

# Proposed Rules Briefing

**April 7, 2016**



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

# Mission of Texas State Government

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*“Texas state government must be limited, efficient, and completely accountable. It should foster opportunity and economic prosperity, focus on critical priorities, and support the creation of strong family environments for our children. The stewards of the public trust must be men and women who administer state government in a fair, just, and responsible manner. **To honor the public trust, state officials must seek new and innovative ways to meet state government priorities in a fiscally responsible manner.**”*

# Texas Department of Motor Vehicles

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## Vision

*“The Texas Department of Motor Vehicles sets the standard as the premier provider of customer service in the nation.”*

## Mission

*“To serve, protect and advance the citizens and industries in the state with quality motor vehicle related services.”*

# Legislative History

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**81<sup>st</sup> Legislature (2009)** passed HB 3097 created TxDMV.  
*“To promote greater efficiency and accountability” (Authors intent)*

**82<sup>nd</sup> Legislative (2011)** passed HB 2017 required TxDMV to create standards for uniformity and service quality

# Legislative History (cont.)

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**83rd Legislature (2013)** passed HB 2202 created

- The Processing and Handling Fee to provide funding for registration services and establish county compensation;
- The TxDMV Board authority to establish deputy classification types and fees by administrative rule;
- The ability for all of the county road and bridge fee to be deposited to the counties (previously \$.30 – or 3% - of each fee collected was deposited to the credit of the State Highway Fund)

# Increase in County Road and Bridge Fees

	3%
FY 2014	\$ 6,904,000
FY 2015	\$ 6,869,000
<b>Total</b>	<b>\$ 13,773,000</b>

- These funds would have been deposited into the TxDMV fund in the introduced version of HB 2202, 83rd Legislative Session.
- Chairman Pickett amended the bill to repeal the department's share of the optional county road and bridge fee, therefore, increasing county revenue and reducing the TxDMV revenue.

# Legislative History (cont.)

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**84<sup>th</sup> Legislature (2015)** passed SB 1512 recreated the TxDMV Fund effective September 1, 2016

# Technology Investments and Improvements

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- webSUB
- webDEALER
- Temp Permits
- RTS Refactoring
- NMVITIS
- TxDMV Call Center
- County Equipment Refresh/Network upgrade
- GovDelivery Messaging



# Future Challenges and Changes

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- ❑ Current service deliver model does not support the needs of Texans
  - Texas Population Growth
  - Change in Demographic – Millennials
- ❑ High dependence on brick and mortar requiring additional personnel

# Future Technology Investments

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- ❑ Self-Service Kiosks
- ❑ Electronic Registration Renewal Notices
- ❑ Mobile Apps
- ❑ Barcoding & QR Code Technology
- ❑ WebLIEN
- ❑ Electronic Display of Registration
- ❑ Self-Service Online Registration Tracking

# Stakeholder Outreach

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- ❑ Governor, Lt Governor and Speaker Offices
- ❑ Senate and House Transportation Chairs
- ❑ Other Key Legislative Members and Staff
- ❑ Tax Assessor Collector Association Board
- ❑ Texas Association of Counties
- ❑ Texas Automobile Dealers Association
- ❑ Texas Independent Automobile Dealers Association
- ❑ Representatives from the Salvage, Lienholder, Insurance, industries
- ❑ Representatives of Full and Limited Service Deputies

# Identified Challenges

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## State

- *State Highway funding needs*
- *TxDMV funding needs*

## County

- *County compensation*
- *Work load in the TAC office*

## Shared

- *Simplify transaction fees for registration*
- *Minimize cost to the customer*
- *Improve customer service experience*
- *Population growth*
- *Ensure public trust*

# Proposed Solutions

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## State

- *Increases State Highway Funding by approx. \$47 mil/yr*
- *Replaces revenue to the TxDMV to cover cost of statewide registration services*

## County

- *Increases county compensation for walk-in registration transactions*
- *Reduces renewal work load for TAC offices*
- *Continues county equipment from the TxDMV budget*

