
OLR Bill Analysis

sSB 183

AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE DEPARTMENT OF MOTOR VEHICLES.

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§§ 11-32 — MINOR AND TECHNICAL CHANGES

Makes numerous minor and technical changes, principally to change references to "commercial driver's instruction permit" to "commercial learner's permit," conforming to the term used in federal law

BACKGROUND

SUMMARY

This bill makes several changes to the Department of Motor Vehicles (DMV) business licensing statutes and other DMV-related changes. Among other things, it:

1. requires registration and title companies that file registration and title applications electronically to get an electronic issuance license,
2. requires motor vehicle recyclers to furnish a \$25,000 surety bond,
3. increases the surety bond amount for driving schools to \$50,000 per location,
4. requires driving instructors to wear ID badges while providing instruction, and
5. requires that salvage vehicles be inspected by DMV-authorized repairers rather than DMV.

EFFECTIVE DATE: October 1, 2024, unless otherwise noted below.

§§ 1-3 — ELECTRONIC ISSUANCE LICENSES

Requires registration and title companies that file applications electronically to get an electronic issuance license from DMV and establishes a licensing process and licensee operating requirements; lowers the threshold at which these companies are required to file electronically; increases the total amount of surety bonds these companies must provide

The bill modifies the regulatory treatment of people and entities that are engaged in the business of electronically filing, on behalf of their customers, registration or title applications with DMV (i.e., registration and title companies).

Under current law and department regulations, the DMV commissioner may permit or require a registration and title company to file these applications electronically if, among other things, he determines that the company is qualified based on the conditions set in statute and department regulations.

The bill replaces this authorization with a statutory licensing structure for registration and title companies. The bill prohibits

registration and title companies from filing registration and title applications electronically without an “electronic issuance license.” But it allows currently authorized registration and title companies to continue filing applications electronically until January 1, 2025. After this date, these companies are no longer allowed to use the electronic system without an electronic issuance license.

The bill specifically excludes the following entities from the electronic issuance license requirement: licensed motor vehicle dealers, licensed leasing or rental companies, and DMV contractors.

EFFECTIVE DATE: October 1, 2024, except for the provision allowing currently authorized companies to operate until January 1, 2025, which takes effect upon passage.

Threshold for Filing Electronically

The bill lowers the threshold at which a registration and title company may be required to file applications online. Current law allows the DMV commissioner to require a registration and title company to file applications electronically if he determines that the company files an average of seven or more applications per month. The bill lowers this threshold to five and instead mandates that the DMV commissioner require these companies to file electronically. It also specifies that companies meeting this threshold must apply for an electronic issuance license.

Under the bill, as under existing law, any company that fails or refuses to file applications electronically upon the commissioner’s request must pay a \$25 fee for each application it submits.

License Application and Renewal Process

The bill requires electronic issuance license applicants to submit an application with the information DMV requires and pay a \$250 license fee. Applicants for an initial license or a renewal must be fingerprinted and undergo a state and national criminal records check. If the applicant is a firm or corporation, each officer or major stockholder must be fingerprinted and undergo the check.

Under the bill, the DMV commissioner may refuse to grant or renew a license for any reason he reasonably deems necessary. It specifically authorizes him to refuse a license if the applicant or holder (or officer or major stockholder) has been found liable in a civil action or convicted of a violation of laws (1) related to the business of filing registration or title applications or (2) involving fraud, larceny, stalking, embezzlement, bribery, or deprivation or misappropriation of property. The bill also prohibits DMV from granting or renewing a license if the applicant or holder is delinquent on paying sales tax for any business for which it was obligated to. Before refusing to grant or renew a license for any of these reasons, DMV must notify the applicant or licensee and give them an opportunity for a hearing. Under current regulations, DMV can remove a company's authorization for the electronic system under generally the same circumstances, but is not required to provide opportunity for a hearing (Conn. Agencies Regs., § 14-15d-4).

Under the bill, licenses are generally renewed biennially, but DMV must adopt an initial renewal schedule so that license renewals happen on a staggered basis. If the schedule causes a license to expire more or less than two years from its initial issuance, DMV may charge a prorated license fee. In addition to the required background check, licensees must also fully disclose any civil judgement or conviction described above under penalty of false statement.

