

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

601 KAR 12:130. Third-party issuance of identity documents.

RELATES TO: KRS 186.400-~~to~~186.640.

STATUTORY AUTHORITY: KRS 186.4124(2)~~186.400 to 186.640~~

CERTIFICATION STATEMENT:

NECESSITY, FUNCTION, AND CONFORMITY: KRS 186.4124(2) requires the cabinet to promulgate administrative regulations to establish procedures by which third-party entities may apply to the cabinet to serve as application processors for identity documents. This administrative regulation establishes these procedures ~~by which a third-party entity may apply to the cabinet to serve as application processors for identity documents~~ pursuant to KRS 186.400-~~to~~186.640.

Section 1. Definitions. 1) "Cabinet" is defined by KRS 186.010(1)~~means the Transportation Cabinet~~.

(2) "Identity document" is defined by KRS 186.4124(1)(a)~~means an operator's license or personal identification card issued under KRS 186.4102, 186.412, 186.4121, 186.4122, or 186.4123~~.

(3) "Third-party entity" is defined by KRS 186.4124(1)(b)~~means a person or entity, including a business entity or nonprofit member association, that has received approval from the cabinet to process identity documents. A "third-party entity" does not include any governmental entity other than the Cabinet~~.

Section 2. Application. Any third-party entity seeking to issue identity documents pursuant to KRS 186.400-~~to~~186.640 shall apply by completing Form TC ~~form~~ 94-207, Application for Third-Party Issuer of Identity Documents, and submitting it to the Division of Driver Licensing. The Cabinet shall have twenty (20) working days to process and approve or disapprove an application.

Section 3. Approval.

(1) The Cabinet reserves the right to approve or disapprove any application based upon review of properly completed and duly filed Form TC ~~form~~ 94-207, Application for Third-Party Issuer~~Issuance~~ of Identity Documents.

(2) If ~~at the~~ third-party entity is approved, ~~if they~~ shall comply with all relevant administrative regulations and policies of the cabinet, including~~This shall include~~ collecting all fees as established~~set forth~~ in KRS 186.531.

(3) An approved application shall allow the approved third-party entity to process identity documents for three (3) calendar years starting from the date of approval.

(4) Third-party entities shall enter into an annual lease agreement for necessary equipment and shall agree to perform all KYTC actions on designated KYTC hardware while using KYTC networks. After application approval, KYTC shall work to complete all necessary setup tasks within six (6) months. ~~Third-party entities shall agree to obtain and maintain all equipment required to perform identity document issuance as well as software application fees. All associated costs shall be the responsibility of the third-party issuer.~~

Section 4. Revocation. The Cabinet reserves the right to revoke any approved application for cause. Grounds for cause shall include the following:

- (1) Failure to maintain ADA compliant facilities, including first aid stations, parking, reception areas, and restrooms;
- (2) Failure to maintain trained personnel and equipment to handle work-flow and customer service needs;
- (3) Failure to request and maintain background checks on all employees that access the system;
- (4) Failure to follow all requirements for issuance of identity documents;
- (5) Improper issuance of identity documents to persons not entitled to receive a legal identity document;
- (6) Failure to maintain all necessary business insurances to include liability, workers compensation, unemployment insurance, or other costs of doing business such as failure to deduct and pay all necessary local, state, federal taxes and fees;
- (7) Failure to collect all fees as established~~set forth~~ in KRS 186.531 and transmit the same to the Cabinet;
- (8) Failure to maintain all requirements for a business in good standing with the Commonwealth;
- (9) Failure to report breach of security or improper issuance of identity documents within one (1) hour of actual notice of occurrence;
- (10) Failure to suspend and remove an employee who is found to be engaging in breach of security or illegal activities; and
- (11) As a condition of participation, each approved third-party issuer shall, prior to activation or issuance authority, maintain cybersecurity liability insurance in the amount of \$500,000, including coverage for data breaches and unauthorized disclosure of information. ~~Any breach of security~~ ~~resulting in a release of personal identifiable information to a third party~~ ~~shall be subject to fines of~~ ~~\$155~~ ~~\$1,000~~ ~~per each individual's record exposed.~~

Section 5. Appeals. If an application is denied or a previously approved application is revoked, the Cabinet shall notify the third-party entity in writing ~~of~~ the cause of the denial, or revocation. The third-party entity shall have thirty (30) days to file ~~a/an appeal by~~ written appeal to the Commissioner of the Department of Vehicle Regulation at 200 Mero Street, Frankfort, Kentucky 40622. Appeals shall be processed pursuant to KRS Chapter 13B.

Section 6. Site Closure or Non-renewal of Certificate. For a site closure or non-renewal of operating certificate, all leased equipment obtained for identity document issuance including any printer, camera, computer hardware or software, or scanner shall be returned within thirty (30) days to the Department of Vehicle Regulation located at 200 Mero Street, Frankfort, Kentucky 40622. A third-party issuer shall notify KYTC immediately of any site closure, including providing a list of all staff associated with the site closure.

Section 7. Incorporation by Reference.

- (1) Form TC 94-207, "Application for Third-Party Issuer~~Issuance~~ of Identity Documents", ~~(TC 94-207, (07/2026) (02/2026) (07/2025) (Edition), Transportation Cabinet),~~ is incorporated by reference.
- (2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Transportation Cabinet Office Building, Department of Vehicle Regulation, 2nd Floor, 200 Mero Street, Frankfort, Kentucky 40622, Monday through Friday, 8:00 a.m. to 4:30 p.m.
- (3) This material is also available on Transportation Cabinet's website~~Web site~~ at drive.ky.gov.

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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.