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David Yates
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LEGISLATIVE RESEARCH COMMISSION

State Capitol 700 Capital Avenue Frankfort KY 40601

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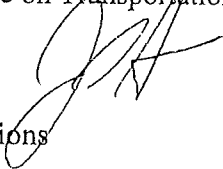
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Jay D. Hartz
Director

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David Meade
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Steven Rudy
Majority Floor Leader
Derrick Graham
Minority Floor Leader
Suzanne Miles
Majority Caucus Chair
Cherlynn Stevenson
Minority Caucus Chair
Jason Nemes
Majority Whip
Rachel Roberts
Minority Whip

MEMORANDUM

TO: Interim Joint Committee on Transportation
FROM: Jay D. Hartz, Director 
SUBJECT: Administrative Regulations
DATE: July 3, 2024

At its June 11, 2024, meeting, the Administrative Regulation Review Subcommittee completed its review of the following administrative regulation: 601 KAR 023:040.

Pursuant to the provisions of KRS Chapter 13A, this regulation has been assigned to the Interim Joint Committee on Transportation. Pursuant to KRS Chapter 13A, the committee has ninety (90) days from the date of this assignment to review this regulation.

The Subcommittee minutes will be delivered to your committee staff upon completion. The material considered by the Subcommittee in its review is attached to the appropriate administrative regulation.

Attachments

cc: Administrative Regulation Review Subcommittee
John Snyder

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MEMORANDUM

TO: Senator Robert Stivers, President of the Senate
 Representative David Osborne, Speaker of the House
 Members of the Legislative Research Commission

FROM: Senator Stephen West, Co-Chair
 Representative Derek Lewis, Co-Chair
 Administrative Regulation Review Subcommittee

RE: Report of the Administrative Regulation Review Subcommittee

DATE: July 3, 2024

Members: Senator Stephen West, Co-Chair; Representative Derek Lewis, Co-Chair; Senators Julie Raque Adams, Damon Thayer; and David Yates, Representatives Randy Bridges, Deanna Frazier Gordon, and Daniel Grossberg.

LRC Staff: Sarah Amburgey, Stacy Auterson, Emily Caudill, Ange Darnell, Emily Harkenrider, Karen Howard, Anna Latek, and Carrie Nichols.

Guests: Cassie Trueblood, Education Professional Standards Board; Tamara Reid-McIntosh, Kelsey Sanders, Silas Session, Department of Veterans' Affairs; Jennifer Scutchfield, Michael Wilson, Secretary of State; Sana Abhari, Colt Sells, Commission on Human Rights; Kelly Jenkins, Jeff Prather, Board of Nursing; Dave Dreves, Steven Fields, Jenny Gilbert, Department of Fish and Wildlife Resources; Jon Johnson, Godwin Onodu, Transportation Cabinet; Bruce Roberts, John Wood, Commission on Fire Protection Personnel Standards and Education; John E.B. Pinney, Public Service Commission; Drew Conners, Jennifer Wolsing, Kentucky Horse Racing Commission; and Laura Begin, David Lovely, Valerie Moore, Cabinet for Health and Family Services.

The Administrative Regulation Review Subcommittee met on Tuesday, June 11, 2024, and submits this report:

TRANSPORTATION CABINET: Department of Vehicle Regulation: Certification of Title
601 KAR 023:040. Application form to become Kentucky Electronic License Title Entity; and application form for electronic motor vehicle title application submission. Jon Johnson, assistant general counsel, and Godwin Onodu, director, Division of Motor Vehicle Licensing, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph and Sections 1 through 4 to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend Section 3 to add language pertaining to document scanners. Without objection, and with agreement of the agency, the amendments were approved.

The subcommittee adjourned at 1:35 p.m. The next meeting of this subcommittee was tentatively scheduled for July 9, 2024, at 1 p.m. in Room 149 of the Annex.

TRANSPORTATION CABINET
Department of Vehicle Regulation
Division of Motor Vehicle Licensing
(Amended at ARRS Committee)

601 KAR 23:040. Application form to become Kentucky electronic license title entity; and application form for electronic motor vehicle title application submission.

RELATES TO: KRS ~~186A.005~~, 186A.017

STATUTORY AUTHORITY: KRS 186A.017

NECESSITY, FUNCTION, AND CONFORMITY: KRS 186A.017 establishes the requirements and procedures to become an approved entity pursuant to KRS 186A.005(1). KRS 186A.017(7) requires the Transportation Cabinet to promulgate administrative regulations to establish an electronic title application and registration system by which title applications, salvage title applications, title lien statements, other supporting documents, signatures, and fees can be transmitted through the title application process in an electronic format.

Section 1. Definitions.

- (1) "Applicant" means any Kentucky automobile dealer or lienholder making application to become an approved entity.
- (2) "Application" means form TC 96-361 available electronically to establish qualifications to be an approved entity.
- (3) "Approved entity" is defined by KRS 186A.005(1).
- (4) "Cabinet" means the Transportation Cabinet.
- (5) "Electronic Title Application Review Committee" or "committee" means the committee responsible for approving or rejecting properly submitted applications.