## Shared

- *Reduces online transaction costs for customers*
- *Establishes the Performance Quality Recognition program*

# Increase to State Highway Fund

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	Current	Proposed
Registration Fee	\$ 50.75	\$ 50.75
County Retained	\$ (1.90)	\$ -
Remitted to Fund 006	\$ 48.85	\$ 50.75
<b>Estimated Net Gain to Fund 006/ yr</b>		<b>\$ 47,000,000</b>

# TxDMV – Financial Impact

## Revenue

	2017	2018	2019	2020	2021
Total TxDMV Revenue	\$ 153,264,406	\$ 131,953,806	\$ 133,428,906	\$ 135,172,406	\$ 136,803,506

## Expenditures

	2017	2018	2019	2020	2021
Operating Expenditures	\$ 145,228,701	\$ 168,180,219	\$ 145,228,701	\$ 168,180,219	\$ 145,228,701
Employees Fringe Benefits	\$ 11,993,918	\$ 11,516,832	\$ 11,993,918	\$ 11,516,832	\$ 11,993,918
Total Expenditures	\$ 157,222,619	\$ 179,697,051	\$ 157,222,619	\$ 179,697,051	\$ 57,222,619

<b>Net Income (Loss)</b>	<b>\$ (3,958,213)</b>	<b>\$ (47,743,245)</b>	<b>\$ (23,793,713)</b>	<b>\$ (44,524,645)</b>	<b>\$ (20,419,113)</b>
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### Footnotes:

1. The 2016/17 expenditures reflect approved HB 1 TxDMV appropriations.
2. Registration Fee Projections include factor of 1.5% growth in FY 2017; 2% growth in FY 2018, FY 2019, FY 2020, and FY 2021
3. Automation Funding front-loaded in FY 2016 and FY 2018

# TxDMV Budget Cuts





# TxDMV Budget Cuts FY 2018-2021

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## Operational Reductions

- \$24 million reduction to automation projects
- \$12 million reduction to license plate production

# Transferred Costs FY 2017-2021

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## Costs Transferred to TxDMV Budget

- TxOnline Credit Card processing fees \$69.8 million increase in expenses
- Online Centralization increase in cost \$18.2 million