At least 45 days before a company's license expires, DMV must send the company a renewal application in the way the commissioner determines. Licensees who do not file the renewal application with the \$250 license fee before their license expires are prohibited from using DMV's electronic system. Applications filed after the license expires are subject to a \$100 late fee. DMV may not renew an electronic issuance license that has been expired more than 45 days.

Surety Bonds

Under current regulations and the bill, registration and title companies that are authorized (or, under the bill, licensed) to file applications electronically must provide surety bonds (see BACKGROUND). The bill increases, from \$25,000 to \$45,000, the total

amount of surety bonds they must provide.

Current regulations require registration and title companies to provide surety bonds in the following amounts: (1) \$20,000 as security for monetary loss that DMV suffers as a result of the licensee's loss, destruction, or misuse of the license plates the department assigned the licensee and (2) \$5,000 as security for monetary loss DMV suffers because the licensee failed to remit registration and title fees (Conn. Agencies Regs., § 14-15d-3(b) & (c)).

In addition to the bonds described above, the bill requires licensees to furnish another \$20,000 bond conditioned on the licensee complying with applicable state and federal laws and regulations and provided as indemnity for any losses a customer sustains because the licensee did not comply with these laws or regulations. This bond must be executed in the name of the state for the benefit of any aggrieved customer, but the penalty of the bond may only be imposed on the DMV commissioner's order after a hearing.

The bill requires DMV to assess a \$200 administrative fee against any electronic issuance licensee that fails to show proof of bond renewal or replacement before an existing bond expires.

License Plate Inventory

Under the bill, as under current regulations, DMV must issue to each licensee an inventory of license plates and other materials related to registration and title transactions. The company is responsible for all the license plates DMV assigns to it. The bill specifies that licensees may use the plates and materials only for registration and title transactions.

The bill specifically requires electronic issuance licensees who stop conducting business to return license plates, title and registration materials, and any applications that it did not act on or complete. The licensee must do so within five business days of the license becoming invalid or the business terminating. Violations are infractions (see BACKGROUND).

Submission of Applications to DMV

As under existing law for registration and title companies, electronic issuance licensees must submit registration and title applications, along with necessary documents, within 10 days after electronically issuing a registration or title. The bill specifies that if the licensee fails to provide DMV with the necessary documents, the department may not process the received documents and must inform the licensee that it failed to submit a completed application.

Consumer Protections and Required Disclosures

The bill establishes various consumer protections for customers of electronic issuance licensees. It caps the fee that licensees may charge their customers at \$25 for each registration or title application.

Under the bill, a licensee may not (1) include the words “Department of Motor Vehicles” or “DMV” or another indication of the department in their business name or (2) act in any way that misleads customers to believe that the licensee represents or otherwise is affiliated with the department.

The bill also requires electronic issuance licensees to give customers a disclosure form as the commissioner prescribes. The form must state (1) the fee that the licensee charges for filing registration and title applications, (2) that the licensee is not affiliated with the department, (3) information on how the customer may file complaints about the licensee with DMV, and (4) any other information DMV requires. Licensees must require customers to acknowledge the information by signing the form.

Penalty

The bill allows DMV, after notice and opportunity for a hearing, to impose a civil penalty of up to \$2,000 for violations of the electronic issuance license laws, except for violations of the laws on (1) returning license plates and other materials, (2) timely submitting registration and title applications, (3) disclosure forms, and (4) the application fee cap.

§ 4 — MOTOR VEHICLE TRANSPORTER REGISTRATION

Imposes a late fee for failing to timely renew a transporter registration and prohibits DMV from renewing one 45 days after expiration

By law, motor vehicle transporters must annually renew their registrations by the last day of March. The bill imposes a \$100 late fee for motor vehicle transporters who fail to renew their registration before expiration. It also prohibits the commissioner from renewing any transporter's registration once it has been expired for more than 45 days. After that timeframe, a person or entity would have to file an application for a new license.

