

### UPDATE ON APRIL 7, 2016 RULE PROPOSALS

On April 7, 2016 the Texas Department of Motor Vehicles (TxDMV) Board met to consider rules for proposal and public comment regarding the establishment of a Processing and Handling Fee, Deputies, a Performance Quality Recognition Program for Tax Assessor Collectors (TACs) and other various amendments. The purpose of the proposed rules are to create efficiencies, drive down costs, utilize more modernized processes and most importantly provide better service to the citizens of Texas. The TxDMV received extensive stakeholder feedback prior to proposal of the rules and strongly encouraged public and stakeholder input during the public comment period to assist with the final staff recommendation to the TxDMV Board. Staff is recommending changes as a result of comments received. The changes listed below may be different than what is ultimately adopted by the TxDMV Board.

- WHO?** The TxDMV Board will consider rules for final adoption representing a major effort to modernize and streamline registration and titling service delivery in Texas.
- WHERE?** 4000 Jackson Avenue in Austin, Texas; Lone Star Board Room, 1<sup>st</sup> Floor
- WHEN?** 8:00 AM on Monday, June 27, 2016
- WHAT?** This outlines a summary of comments received and staff recommended changes to the original proposed rules.

#### Rules to be considered June 27, 2016:

- **Processing and Handling Fee:** This rule will simplify the fee structure for registration renewals regardless of whether the transaction is processed by mail, in person, or online. This fee will promote efficiency and modernize service delivery and provide funding for the TxDMV and counties and their deputies.
- **Deputies:** Deputies provide motor vehicle services and are utilized by some counties through a contractual agreement. This rule will establish the various deputy types; outline their duties; establish the required bonds; and set fees for services they provide.
- **Performance Quality Recognition Program for TACs:** This voluntary program establishes standards for uniformity and service quality for TACs and acknowledges the TACs that provide premier customer service.

#### Processing and Handling Fee

The proposed rules are a direct result of the passage of HB 2202 by the 83<sup>rd</sup> Legislature which authorizes the TxDMV Board to implement a processing and handling fee intended to bring about increased transparency for taxpayers by displaying the true cost government bears in providing registration services to the public through a processing and handling fee, while allowing the entirety of the vehicle registration fee to be credited to the State Highway Fund.

The department received comments on the proposal, including requests to reduce the fee for motorists. Further, since the rule was proposed on April 7, the agency received comments from the Office of Governor Greg Abbott urging the TxDMV to pass along any additional funding identified to the customer, thus reducing the processing and handling fee paid by motorists. Upon further analysis of the TxDMV budget, **staff will recommend lowering the department's compensation by \$.25 and lowering the overall processing and handling fee to \$4.75 from the originally proposed \$5.00.** This still allows for customers renewing their registration online to pay less than it costs today (see chart below for more details). The TxDMV's staff recommendation to lower the processing and handling fee to \$4.75 aligns with Governor Greg Abbott's commitment to the fiscal responsibilities of state government. Additionally, the recommendation will minimize the financial impact of the fee on Texas drivers to the greatest extent possible, driving greater efficiency in registration services and providing sufficient funding for the department and counties to cover the costs associated with collecting registration.

Current Fee Structure Without \$4.75 Processing and Handling Fee	Proposed Fee Structure With \$4.75 Processing and Handling Fee
Online \$54.75	Online \$54.50 (includes <b>\$1.00 discount</b> from other transactions)
Walk-In \$51.75	Walk-In \$55.50
Mail-In \$52.75	Mail-In \$55.50
Limited Service and Dealer Deputies \$52.75	Limited Service and Dealer Deputies \$55.50
Full Service Deputies \$56.75	Full Service Deputies \$64.50

The original proposal did not address the processing of Texas International Registration Plan (TxIRP) transactions, and a comment was received noting those transactions need to be addressed in the rule. **Staff will recommend addressing TxIRP transactions by requiring the applicant pay the service charge for the payment method selected.**

Comments asserted the department does not have the statutory authority to centralize fulfillment of online registration renewals. TxDMV is confident of its statutory authority and there will be no recommended change for this component of the proposal. Some comments also suggested the plate replacement cycle should remain mandatory for various reasons. Staff will not recommend changes due to the small number of plates statewide reaching the seven-year mark and the requirement for motorists to maintain a legible set of license plates.

### **Deputies**

Most of the comments to these rules came from customers of full service deputies who feel such entities should be compensated more than \$5 for registration and \$15 for titles to avoid driving them out of business. Counties were also concerned with increased county workloads if such deputies went out of business. As such, **staff will recommend increasing full service deputies' compensation to a maximum of \$10 per registration transaction and \$20 per titling transaction.**

The department received comments that inspection deputies should be removed as counties currently have the authority to deputize an inspection station as a limited service deputy. **Staff will recommend removing inspection deputies from the rules.**

Comments indicate the maximum dealer deputy bond amount should be higher, and minimum should be lower to accommodate various dealer structures. **Staff will recommend increasing the maximum to \$5 million (up from \$2 million) and retaining the minimum at \$100,000. The increase will provide for more flexibility for the counties and the businesses.** Maintaining the minimum bond amount is necessary to cover the risk of loss to inventory maintained by dealers.

Another comment suggested dealer deputy compensation should be lower than \$15 for titles. **Staff will recommend changing the amount to \$10 based on the comments received.**

Several comments suggest TxDMV should not be a party to the contract between full service deputies and their TAC. **Staff will recommend requiring an addendum to all county contracts that sets forth the limitations and responsibilities of having access to the Registration and Titling System in lieu of making TxDMV a party to the contract.**

### **Remaining Rule Proposals**

Comments requested that the department allow a TAC with a revoked status be eligible to apply after the next full state fiscal year under the Performance Quality Recognition Program. **Staff concurs and will adjust language in the rule to allow for a reapplication as requested.**

Lastly, there was a clean-up rule proposed including several components involving department functions. One component of the proposal includes a process by which an even trade would require both parties to physically visit a TAC office to attest the transaction is truly an even trade as the department has seen many instances of fraud. Comments received indicate this proposal may not be the best solution. **Staff will recommend removing the even trade requirements component of the proposal at this time.** The department is deferring this concept and will be considering alternate opportunities to track and address this issue.

### **Additional Background**

When TxDMV was created through passage of HB 3097 in 2009 by the 81<sup>st</sup> Legislature, the intent was to promote greater efficiency and accountability for Texans receiving vehicle related services. In 2011, the 82<sup>nd</sup> Legislature passed HB 2017 requiring the TxDMV to create standards for uniformity and service quality for Tax Assessor-Collectors (TACs) and those operating under them. In 2013, the 83<sup>rd</sup> Legislature approved HB 2202 which provided the TxDMV Board with the authority to implement a processing and handling fee to cover the costs associated with vehicle registration renewal and to establish deputy classification types and fees by administrative rule. The 84<sup>th</sup> Legislature recreated the TxDMV Fund effective September 1, 2016 to increase accountability and transparency in funding department operations. Rules considered for posting for public notice by the TxDMV Board on April 7 included components of these statutory directives.