# County Cost Savings Proposals



Agenda Item 2.B.3

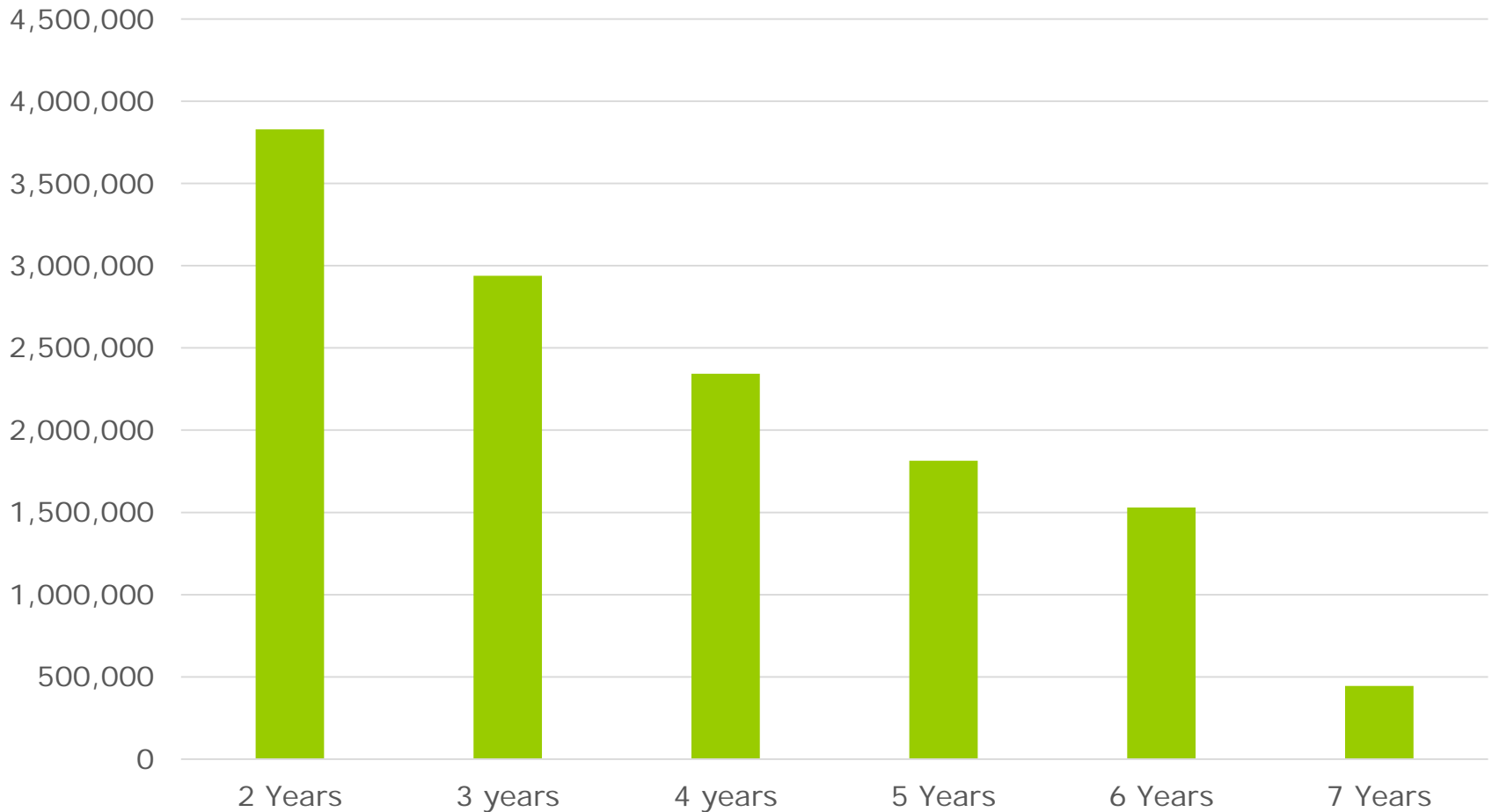
# Plate Replacement Cycle

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- ❑ Removes requirement to replace license plates
- ❑ County savings for postage, handling and plate envelopes
- ❑ Replacement plates only issued upon request
- ❑ Aligns with statutory requirement for plate replacement fee
- ❑ State savings for plate production

# General Issue License Plate Age

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Source: Ad Hoc report Date 10/15/15 18:58:48 total registrations 23,681,716

# County Plate Replacement Savings

## Processing for Online and Mail-In Plate Replacements

Postage (First Class)	\$	3.74
Envelope	\$	0.02
Labor	\$	<u>1.24</u>
	\$	5.00

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Annual Plate Replacements	135,000	244,125	289,406	355,970	419,350
County Savings	\$ 675,000	\$ 1,221,000	\$ 1,447,000	\$ 1,780,000	\$ 2,097,000

**5 Year Savings**                      \$                      **7,220,000**

# Centralized Online Fulfillment

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- TAC will no longer be required to:
  - Pay for postage and return envelope
  - Print registration sticker
  - Stuff the return envelope
- The registration revenue will continue to be deposited in the county fund and remitted with other registration fees

# Centralized Online Fulfillment (cont.)

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- Vendor Performance
  - On Demand (Next Day Turn-Around)
  - Financial Penalties – Escrow at risk
    - First failure in 13 months – Escrow at risk
    - Second Failure in 13 months – Cash Payment
  - Redundant Process for Print Services
- Optional Service
  - “Fast Forward” service –
    - Automatic Address Update to Match USPS
    - No Postage Penalties for Return Mail
  - Ability for Self-Service Online Registration Tracking



# Processing and Handling Fee



(Agenda Item 2.B.3)

# Registration Transactions with P&H Fee

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- Initial Registration
- Registration Renewal
- International Registration Plan (IRP)
- Temp Permits<sup>1</sup>

<sup>1</sup>The entity processing the temp permit retains the full P&H amount.

