

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 6059 Rebuilt Motor Vehicle Inspection Program

SPONSOR(S): Rodriguez, A. M.

TIED BILLS: **IDEN./SIM. BILLS:**

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR or BUDGET/POLICY CHIEF |
|--|-----------|---------|--|
| 1) Transportation & Infrastructure Subcommittee | 13 Y, 1 N | Johnson | Vickers |
| 2) Transportation & Tourism Appropriations Subcommittee | | | |
| 3) State Affairs Committee | | | |

SUMMARY ANALYSIS

A person may not sell a rebuilt vehicle until the vehicle's title labels that vehicle as rebuilt, which requires the motor vehicle go through a physical rebuilt motor vehicle inspection conducted by the Department of Highway Safety and Motor Vehicles (DHSMV). The purpose of the rebuilt vehicle inspection is to assure the identity of the vehicle and all major component parts that have been repaired or replaced. After an approved rebuilt vehicle inspection, DHSMV affixes a decal to the vehicle identifying the vehicle as a rebuilt vehicle.

In 2013, the Legislature created a Pilot Rebuilt Vehicle Inspection Program in Miami-Dade and Hillsborough counties. DHSMV set standards for the program and certified private sector inspection facilities in Miami-Dade County. The program's purpose was to evaluate private sector alternatives for rebuilt inspection services, including the feasibility of using private facilities, the cost impact to consumers, and the potential savings to DHSMV. DHSMV was required to establish a memorandum of understanding allowing private parties participating in the pilot program to conduct rebuilt vehicle inspections and specifies requirements for oversight, bonding and insurance, procedure, and forms, and requires the electronic submission of documents.

The program was repealed on July 1, 2018, since it was not saved from repeal through reenactment of the Legislature.

The bill reenacts and the former Pilot Rebuilt Vehicle Inspection Program in Miami-Dade County as the Rebuilt Vehicle Inspection Program in Miami-Dade County and removes the repeal date in order to make the program permanent.

DHSMV may incur some expenditures associated with the reenactment of the Rebuilt Inspection Program. However, these expenditures should be absorbed within existing resources.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

A person may not sell a rebuilt vehicle until the vehicle's title labels that vehicle as rebuilt, which requires the motor vehicle go through a physical rebuilt motor vehicle inspection conducted by the Department of Highway Safety and Motor Vehicles (DHSMV).¹ The purpose of the rebuilt vehicle inspection is to assure the identity of the vehicle and all major component parts that have been repaired or replaced. After an approved rebuilt vehicle inspection, DHSMV affixes a decal to the vehicle identifying the vehicle as a rebuilt vehicle.

In 2013, the Legislature created s. 319.141, F.S., establishing a Pilot Rebuilt Vehicle Inspection Program (PRVIP) in Miami-Dade and Hillsborough counties. DHSMV set standards for the program and certified private sector inspection facilities in Miami-Dade County.² The program's purpose was to evaluate private sector alternatives for rebuilt inspection services, including the feasibility of using private facilities, the cost impact to consumers, and the potential savings to DHSMV. DHSMV was required to establish a memorandum of understanding (MOU) allowing private parties participating in the pilot program to conduct rebuilt vehicle inspections and specifies requirements for oversight, bonding and insurance, procedure, and forms, and requires the electronic submission of documents.

To be approved for the program, an applicant was required to:

- Have and maintain a surety bond or irrevocable letter of credit in the amount of \$100,000, executed by the applicant;
- Secure and maintain a facility at a permanent structure at an address recognized by the U.S. Postal Service where the only services provided are rebuilt inspection services;
- Annually attest that he or she is not employed by or does not have an ownership interest in or financial arrangement with a motor vehicle repair shop, motor vehicle dealer, towing company, storage company, vehicle auction, insurance company, salvage yard, metal retailer, or metal rebuilder, from which he or she receives remuneration for the referral of customers for rebuilt inspection services;
- Have and maintain garage liability and other insurance required by DHSMV;
- Have completed criminal background checks of the owners, partners, and corporate officers and the inspectors employed by the facility; and
- Meet any additional criteria DHSMV determines necessary to conduct proper inspections.³

As required by law, in 2015, DHSMV submitted a report⁴ that summarized the implementation of the pilot program and program results. DHSMV had certified eight private businesses in the Miami area to conduct rebuilt vehicle inspections.⁵ During Fiscal Year 2016-2017, 71,342 rebuilt vehicle inspections were conducted in the state, of which 35,325 were conducted by the PRVIP operators.⁶

¹ Section 319.14(1)(b), F.S. A rebuilt vehicle is one that has been built from salvage or junk.

² No entities from Hillsborough County applied to participate in the program.

³ Section 319.141(4), F.S.

⁴ DHSMV, *Florida's Private Rebuilt Vehicle Inspection Program – Pilot Program Report* (Jan. 30, 2015), available at <http://www.flhsmv.gov/pdf/cabinetreports/privaterebuiltreport.pdf> (Last visited Jan. 22, 2019).

⁵ DHSMV, Office of Inspector General, *Rebuilt Vehicle Inspection Program Audit Report 201617-24* (Dec. 5, 2017), available <https://www.flhsmv.gov/pdf/igoffice/20161724.pdf> (Last visited Jan. 22, 2019).

⁶ *Id.*

DHSMV employees in Miami-Dade County were responsible for conducting rebuilt vehicle inspections at the DHSMV Regional Office and at various off-site locations, and for monitoring the PRVIP businesses to ensure inspections were conducted in accordance with program standards.⁷

According to DHSMV, each of the eight pilot program participants met all of the statutory requirements and the MOU executed with DHSMV. Statutorily authorized state rebuilt inspection fees (\$40) and re-inspection fees (\$20) were collected and remitted to the state as required. In addition, each pilot program participant was allowed to assess customers a service fee for each inspection. Service fees ranged from \$50 to \$85 and were not regulated in any manner by DHSMV.⁸

The PRVIP was repealed on July 1, 2018, since it was not saved from repeal through reenactment by the Legislature.

Effect of Proposed Changes

The bill reenacts and the former Pilot Rebuilt Vehicle Inspection Program in Miami-Dade County as the Rebuilt Vehicle Inspection Program and removes the repeal date in order to make the program permanent. All of the former provisions governing the program's operations contained in the bill remain the same.

B. SECTION DIRECTORY:

Section 1 revises, reenacts, and amends, s. 319.141, F.S., relating to the rebuilt motor vehicle inspection program.

Section 2 provides an effective date of July 1, 2019.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

DHSMV may incur some expenditures associated with the reenactment of the rebuilt inspection program. It should be able to absorb these costs within existing resources.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

⁷ DHSMV, *Pilot Program Report*.

⁸ DHSMV, *Pilot Program Report*.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal government.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES