

OFFICE OF THE DIRECTOR
DEPARTMENT OF MOTOR VEHICLES
P.O. BOX 932328
SACRAMENTO, CA 94232-3280



TITLE 13: DEPARTMENT OF MOTOR VEHICLES

NOTICE IS HEREBY GIVEN

The Department of Motor Vehicles (department) proposes to adopt sections 227.00, 227.02, 227.04, 227.06, 227.08, 227.10, 227.12, 227.14, 227.16, 227.18, 227.20, 227.22, 227.24, 227.26, 227.28, 227.30, 227.32, 227.34, 227.36, 227.38, 227.40, 227.42, 227.44, 227.46, 227.48, 227.50 and 227.52 of Article 3.7, Title 13, California Code of Regulations, relating to autonomous vehicles.

PUBLIC HEARING

A public hearing has been scheduled to provide interested parties an opportunity to provide statements, both oral and in writing, on this proposed regulatory action. The department will hold the hearing beginning at 10:00 A.M. on Tuesday, **JANUARY 14, 2014**, at the department's headquarters office at 2415 First Avenue, Sacramento, California.

The hearing will be held in the Assembly Room, which is accessible to persons with disabilities. The Assembly Room is located in a secure area of the building so please check-in at the security station. Parking near the headquarters complex is limited, so please plan accordingly.

The public hearing will conclude when all attendees who wish to comment have provided their comment. If necessary, the department reserves the right to limit the length of time each participant has to comment.

DEADLINE FOR WRITTEN COMMENTS

Any interested party or his or her duly authorized representative may submit written comments relevant to the proposed regulations to the contact person identified in this notice. All written comments must be received at the department no later than 5:00 P.M., **JANUARY 13, 2014**, the final day of the written comment period, in order for them to be considered by the department before it adopts the proposed regulation.

AUTHORITY AND REFERENCE

The department proposes to adopt the proposed action under the authority granted by Vehicle Code sections 1651 and 38750, in order to implement, interpret or make specific Vehicle Code sections 36590, 590, 672, 1808.1, 4000, 4150, 5902, 9255.1, 12810, 16000, 16053; Code of Civil Procedure section 995.010; Government Code sections 11110 through 11113, and 11500; Health and Safety Code section 43014; and Insurance Code section 1765.1.

INFORMATIVE DIGEST

Current law requires the department, upon application and payment of fees, to register vehicles that are being operated in the state. The department's registration activities are administered by the Registration Operations Division. The department's Licensing Operations Division is responsible for establishing occupational license application requirements and issuing occupational licenses or permits to applicants. It is also the department's responsibility to ensure

that all vehicles operating in California have insurance coverage, also known as financial responsibility. A driver is required to provide proof of financial responsibility when requested by law enforcement, when renewing a vehicle registration and in the event a vehicle is involved in an accident.

Senate Bill 1298 (Chapter 570; Statutes 2012) enacted California Vehicle Code section 38750 requiring the Department of Motor Vehicles to adopt regulations by January 1, 2015, setting forth requirements for the submission of evidence of insurance, surety bond or self-insurance, application approval process, and testing and safety requirements and the general operation of the vehicles on public roads. In an effort to ensure these regulations are promulgated as efficiently as possible, the department determined it necessary to implement the autonomous vehicle (AV) regulations in two separate regulatory actions. The first action implements financial responsibility requirements, the manufacturer testing application and permit process, reporting requirements and registration requirements.

After passage of AB 1298, the department quickly developed internal workgroups consisting of representatives from the department's Licensing Operations Division and Registration Operations Division, and external workgroups including representatives from various state and federal agencies. The department also conducted two public workshops to get a better understanding of who the affected public stakeholder would be.

On April 19, 2013, the department conducted a general workshop in Sacramento. Attendees included representatives from AV technology manufacturers and vehicle manufacturers, as well as attendees representing academia, engineering, and public advocacy groups. The conversation was general in nature and allowed the department to interact with interested parties face to face to gain better knowledge of the public's concerns as we began this project.

On June 18, 2013, the department conducted a second workshop that was intended to address only the requirements provided in the first regulatory package. Specifically, the discussions were centered on the definitions, AV permit to test requirements, program requirements, establishing financial responsibility, accident reporting, and registration requirements. At this workshop, the department received helpful comments that assisted the department in drafting the regulatory text.

Both workshops were webcast and those webcasts have been posted to the department's website at <http://www.dmv.ca.gov/vr/autonomous/prevavwrkshp.htm>.

POLICY STATEMENT OVERVIEW

In considering how this program will function, the department has determined that the implementation of an autonomous vehicle tester permit would best meet the needs of the autonomous vehicle industry, as well as the needs of the department.

When a manufacturer submits to the department an application and payment of specified fees, the department will review the application to ensure there is evidence of financial responsibility, proof that an autonomous vehicle test driver training program is in place, verification of test

vehicle requirements, and verification that the test driver meets specified requirements. Once the department verifies these requirements have been met, an autonomous vehicle tester permit will be issued to the manufacturer.

In creating this program, the department relied on models already being used by the department. For instance, the financial responsibility requirements are similar to those used in the occupational licensing branch and Business Partner Automation Program. The permit process is similar to that of the department's Motor Carrier Permit program whereby a permit holder is required to provide the department with evidence of financial responsibility and identify both drivers and vehicles on an annual basis. These programs operate very effectively and efficiently because of the comprehensive application process and ongoing oversight.

The department, by using the models of several successful programs, is confident that the autonomous vehicle program will be just as successful and allow manufacturers to continue to develop their technology while ensuring the continued safety of the state's roadways.

PROBLEMS THIS DEPARTMENT INTENDS TO ADDRESS AND BENEFITS ANTICIPATED FROM THE REGULATORY ACTION

These regulations will make specific the requirements for the issuance of a permit to test autonomous vehicles on the public roadways of the State of California. These regulations specify how autonomous vehicle manufacturers are to submit evidence of financial responsibility as required by Vehicle Code section 38750(b)(3) as well as the process for applying for a permit to test the vehicles and the qualifications and training for autonomous vehicle test drivers. These regulations will allow automobile manufacturers and automobile researchers to develop and test automated vehicle driving systems on public roadways in a way that provides the assurance of safety to the public in general.

ALTERNATIVES CONSIDERED

The department initially considered approving AV testing through the issuance of registration documentation specifically identifying vehicles as being equipped with autonomous technology. If, under this model, a manufacturer failed to meet the testing requirements, the department would cancel the registration of the autonomous vehicles registered to that manufacturer.

After review of this model, the department determined it to be more beneficial and economical to establish a permit program that would allow the department to cancel the testing permit of a manufacturer that fails to comply with the testing requirements. This option allows the department to take one disciplinary action on the testing permit rather than multiple actions against each vehicle.

In considering this alternative, the department has determined that there is no reasonable alternative that would be more effective in carrying out the purpose for which the action is proposed, or would be effective as and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law.

COMPARABLE FEDERAL AND STATE REGULATIONS

The National Highway Traffic Safety Administration (NHTSA) establishes motor vehicle safety standards on the federal level. On May 30, 2013, NHTSA issued a “Preliminary Statement of Policy Concerning Automated Vehicles” to “help states implement this technology safely so that its full benefits can be realized.” The NHTSA policy statement indicates that the U.S Department of Transportation is researching the introduction of automated cars onto public roadways and advises states to leave safety standards up to federal regulators; however, to date, NHTSA has not adopted any regulations governing the testing or operation of automated, or self-driving, vehicles on public roads, streets, and highways.

There are no comparable federal or state regulations concerning the operation of autonomous vehicles on public roads.

CONSISTENCY EVALUATION

During the process of developing these regulations, the department has conducted a search of any similar regulations on this topic and has concluded that these regulations are neither inconsistent nor incompatible with existing state regulations.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference in the proposed regulatory text:

- Autonomous Vehicle Tester Program (AVT) Application for Manufacturer’s Testing Permit, form OL 311 (NEW 9/2013), in Section 227.26
- Autonomous Vehicle Testing (AVT) Program Test Vehicle Permit, form OL 313 (NEW 9/2013), in Section 227.48
- Autonomous Vehicle Testing (AVT) Program Test Vehicle Operator Permit, form OL 314 (NEW 9/2013), in Section 227.20
- Autonomous Vehicle Testing (AVT) Program Manufacturer Permit, form OL 315 (NEW 9/2013), in Section 227.28
- Report of Traffic Accident Involving an Autonomous Vehicle, form OL 316 (NEW 10/2013), in Section 227.44
- Autonomous Vehicle Manufacturer Surety Bond, form OL 317 (NEW 9/2013), in Section 227.10
- Autonomous Vehicle Tester (AVT) Program Application for Certificate of Self-Insurance, form OL 319 (NEW 9/2013), in Section 227.14

These documents are not published in the California Code of Regulations because it would be impractical and cumbersome to do so; however, these documents are readily available to interested parties by contacting the department representative identified below.