# Registration Transactions Exempt from P&H Fee

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- ❑ Replacement Registration Stickers
- ❑ Registration Transfer
- ❑ Exempt Registration
- ❑ Vehicle Transit Permit
- ❑ Replacement License Plate
- ❑ Registration Correction Receipt
- ❑ Duplicate Receipt
- ❑ Inquiry Receipt
- ❑ Inspection Fee Receipt
- ❑ Exchange of License Plate (for which no registration fees are collected)

# TTI Cost Study

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	County Cost	Deputy Cost
County Walk-in	\$ 2.59	
County Online	\$ 1.37	
County Mail	\$ 1.97	
Limited Service Registration Renewal	Not Evaluated	\$ 1.11
Full Service Deputy Registration	Not Evaluated	\$ 4.09
Full Service Deputy Title	Not Evaluated	\$ 12.88

# County and Deputy Compensation Overview

	Percent	Current		Jan 2017	
		County	Deputy	County <sup>2</sup>	Deputy
Walk in	<b>64%</b>	\$ 1.90	\$ -	\$ 2.30	\$ -
Online <sup>1</sup>	<b>18%</b>	\$ 2.90	\$ -	\$ 0.25	\$ -
Mail	<b>8%</b>	\$ 2.90	\$ -	\$ 2.30	
Limited Service Deputy	<b>5%</b>	\$ 1.90	\$ 1.00	\$ 1.30	\$ 1.00
Full Service Deputy	<b>4%</b>	\$ 1.90	\$ 5.00	\$ 1.30	\$ 5.00
Dealer Deputy	<b>0%</b>	N/A	N/A	\$ 1.30	\$ 1.00
Inspection Deputy	<b>0%</b>	N/A	N/A	\$ 1.30	\$ 1.00
Temporary Permits		\$ 1.90	\$ 0.00	\$ 5.00 <sup>3</sup>	\$ 5.00 <sup>3</sup>

<sup>1</sup> Compensation assumes discontinuance of plate replacement mailing

<sup>2</sup> New compensation for online transactions reflects centralized online processing by TxDMV

<sup>3</sup> The entity issuing the temporary permit retains the entire amount of the P&H fee

# P&H Walk-In

## Current

	64% <sup>1</sup>
Registration Fee	\$ 50.75
Automation Fee	\$ 1.00
<b>Total Fee</b>	<b>\$ 51.75</b>
County Compensation	\$ (1.90)
Automation Fund	\$ (1.00)
<b>Fund 006 Deposit</b>	<b>\$ 48.85</b>

## Jan 2017

Registration Fee	\$ 50.75
P&H Fee	\$ 5.00
<b>Total Fee</b>	<b>\$ 55.75</b>
County Compensation	\$ (2.30)
TxDMV Compensation <sup>2</sup>	\$ (2.20)
Automation Fund	\$ (.50)
<b>Fund 006 Deposit</b>	<b>\$ 50.75</b>

<sup>1</sup> Estimated percentage of total registration transactions (initial and renewal)

<sup>2</sup> Funding to support county equipment is included in the TxDMV Compensation

# P&H Online

## Current

	18% <sup>1</sup>
Registration Fee	\$ 50.75
Automation Fee	\$ 1.00
Internet fee	\$ 2.00
Mail-In Fee	\$ 1.00
<b>Total Fee</b>	<b>\$ 54.75</b>
County Compensation	\$ (2.90)
TxOnline	\$ (2.00)
Automation Fund	\$ (1.00)
<b>Fund 006 Deposit</b>	<b>\$ 48.85</b>

## Jan 2017

Registration Fee	\$ 50.75
P&H Fee	\$ 5.00
<b>Discount</b>	<b>\$ (1.25)</b>
<b>Total Fee</b>	<b>\$ 54.50</b>
County Compensation	\$ (.25)
TxOnline	\$ (2.00)
TxDMV Compensation <sup>2</sup>	\$ (.50)
Automation Fund	\$ (.50)
Fulfillment Vendor	\$ (.50)
<b>Fund 006 Deposit</b>	<b>\$ 50.75</b>