Section 2. Electronic Title Application Review Committee.

- (1) The committee shall consist of:
 - (a) The Director of the Division of Motor Vehicle Licensing, or a proxy;
 - (b) Assistant Director, Division of Motor Vehicle Licensing, or a proxy;
 - (c) Title Branch Manager of the Division of Motor Vehicle Licensing, or a proxy;
 - (d) Investigator Supervisor of the Division of Motor Vehicle Licensing, or a proxy; and
 - (e) Assistant Director, Dealer Commission, Department of Vehicle Regulation, or a proxy.
- (2) For the committee to conduct business, there shall be a quorum present. A simple majority of the members present at a meeting shall be required to recommend approval or denial of an application.
- (3) If there is a tie vote, the tie-breaking vote shall be made by the Commissioner of the Department of Vehicle Regulation.

Section 3. Applicant Qualification Standards.

- (1) Applicants that are dealerships shall be a legal entity ~~legally~~ authorized to conduct business in the Commonwealth of Kentucky, with proper documentation with the Commonwealth of Kentucky Secretary of State's office for all purposes including service of process and principal place of business address. A dealer approved entity shall submit electronically ~~its/their/~~ title and registration applications to the county clerk's office of the county in which ~~it is/they are/~~ doing business or the county where the buyer has their primary residence. While scanning documents electronically, all applicants, dealerships, or lienholders shall use a color scanner capable of scanning double-sided with a minimum resolution of 600 dpi.

- (2) Applicants, dealerships, or lienholders shall be up to date on all annual reports or other required business filings and the entity in question shall be in good business standing.
- (3) Applicant dealerships shall be in good standing with the ~~Kentucky~~ Motor Vehicle ~~Dealer~~ Commission.
- (4) Applicant dealerships shall not have any open *investigative* cases with the Division of Motor Vehicle Licensing ~~or the Motor Vehicle Commission~~ .
- (5) Applicant dealerships, lienholders, and any other user using this system consents to the requirements of KRS 186A.017 and other applicable laws.
- (6) Applicant, dealership, or lienholder addresses shall be accurate and up to date with official street addresses. Post-office box addresses shall not be used. If the official street addresses change, notice of the address change shall be made as soon as possible to the county clerk of the county where the business is located.
- (7) An applicant shall return the completed form, TC 96-361, to the Transportation Cabinet address listed on the application form. Pursuant to KRS 186A.017~~(4)(3)~~, the application fee of \$150 shall be submitted with the application.
- (8) ~~Possible~~ Grounds for denial of a new application shall include:
 - (a) An incomplete application;
 - (b) An application containing false or misleading information;
 - (c) Prior criminal history involving fraud, perjury, or history of trafficking in stolen vehicles covered under this administrative regulation;
 - (d) Any history of theft or other crime relating to an intentional or negligent concealment of title source;
 - (e) Evidence of past involvement in theft of vehicles or vehicle parts;
 - (f) Falsification or tampering with existing odometer readings; or
 - (g) Failure to maintain a proper street address, or failure to provide update of new address change.
- (9) If an application becomes approved and later it is found by the committee that any of the possible grounds of denial in subsection ~~(8)(7)~~ of this section were concealed, or developed at a later date, the committee shall immediately notify the applicant by letter that ~~its/their~~ approved status shall be revoked.
- (10) If an application has been denied or revoked for any cause, the cabinet shall notify the applicant at its most recent known address by letter. The letter shall provide a brief explanation for the denial.

Section 4. Appeal of Denials or Revocations of Prior Approval.

- (1) Within thirty (30) days of the date of the denial or revocation letter, an applicant may appeal the decision ~~in writing/by letter~~ stating that it is an appeal of the denial or revocation in question with a copy of the denial or revocation letter attached.
- (2) Appeals shall be addressed to the Commissioner of the Department of Vehicle Regulation, 200 Mero Street, Frankfort, Kentucky 40622.
- (3) Appeals shall be governed by KRS Chapter 13B.

Section 5. Incorporation by Reference.

- (1) Form TC 96-361, "Application to Become a KYELT Approved Entity", October 2023, is incorporated by reference.
- (2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Division of Motor Vehicle Licensing, 2nd Floor, Transportation Cabinet Office Building, 200 Mero Street, Frankfort, Kentucky 40622, Monday through Friday, 8 a.m. to 4:30 p.m.
- (3) This material is also available on Transportation Cabinet's Web site at drive.ky.gov.

FILED WITH LRC: June 11, 2024

CONTACT PERSON: Jon Johnson, Staff Attorney Manager/Assistant General Counsel,
Transportation Cabinet, Office of Legal Services, 200 Mero Street, Frankfort, Kentucky
40622, phone (502) 564-7650, fax (502) 564-5238, email jon.johnson@ky.gov,