give the transferee on a form prescribed by the department a receipt for
 2 all title, registration, security interest and sales tax moneys paid to the dealer for
 3 transmittal to the department when required. The dealer shall promptly execute the
 4 assignment and warranty of title, showing the name and address of the transferee
 5 and of any secured party holding a security interest created or reserved at the time
 6 of the resale or sale on consignment, in the spaces provided therefor on the certificate
 7 or as the department prescribes. ~~Within 7 business days following the sale or~~
 8 ~~transfer, the dealer shall mail or deliver the certificate or application for certificate~~
 9 ~~to the department with the transferee's application for a new certificate.~~ A
 10 nonresident who purchases a motor vehicle from a dealer in this state may not,
 11 unless otherwise authorized by rule of the department, apply for a certificate of title
 12 issued for the vehicle in this state unless the dealer determines that a title is
 13 necessary to protect the interests of a secured party. The dealer is responsible for
 14 determining whether a title and perfection of security interest is required. The
 15 dealer is liable for any damages incurred by the department or any secured party for
 16 the dealer's failure to perfect a security interest which the dealer had knowledge of
 17 at the time of sale.

History: 1973 c. 218; 1975 c. 121, 286, 351, 421; 1977 c. 29 s. 1654 (7) (a); 1977 c. 273, 418; 1981 c. 150, 151, 391; 1985 a. 29, 202, 332; 1987 a. 100, 349; 1989 a. 31; 1991 a. 239; 1993 a. 63, 159; 1999 a. 9.

18 **SECTION 6.** ~~218.0146(4)~~ of the statutes is created to read:

19 342.16 (1) (am) 1. Except as provided in subd. (2), a motor vehicle dealer, as
 20 defined in s. 218.0101 (23), who processes an application for transfer of title and
 21 registration as provided in par. (a) shall utilize an electronic process prescribed by
 22 the department under this subsection or provided for under ss. 341.20 and 341.21.
 23 The dealer may charge a reasonable fee for electronic processing under this
 24 subsection.

342.16(1)(am)

(2)

paragraph

paragraph

1 2. The department may, by rule, exempt a motor vehicle dealer from the
 2 requirements of this ~~subsection~~ ^{paragraph} A motor vehicle dealer who is exempted shall pay
 3 a fee to the department to process applications for transfer of title and registration
 4 that are submitted to the department by the exempted dealer.

5 3. The department shall promulgate rules to implement and administer this
 6 ~~subsection~~ ^{paragraph}

7 **SECTION 9148. Nonstatutory provisions; transportation.**

8 (1) ELECTRONIC PROCESSING OF TITLE AND REGISTRATION APPLICATIONS. The
 9 department of transportation may, prior to June 30, 2007, require certain motor
 10 vehicle dealers to electronically process all applications for motor vehicle title and
 11 registration submitted under s. 342.16 (1) (a).

12 **SECTION 9448. Effective dates; transportation.**

13 (1) ELECTRONIC PROCESSING OF TITLE AND REGISTRATION APPLICATIONS. The
 14 treatment of sections 341.09 (2m) (a) 1., 2., 3. and (d), 341.09 (9), and 342.16 (1) (a)
 15 of the statutes, and the creation of sections 218.0116 (1)(gr), 218.0146 (4), and
 16 218.0146 (4) takes effect on June 30, 2007.

17 (END)

of the statutes

342.16(1)(am)



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1394/1

PJH:lmk:ch

DOA:.....Percy, BB0334 - Electronic Processing of Motor Vehicle Title Applications

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

1 **AN ACT** ...; relating to: the budget.

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11 the temporary operation plate or permit at a fee of \$3 to any of the following:

12 2. Notwithstanding subd. 1., the department shall issue a sufficient number
13 of temporary operation plates and temporary permits without charge to each dealer
14 licensed in this state for issuance under this subdivision. Each dealer shall issue a
15 temporary operation plate or a temporary permit without charge to any state
16 resident who purchases or leases from the dealer an automobile or motor truck
17 having a registered weight of 8,000 pounds or less, for use on such vehicle if the state
18 resident submits to the dealer a complete application for registration of the vehicle,
19 including evidence of inspection under s. 110.20 when required, and for a new
20 certificate of title for a purchased vehicle, together with a check or money order made
21 payable to the department for all applicable title, registration, security interest and
22 sales tax moneys, for transmittal to the department by the dealer.

23 3. The department shall prescribe the manner in which a dealer shall keep
24 records of temporary operation plates and temporary permits issued by the dealer.

1 (d) If the department determines that a dealer has misused plates or permits
2 issued under this subsection or sub. (4) or has failed to comply with the requirements
3 of this section or rules issued under this section, the department may order the dealer
4 to return all temporary operation plates and permits in the dealer's possession.
5 Within 30 days after the issuance of the order, the dealer may request a hearing
6 before the division of hearings and appeals. The division of hearings and appeals
7 shall schedule a hearing with reasonable promptness. The dealer may not issue any
8 temporary operation plates or permits until after the division of hearings and
9 appeals holds its scheduled hearing and issues its findings.

10 **SECTION 4.** 341.09 (9) of the statutes is amended to read:

11 341.09 (9) Notwithstanding any other provision of this section, the department
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15 the vehicle, including evidence of any inspection under s. 110.20 when required, if
16 the department does not immediately issue the regular registration plates for the
17 vehicle and the department determines that the applicant has not otherwise been
18 issued a temporary operation plate or a temporary permit under this section.

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5 and of any secured party holding a security interest created or reserved at the time
6 of the resale or sale on consignment, in the spaces provided therefor on the certificate
7 or as the department prescribes. ~~Within 7 business days following the sale or~~
8 ~~transfer, the dealer shall mail or deliver the certificate or application for certificate~~
9 ~~to the department with the transferee's application for a new certificate.~~ A
10 nonresident who purchases a motor vehicle from a dealer in this state may not,
11 unless otherwise authorized by rule of the department, apply for a certificate of title
12 issued for the vehicle in this state unless the dealer determines that a title is
13 necessary to protect the interests of a secured party. The dealer is responsible for
14 determining whether a title and perfection of security interest is required. The
15 dealer is liable for any damages incurred by the department or any secured party for
16 the dealer's failure to perfect a security interest which the dealer had knowledge of
17 at the time of sale.

18 **SECTION 6.** 342.16 (1) (am) of the statutes is created to read:

19 342.16 (1) (am) 1. Except as provided in subd. 2., a motor vehicle dealer, as
20 defined in s. 218.0101 (23), who processes an application for transfer of title and
21 registration as provided in par. (a) shall utilize an electronic process prescribed by
22 the department under this paragraph or provided for under ss. 341.20 and 341.21.
23 The dealer may charge a reasonable fee for electronic processing under this
24 paragraph.