ECONOMIC AND FISCAL IMPACT DETERMINATIONS

The department has made the following initial determinations concerning the proposed regulatory action:

- Cost or Savings to Any State Agency: None.
- Other Non-Discretionary Cost or Savings to Local Agencies: None.
- Costs or Savings to Any Local Agency or School District: This proposed action will not impose any costs or savings on local agencies or school districts that is required to be reimbursed under Part 7 (commencing with Section 17500) of Division 4, of the Government Code.
- Costs or Savings in Federal Funding to the State: None.
- Cost Impact on Representative Private Persons or Businesses: The department is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.
- Effects on Housing Costs: None.
- Local Agency/School District Mandates: The proposed regulatory action will not impose a mandate on local agencies or school districts, or a mandate that requires reimbursement pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code.
- Small Business Impact: The proposed regulatory action may affect small business.
- Potential Significant Statewide Adverse Economic Impact
The proposed regulatory action will not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

RESULTS OF THE ECONOMIC IMPACT ASSESSMENT

The department states the following results of its Economic Impact Assessment per Government Code section 11346.3(b):

- Creation or Elimination of Jobs Within the State of California

This proposed regulation will neither create nor eliminate jobs within the State of California. These regulations only apply to the testing of autonomous vehicles by drivers authorized by the autonomous technology manufacturers. As most of these testers are already affiliated with the manufacturers, there will be no job creation or elimination.

- Creation or Elimination of Existing Business Within the State of California

The department does not anticipate that the proposed regulation will either create new business or eliminate existing business within the State of California. The autonomous technology manufacturers are established businesses.

- Expansion of Business Currently Doing Business Within the State of California

This regulation will not expand business currently doing business within the State of California.

- Benefits of Regulation to the Health and Welfare of California Residents, Worker Safety and the State's Environment

The proposed regulatory action is not likely to impact the health and worker safety or the environment. However, the proposed regulation intends to provide assurance of safety to the general public when technology manufacturers and researchers are developing and testing automated vehicle driving systems on public roadways.

PUBLIC DISCUSSIONS OF PROPOSED REGULATIONS

As identified in the Informative Digest, the department conducted two pre-notice workshops. The first workshop was held on April 19, 2013 and was general in nature. The second workshop was specific to the provisions identified in this proposed regulatory action. Both workshops were held pursuant to Government Code section 11346.45, because the issues involved are so complex that the department determined it necessary to engage the interested parties and other stakeholders as quickly as possible.

CONTACT PERSON

Any inquiries or comments concerning the proposed rulemaking action may be addressed to:

Brian G. Soublet, Assistant Chief Counsel
Department of Motor Vehicles
Legal Affairs Division
P.O. Box 932382, MS C-244
Sacramento, CA 94232-3820

Any inquiries or comments concerning the proposed rulemaking action requiring more immediate response may use:

Telephone: (916) 657-6469
Facsimile: (916) 657-6243
E-Mail: LRegulations@dmv.ca.gov

In the event the contact person is unavailable, inquiries should be directed to the following back-up person:

Randi Calkins, Regulations Analyst
Telephone: (916) 657-6469

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The department has prepared an Initial Statement of Reasons for the proposed regulatory action, and has available all the information upon which the proposal is based. The contact person identified in this notice shall make available to the public upon request the Express Terms of the proposed regulatory action using underline or italics to indicate additions to, and strikethrough to indicate deletions from the California Code of Regulations.

The contact person identified in this notice shall also make available to the public, upon request, the Final Statement of Reasons and the location of public records, including reports, documentation and other materials related to the proposed action. In addition, the above-cited materials (the Notice of Proposed Regulatory Action, the Initial Statement of Reasons, and Express Terms) may be accessed at <http://www.dmv.ca.gov/about/lad/regactions.htm>.

AVAILABILITY OF MODIFIED TEXT

Following the written comment period, and the hearing if one is held, the department may adopt the proposed regulations substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the fully modified text, with changes clearly indicated, shall be made available to the public for at least 15 days prior to the date on which the department adopts the resulting regulations. Request for copies of any modified regulations should be addressed to the department contact person identified in this notice. The department will accept written comments on the modified regulations for 15 days after the date on which they are first made available to the public.