<sup>1</sup> Estimated percentage of total registration transactions (initial and renewal)

<sup>2</sup> Funding to support county equipment is included in the TxDMV Compensation

# P&H Mail-In

## Current

	8% <sup>1</sup>
Registration Fee	\$ 50.75
Automation Fee	\$ 1.00
Mail-In Fee	\$ 1.00
<b>Total Fee</b>	<b>\$ 52.75</b>
County Compensation	\$ (2.90)
Automation Fund	\$ (1.00)
<b>Fund 006 Deposit</b>	<b>\$ 48.85</b>

## Jan 2017

Registration Fee	\$ 50.75
P&H Fee	\$ 5.00
<b>Total Fee</b>	<b>\$ 55.75</b>
County Compensation	\$ (2.30)
TxDMV Compensation <sup>2</sup>	\$ (2.20)
Automation Fund	\$ (.50)
<b>Fund 006 Deposit</b>	<b>\$ 50.75</b>

<sup>1</sup> Estimated percentage of total registration transactions (initial and renewal)

<sup>2</sup> Funding to support county equipment is included in the TxDMV Compensation



# P&H Limited Service, Inspection, and Dealer Deputy

## Current

	5% <sup>1</sup>
Registration Fee	\$ 50.75
Automation Fee	\$ 1.00
Limited Service Fee	\$ 1.00
<b>Total Fee</b>	<b>\$ 52.75</b>
County Compensation	\$ (1.90)
Deputy Compensation	\$ (1.00)
Automation Fund	\$ (1.00)
<b>Fund 006 Deposit</b>	<b>\$ 48.85</b>

## Jan 2017

Registration Fee	\$ 50.75
P&H Fee	\$ 5.00
<b>Total Fee</b>	<b>\$ 55.75</b>
County Compensation	\$ (1.30)
Deputy Compensation	\$ (1.00)
TxDMV Compensation <sup>2</sup>	\$ (2.20)
Automation Fund	\$ (.50)
<b>Fund 006 Deposit</b>	<b>\$ 50.75</b>

<sup>1</sup> Percentage of total registration transactions (initial and renewals) processed by limited service deputy

<sup>2</sup> Funding to support county equipment is included in the TxDMV Compensation

# P&H Full Service Deputy

## Current

	4% <sup>1</sup>
Registration Fee	\$ 50.75
Automation Fee	\$ 1.00
Full Service Deputy Fee	\$ 5.00
<b>Total Fee</b>	<b>\$ 56.75</b>
County Compensation	\$ (1.90)
Deputy Compensation	\$ (5.00)
Automation Fund	\$ (1.00)
<b>Fund 006 Deposit</b>	<b>\$ 48.85</b>

## Jan 2017

Registration Fee	\$ 50.75
P&H Fee	\$ 5.00
Convenience Fee	\$ 4.00
<b>Total Fee</b>	<b>\$ 59.75</b>
County Compensation	\$ (1.30)
Deputy Compensation	\$ (5.00)
TxDMV Compensation <sup>2</sup>	\$ (2.20)
Automation Fund	\$ (.50)
<b>Fund 006 Deposit</b>	<b>\$ 50.75</b>

<sup>1</sup> Estimated percentage of total registration transactions (initial and renewal)

<sup>2</sup> Funding to support county equipment is included in the TxDMV Compensation

# Performance Quality and Recognition Program



(Agenda Item 2.B.4)

# Working Group Members

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County	Name	TxDMV	Name
Anderson	Teri Garvey	VTR	Jeremiah Kuntz
Andrews	Robin Harper	VTR	William Diggs
Brazoria	Ro'Vin Garrett	VTR	Amber Wilson
Cass	Becky Fant	VTR	Jenna Gordon
Lubbock	Ronnie Keister	VTR	Tammera Parr-Lamb
Matagorda	Cristyn Hallmark	OGC	Aline Aucoin
Montgomery	Tammy McRae		
Tom Green	Becky Robles		
Williamson	Deborah Hunt		