§ 5 — DEALER AND REPAIRER BACKGROUND CHECKS

Modifies the requirements for fingerprinting and background checks for applicants for a new or renewed motor vehicle dealer's or repairer's license

The bill modifies the requirements for fingerprinting and background checks for applicants for a new or renewed motor vehicle dealer's or repairer's license. Under current law, applicants must be fingerprinted and undergo a state and national criminal history records check no more than 30 days before submitting the application and submit the results of the check to DMV. The bill eliminates the specified timeframe and no longer requires the applicant to submit the results of the check to DMV.

§ 6 — MOTOR VEHICLE RECYCLERS SURETY BONDS

Requires motor vehicle recyclers to furnish a \$25,000 surety bond

The bill imposes a surety bond requirement on motor vehicle recyclers, as is the case under existing law for other DMV-licensed businesses (e.g., dealers and repairers). Applicants seeking a new license or renewing one must furnish a \$25,000 surety bond, conditioned on the applicant or licensee complying with any state or federal law or regulation relating to the business of operating a motor vehicle recycler's yard and provided as indemnity for customers' losses due to licensee actions that constitute grounds for license suspension or revocation or the licensee going out of business. This bond must be executed in the name of the state for the benefit of any aggrieved customer, but the penalty of the bond may only be imposed on the DMV commissioner's order after a hearing.

The bill requires DMV to assess a \$200 administrative fee against any electronic issuance licensee that fails to show proof of bond renewal or

replacement before an existing bond expires.

§§ 7-9 — COMMERCIAL DRIVING SCHOOLS AND INSTRUCTORS

Increases the surety bond amount for driving schools to \$50,000 per location, requires driving instructors to wear ID badges while providing instruction, and makes other changes related to driving school and instructor licensees

Surety Bond Increase

Under current DMV regulations, driving schools must provide a surety bond in the amount of \$15,000 per location, up to \$100,000 (Conn. Agencies Regs., § 14-78-22). The bill increases the required surety bond amount for commercial driving schools to \$50,000 per location with no cap.

By law, these bonds are conditioned on the licensee's faithful performance of any contract to provide instruction and held by DMV to satisfy any execution issued against a school due to the school's failure to adhere to the contract.

School License Requirements

The bill explicitly allows a driving school licensee to operate a school at an additional place of business, as long as they hold a license to operate at that location and comply with the state driving school laws. (Existing law implies this requirement by setting license fees for additional locations, and the department requires each location to be licensed in practice.)

Instructor ID Badges and Background Checks

The bill requires licensed driving instructors or master instructors to wear an ID badge at all times when providing classroom or behind-the-wheel instruction. The employing driving school must issue the badge, which must contain (1) the licensee's name, photo, and license number; (2) the license expiration date; and (3) the driving school's name.

The bill also requires instructor and master instructor licensees to be fingerprinted and undergo a state and national criminal history records check before their license is renewed. Under current regulations, applicants for renewal only have to undergo a state criminal records check (Conn. Agencies Regs., § 14-78-51). Under existing regulations

and the bill, applicants must also undergo a child abuse and neglect registry check.

The bill also requires licensees renewing their license to provide the same evidence they had to when applying initially, such as evidence that they held a driver's license for the past five years, passed a physical exam, and completed the required instructor training.

School's Responsibility for Instructors

The bill also specifies that a school employing a licensed instructor or master instructor is responsible for ensuring the instructor or master instructor complies with driving school and driving instructor statutes and regulations.

Expired Licenses

By law, DMV may not renew a driving school license, a driving instructor license, or a master instructor license if it has been expired for more than 60 days. The bill explicitly allows the holder of one of these expired licenses to apply for a new license.

Penalties

By law, the DMV commissioner may suspend or revoke a license or impose a civil penalty (up to \$1,000) on any person or firm that violates the driving school or instructor laws after notice and an opportunity for a hearing. The bill explicitly allows him to impose these penalties for violations of the associated regulations.

The bill also expands the commissioner's authority to require that restitution be made to a customer. Under current law, he may require a licensee to do so; under the bill, he may also require this of unlicensed people or firms.

