



# SENATE BILL 791: LPA Comm. Contractor Rate Revision & Study.

2016-2017 General Assembly

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| <b>Committee:</b> House Finance    | <b>Date:</b> June 28, 2016        |
| <b>Introduced by:</b> Sen. Tillman | <b>Prepared by:</b> Trina Griffin |
| <b>Analysis of:</b> Second Edition | Committee Counsel                 |

**SUMMARY:** *Senate Bill 791 does the following:*

- *It compensates a license plate agency commission contractor (LPA) for the removal of an incorrect inspection stop on a vehicle at a rate of \$1.30 per transaction.*
- *It provides that this transaction fee of \$1.30 is subject to be increased quadrennially for inflation.*
- *It directs the Division of Motor Vehicles (DMV) to study the issues with incorrect inspection stops on vehicles and the cumbersome process by which data on federal vehicle inspections is entered into the system. DMV must submit its findings and recommendations to the Joint Legislative Transportation Oversight Committee by December 1, 2017.*

**CURRENT LAW:** A vehicle must pass its inspection before its registration may be renewed. When a vehicle passes its inspection, there is an IT system designed to transmit the data electronically from the inspection station to DMV that the vehicle has passed inspection. When the transfer of data does not occur in a timely manner, the DMV system incorrectly reflects that a vehicle needs to be inspected and its registration is blocked. The incorrect information often falls on the LPA to correct. Frequently, the incorrect information requires the vehicle owner to make two trips to the LPA to solve the problem: one to be informed that the vehicle inspection performed is not reflected in the system and a second one to return to the LPA with a receipt to prove the inspection was performed. At that point, the LPA must not only renew the vehicle's registration, but also remove the inspection stop.

A LPA is compensated based upon a schedule of fees. There is no compensation for the additional work required to remove an inspection stop.

Another type of vehicle inspection stop transaction involves federal vehicle inspections. Previously, trucks subject to a federal vehicle inspection would fax a copy of the inspection report to DMV and DMV would enter the information. Today, trucking companies include the information with their registration renewals. The process of entering this data has fallen to the LPA. The process of entering this data is two-fold: the previous year's inspection must be removed, and secondly the current year inspection is entered. An LPA may request to be compensated twice due the current method of entering a current year federal inspection.

**BILL ANALYSIS:** Section 2 of the bill would establish a separate transaction rate of \$1.30 for the removal of an inspection stop. The rate is intended to compensate a LPA for the removal of an incorrect inspection block and to compensate a LPA once for entering federal inspections. Section 1 provides that this rate, as other fees and rates, would be adjusted every four years for inflation, beginning July 1, 2020. The bill would increase the payment DMV makes to LPAs; however, as the computer issues are

Karen Cochrane-Brown  
Director



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resolved re: the timely transmission of data concerning vehicle inspections, the instances where a LPA must remove an incorrect vehicle block should be eliminated.

Section 3 of the bill directs DMV to study the issues involved with both types of vehicle inspection data:

- Incorrect vehicle inspection stops
- Cumbersome process associated with federal vehicle inspection requirement

DMV must report its findings and recommendations to the Joint Legislative Transportation Oversight Committee by December 1, 2017.

**EFFECTIVE DATE:** Sections 2 and 3 would become effective October 1, 2016. The remainder of the act is effective when it becomes law.

*Cindy Avrette, counsel to Senate Finance, substantially contributed to this summary.*