# Performance Quality Recognition Program Working Group Charge

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*The working group is charged with providing input on the development of a program and rules to recognize outstanding performance and efficiency in processing title and registration transactions in a county tax assessor-collector office.*

# Performance Quality Recognition Program

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- ❑ County participation in the program is voluntary
- ❑ Flexibility for meeting criteria to account for small, medium and large counties
- ❑ Multiple levels of recognition
- ❑ Minimum criteria for baseline performance
- ❑ Additional criteria for higher levels of recognition

# Minimum Recognition Level

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## □ **Required Criteria**

- Timely remits registration fee collections
- Timely remits motor vehicle sales tax and penalties
- Consistently applies statutes, rules, and policies governing motor vehicle transactions; and
- Maintains bonds as required by statute or administrative rules

# Higher Recognition Level

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## □ **Required Criteria**

- Performs efficiently with low error rates
- Processes transactions in a timely fashion
- Has customer feedback programs; and
- Has fraud, waste and abuse awareness and prevention programs

## □ **Additional Criteria**

- Implements cost-savings measures
- Has customer feedback metrics to measure customer satisfaction



# Rule Specifics Recognition Program

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## □ **Due Date**

- October 31 of application year

## □ **Program Requirements**

- Must be in office for full fiscal year to apply

## □ **Evaluation Period**

- State Fiscal Year (September 1 - August 31)

## □ **Term of Recognition**

- Term of office or one year after re-election, whichever is later.

# Deputies



(Agenda Item 2.B.2)

# Deputy Classifications

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## **Full Service Deputy**

*Title, Registration (Initial and Renewal), Permits and other transactions*

## **Dealer Deputy**

*Title, Registration (Initial and Renewal)*

## **Limited Service Deputy**

*Registration Renewal only*

## **Inspection Station Deputy**

*Registration Renewal only*

# Full Service Deputy Provisions

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## **Compensation**

*Up to \$15 title / \$5 registration (initial and renewal) / \$5 temp permits (must publish fees)*

## **Surety Bond Requirements**

*No less than \$100 thousand or more than \$2 million*

## **Obligations**

*Must be trained and deemed competent to perform services  
Contract with county and TxDMV*

## **System Utilized**

*Registration and Title System (RTS) workstation  
State-issued equipment*

# Dealer Deputy Provisions

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## **Compensation**

*\$15 title / \$1 registration (initial and renewal)*

## **Surety Bond Requirements**

*No less than \$100 thousand or more than \$2 million*

## **Obligations**

*Must be trained and deemed competent to perform services*

## **Other Requirements**

*Must be licensed dealer*

## **System Utilized**

*webDEALER*

*Dealer provides computer and printer*

# Limited Service Deputy Provisions

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## **Compensation**

*\$1 registration renewal*

## **Surety Bond Requirements**

*No less than \$2,500 or more than \$1 million*

## **Obligations**

*Must be trained and deemed competent to perform services*

## **System Utilized**

*webSUB*

*Business provides computer and printer*

# Inspection Deputy Provisions

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## **Compensation**

*\$1 registration renewal*

## **Surety Bond Requirements**

*No less than \$2,500 or more than \$1 million*

## **Obligations**

*Must be trained and deemed competent to perform services*

## **Other Requirements**

*Must be licensed by DPS as inspection station*

## **System**

*webSUB*

*Business provides computer and printer*

# Other Miscellaneous Provisions



Agenda Item 2.B.5



# Rule Provisions

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- ❑ Requires both parties to an even trade must be present to apply for title
- ❑ Allows for Texas Concealed Handgun License as acceptable identification for transactions requiring identification
- ❑ Makes various changes to implement legislative requirements from the 84<sup>th</sup> session

# Submittal of Comments

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“If any commenter submits written comments disagreeing with the department's position regarding economic impact, the department strongly recommends including documentation to support any stated negative financial, revenue or cost implications. Such documentation will aid in the board's decision-making process and could include detailed financial statements, business plans, budgets, or other items necessary to demonstrate the stated impact. ”

# Questions

