

TRANSPORTATION CABINET
Department of Vehicle Regulation
Division of Motor Vehicle Licensing
(New Administrative Regulation)

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.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) A simple majority of the members present at a meeting shall be required to recommend approval or denial of an application.

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 their title and registration applications to the county clerk's office of the county in which they are doing business or the county where the buyer has their primary residence.
- (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 cases with the Division of Motor Vehicle Licensing.
- (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 address listed on the application form. Pursuant to KRS 186A.017(3), the application fee of \$150 shall be submitted with the application.
- (8) Possible grounds for denial of a new application 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 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 (7) of this section were concealed, or developed at a later date, the committee shall immediately notify the applicant by letter that 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 by letter stating that it is an appeal of denial or revocation in question with a copy of 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.

JIM GRAY, Secretary

MATTHEW COLE, Commissioner

APPROVED BY AGENCY: February 5, 2024

FILED WITH LRC: February 15, 2024 at 11:50 a.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on Tuesday, April 23, 2024, at 10:00 a.m. EST, at the Kentucky Transportation Cabinet, 200 Mero Street, Frankfort, Kentucky 40622. Individuals interested in being heard at this hearing shall notify this agency in writing by five (5) working days prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through 11:59 p.m. on April 30, 2024. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person below.

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,

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person: Jon Johnson

(1) Provide a brief summary of:

(a) What this administrative regulation does:

This regulation details requirements and procedures to become an approved entity pursuant to KRS 186A.005(1) and KRS 186A.017(1-4). KRS 186A.017(7) also requires the Transportation Cabinet to promulgate administrative regulations to establish an electronic title application and registration system. This system allows an entity to be approved to submit title applications, salvage title applications, title lien statements, other supported documents, signatures, and fees can be input and transmitted through the title application process in an electronic format.

(b) The necessity of this administrative regulation:

This regulation is required by KRS 186A.017.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

This administrative regulation conforms by providing a legal electronic format to submit applications to become an approved entity.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

This administrative regulation provides a legal electronic format to submit applications to become an approved entity.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:

This is a new regulation and not an amendment.

(b) The necessity of the amendment to this administrative regulation:

This is a new regulation and not an amendment.

(c) How the amendment conforms to the content of the authorizing statutes:

This is a new regulation and not an amendment.

(d) How the amendment will assist in the effective administration of the statutes:

This is a new regulation and not an amendment.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? A motor vehicle dealer licensed under KRS Chapter 190 that applies to and is approved by the Transportation Cabinet to facilitate the title application or salvage title application process through the electronic title application and registration system;

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? A state or federal financial institution chartered under the laws of this state, any other state, or the United States as a bank insured by the Federal Deposit Insurance Corporation (FDIC), bank holding company, trust company, credit union, savings and loan association, or a holding company or service corporation subsidiary thereof, or any agent of any of the entities listed in this paragraph; (c) How much will

it cost to administer this program for the first year? An owner of a fleet as defined in this section that applies to and is approved by the Transportation Cabinet to facilitate renewal of registration or maintenance of permanent registration under KRS 186A.127 through the electronic title application and registration system; and (d) How much will it cost to administer this program for subsequent years? A retailer of manufactured homes, mobile homes, or recreational vehicles, as defined in KRS 227.550, that applies to and is approved by the Transportation Cabinet to facilitate the title application process through the electronic title application and registration system. (4) Provide an analysis of how the entities identified in the previous question will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including: This new regulation should enhance and speed up the title process, as well as, reduce paperwork.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment:

Any dealer of goods, lienholder, or buyer that is covered must be qualified and approved by application process in regulation.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3):

There is no cost associated with this administrative regulation. The costs are those described already in KRS 186A.017.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3):

Compliance with this administrative regulation will speed up the title application process.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially:

There is no cost associated with implementing this administrative regulation.

(b) On a continuing basis:

There is no cost associated with implementing this administrative regulation. Paper reduction may reduce costs over time.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation:

There is no cost associated with implementing this administrative regulation, therefore there is no source of the funding to be used for the implementation and enforcement of this administrative regulation.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

All costs associated by this regulation are already contained in statutory language. The fees are already stated. KRS 186A.017

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

This administrative regulation does not establish any fees or directly or indirectly increase any fees.

(9) TIERING: Is tiering applied?

No tiering is required.

FISCAL NOTE

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation?

Kentucky Transportation Cabinet, Department of Vehicle Regulation.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation.

KRS 186A.017.

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation. This administrative regulation should cause no effect on the expenditures and revenues of a state or local government agency.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year?

This administrative regulation is not expected to generate revenue.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years?

This administrative regulation is not expected to generate revenue.

(c) How much will it cost to administer this program for the first year?

This administrative regulation is not expected to generate costs.

(d) How much will it cost to administer this program for subsequent years?

This administrative regulation is not expected to generate costs.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):No revenues will be generated by this program.

Expenditures (+/-):No expenditures will be generated by this program.

Other Explanation:

n/a

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year?

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years?

(c) How much will it cost the regulated entities for the first year?

(d) How much will it cost the regulated entities for subsequent years?

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings (+/-):

Expenditures (+/-):

Other Explanation:

(5) Explain whether this administrative regulation will have a major economic impact, as defined below.

FEDERAL MANDATE ANALYSIS COMPARISON

(1) Federal statute or regulation constituting the federal mandate.

N/A.

(2) State compliance standards.

KRS 186A.017.

(3) Minimum or uniform standards contained in the federal mandate.

N/A.

(4) Will this administrative regulation impose stricter requirements, or additional or different responsibilities or requirements, than those required by the federal mandate?

N/A.

(5) Justification for the imposition of the stricter standard, or additional or different responsibilities or requirements.

N/A