§ 10 — ALTERED, COMPOSITE, GREY-MARKET, AND SALVAGE VEHICLES

Requires that salvage vehicles be inspected by DMV-authorized repairers rather than DMV and defines the different categories of altered vehicles that must be inspected before titling and registering them

Current law establishes inspection requirements for vehicles that (1)

have been reconstructed (i.e., materially altered from the original by removing, adding, or substituting essential parts), (2) are composed from several parts of other vehicles, (3) have been altered enough that the vehicle no longer bears the characteristics of a specific make of motor vehicle, or (4) have been declared a total loss by an insurance carrier and subsequently reconstructed.

The bill instead breaks these vehicles out into four defined categories and indicates the inspection requirements for each. Principally, it changes who must inspect vehicles reconstructed after being declared a total loss by an insurer.

Categories

The bill defines four types of vehicles: altered vehicles, composite vehicles, grey-market vehicles, and salvage vehicles.

An “altered vehicle” is one that has been materially modified from its original construction by removing, adding, or substituting essential parts with new or used parts.

A “composite vehicle” is one that (1) is composed or assembled from several parts of other vehicles; (2) is assembled from a motor vehicle kit; or (3) has been altered, assembled, or modified from the original manufacturer’s specifications.

A “grey-market vehicle” is one that is manufactured for use outside of the United States, imported into it, and not certified to meet federal safety or emissions standards at the time the vehicle was manufactured.

A “salvage vehicle” is one that was declared a total loss by an insurance carrier and subsequently reconstructed.

Inspection Requirements

Existing law requires the vehicles falling under the four defined categories to be inspected to determine whether they are properly equipped and in good mechanical condition before they can be titled and registered. Under current law, DMV must conduct all of the inspections. The bill instead requires that inspections of (1) altered,

composite, and grey-market vehicles be performed at DMV (at an office the commissioner designates) and (2) salvage vehicles be performed by DMV-authorized licensed repairers.

The bill also eliminates a requirement that DMV determine whether vehicles presented for inspection are in the possession of their lawful owner. But it retains a provision authorizing the commissioner to require someone presenting an altered, composite, grey-market, or salvage vehicle for inspection to show proof of lawful purchase of any major component parts that were not part of the vehicle when sold by the manufacturer.

EFFECTIVE DATE: July 1, 2024

§§ 11-32 — MINOR AND TECHNICAL CHANGES

Makes numerous minor and technical changes, principally to change references to “commercial driver’s instruction permit” to “commercial learner’s permit,” conforming to the term used in federal law

The bill makes numerous minor and technical changes. It updates school bus terms to eliminate references to Type I and Type II school buses and instead refer to them by gross vehicle weight rating. It also updates an obsolete reference to the former Department of Public Safety.

The bill also changes references to “commercial driver’s instruction permit” to “commercial learner’s permit,” conforming to the term used in federal law. It specifies that commercial driver’s instruction permits DMV issued before October 1, 2024, remain valid until they expire.

EFFECTIVE DATE: October 1, 2024, except for the provisions updating school bus terms and replacing an obsolete reference, which take effect July 1, 2024.

BACKGROUND

Surety Bonds

A surety bond is an agreement between three parties – the principal (e.g., business owner), the surety (guarantor), and the obligee (e.g., the government) – that guarantees the principal will fulfill their obligations. Bond premiums are generally a percentage of the bond’s value and vary

based on risk-related factors such as credit score and experience.

Infractions

Infractions are punishable by fines, usually set by Superior Court judges, of between \$35 and \$90, plus a \$20 or \$35 surcharge and an additional fee based on the amount of the fine. There may be other added charges depending upon the type of infraction. For example, certain motor vehicle infractions trigger a Special Transportation Fund surcharge of 50% of the fine. With the various additional charges, the total amount due can be over \$300 but often is less than \$100. An infraction is not a crime, and violators can pay the fine by mail without making a court appearance.

COMMITTEE ACTION

Transportation Committee

Joint Favorable Substitute

Yea 35 Nay 0 (03/20/2024)