

APPROVED

Titling and Registration Process Study

The 2013-15 Supplemental Transportation Budget (ESSB 6001, Sec 204(7)) directs the Joint Transportation Committee to coordinate a work group to “review the existing titling and registration processes along with policies that county auditors, subagents, and agents must comply with when conducting title and registration transactions. The goal and related outcomes of the work group review are to provide recommendations to streamline processes, modernize policies, and identify potential information technology opportunities. Members of the work group shall only include county auditors, subagents, agents, and the Department of Licensing. The work group shall submit a report to the transportation committees of the Legislature on or before December 1, 2014.”

Background

State law requires County Auditors or their appointed Agents to conduct vehicle and vessel (V/V) licensing operations (titling, registrations, and renewals) on behalf of the State. Subagents are private business owners who contract with County Auditors to conduct licensing operations at various locations. All 39 County Auditors or Agents perform the licensing function. (In 38 counties it is the County Auditor, and in King County, which has no County Auditor, a county employee serves as the Agent of the county.) There are 141 Subagents located in 31 of the 39 counties. In 2013, Auditors and Subagents processed nearly 6.8 million vehicle transactions, and over 230,000 vessel transactions. These transactions include both title and registration transactions.

County Auditors receive a filing fee of \$3 for each vehicle registration and \$4 for each vehicle title issued in their county, whether completed by the County Auditor or Subagent. In addition, Subagents must charge a \$5 service fee for each vehicle registration and \$12 for each vehicle title transacted. Effective with January 1, 2015 registrations, Auditors must also collect these service fees of \$5 for each vehicle registration and \$12 for each vehicle title transaction, (thus making fees charged by Auditors and Subagents equal), with those service fee revenues going to the Ferry System Capital Vessel Replacement Account. Presently, Auditors and certain Subagents are allowed to issue quick titles, for a \$50 charge, with \$25 going to the county and \$25 deposited into the state Motor Vehicle Fund. HB 2674 (enacted in 2014), authorized Subagents, to process quick titles acting in accordance with DOL rules.

The Department of Licensing contracts with County Auditors to conduct the licensing process. County Auditors appoint Subagents in their county, subject to approval by the Director of DOL. County Auditors contract with Subagents to provide licensing services; those contracts are written by DOL.

Auditors and Subagents conduct V/V title and registration transactions on a state computer system called the Vehicle Field System (VFS), which DOL administers and maintains. The 40 year old system includes 645 terminals outside of DOL’s Olympia headquarters: 181 terminals in Auditor offices and 464 in Subagent offices. The VFS is extremely cumbersome to use, is not compatible with current Internet standards, and requires a good deal of costly and time-consuming maintenance.

DOL provides, installs, hard-wires and maintains the terminals and printers for the VFS. DOL also supplies and/or pays for all the supplies needed to conduct titling and licensing processes, such as license plates, printed forms, postage, toner cartridges, and other paper needs for each Auditor and Subagent office. DOL spends about \$7 million a biennium on these support costs. Auditor and Subagents offices are responsible for other office expenses such as employee wages, payroll taxes, office rents or mortgages, and utilities. In addition, if an Auditor or other agent appointed by DOL does

not cover expenses for the title and registration services provided, DOL by state law must reimburse those Auditors from the DOL Licensing Services Account.

DOL is currently in the middle of a 5-7 year, estimated \$60 million process to completely revamp and modernize its driver licensing and vehicle licensing computer systems, including the VFS. Auditors and Subagents are involved in the project development process.

Concerns have been raised over what some believe to be the dual regulation of Subagents by Auditors and DOL, the physical requirements for retention of records, volume and handling of documents, antiquated processes, and physical rather than electronic transmittal of V/V documents. Other more far-reaching issues have been raised concerning overall future trends in information and licensing processes, the potential implementation of alternative transportation taxation, and opportunities to merge vehicle licensing and taxation.

Overall Study Approach

The study will be conducted by a staff group, supported by a work group made up of County Auditors, Subagents, and Department of Licensing personnel. The staff and work group members will identify issues and potential remedies to streamline processes and policies, and consider potential technology opportunities. Work group members will also be asked to comment on draft and draft final reports.

Study Outline

Initially, the staff group will interview the auditors and subagents and DOL personnel participating in the work group to understand each stakeholder group's perspective on how processes and policies are working, and how they might be improved. Staff will also conduct individual interviews with other stakeholders, as appropriate.

As issues are more fully identified, the work group will meet to discuss process and policy challenges, and approaches to address those challenges. The work group will also discuss technical improvements anticipated in the DOL Technology Modernization Project. Staff will write a draft report, which will be distributed to work group members for comments and discussion.

Proposed Time Line

April-September. Review materials including contracts and agreements among DOL, County Auditors and Subagents, DOL policies, equipment issues, and planned technology improvements.

July/ August. Conduct interviews with Auditors, Subagents, and DOL to identify issues of concern to each of those groups.

August. Full meeting of work group to discuss policy issues, process improvements, and technology issues, including the extent to which proposed technology improvements will address those issues.

September/ October. Staff to write draft report for review by work group members. Work group review of issues, and recommended process and technology improvements.

October. Update JTC on findings to date.

November. Write draft final report.

December. Present draft final report to JTC on December 11, 2014.

Staff Group Members

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| Gene Baxstrom and Mary Fleckenstein | Joint Transportation Committee |
| Amanda Cecil | Senate Transportation Committee |
| Jerry Long | House Transportation Committee |
| Veronica Jarvis | Office of Financial Management |

JTC Project Manager/Back-Up: Gene Baxstrom, Mary Fleckenstein
Appropriation: Within existing funds
Report due date: December 1, 2014