

Annual Analysis of Agent and Subagent Fees

January 2015



dol.wa.gov

Introduction

Washington law (RCW 46.01.325) requires the Director of the Department of Licensing (DOL) to prepare an annual comprehensive analysis and evaluation of agent and subagent fees. The law also requires the Director to make recommendations for agent and subagent fee revisions to the Senate and House Transportation Committees by January 1 of every third year beginning in 1996. This report is the annual analysis and evaluation for 2014. The next report that contains recommendations is due January 1, 2017. Recommendations for fee revisions may be made more frequently when justified by the annual analysis and evaluation.

The annual fee analysis and evaluation report considers each of the following: unique and significant financial, legislative, or other relevant developments that may affect fees.

Fees

Vehicle and vessel licensing agents (county auditors), under RCW 46.17.005, are authorized to collect filing fees for vehicle and vessel title and licensing services they provide. (\$4.00 for title related transactions and \$3.00 for registrations and other non-title transactions). There has been no change in these fees since 1997.

Vehicle and vessel licensing subagents, under RCW 46.17.040, are authorized to collect service fees for vehicle and vessel title and licensing services they provide. (\$12.00 for title related transactions and \$5.00 for registrations and other non-title transactions). The subagent fee structure was changed by legislation in 2010 to increase the title related fees from \$10.00 to \$12.00 and the registration related service fees from \$4.00 to \$5.00.

Legislative or other relevant developments

For calendar year ending 2013, total statewide title and registration renewal transactions slightly exceeded those of the previous year. The title and registration transaction counts increased from 8,133,358 to 8,473,553, an increase of about 340,000. In addition to these transactions, offices also issued over 620,000 permits such as Trip; Dealer; Transit; Farm; Special Fuel; Off Road; and Snowmobile permits. (2014 data is not available)

Transportation Benefit Districts (TBD) - An additional nine TBDs have been or will be added since the 2013 report, they now total 44. DOL continues to collect the Congestion Relief Corridor fee imposed in King County in June, 2012. The TBD's create an increased workload for agents and subagents due to customer complaints about the fees or disputes whether or not the fees are owed. This is exacerbated by the lack of a statewide geographic information system with the level of address-by-address detail needed, as well as data quality issues stemming from DOL systems. As a part of DOL's technology modernization efforts, these issues are being looked at for resolution. DOL has also been engaged with the Association of Washington Cities and with a variety of individual jurisdictions to provide information and explain some of the technical issues facing TBD collections.

Annual Discover Pass (\$30 fee) and "Opt-Out" Park Fee - Vehicle owners may continue to purchase an annual Discover Pass when renewing their vehicle registration. Agents and subagents spend a great deal of time with dissatisfied customers explaining the "opt out"

charge on the customer's registration renewal notice. In 2013, they processed 5.5 million registration transactions for Washingtonians that elected to opt-out and they processed just under 177,000 discover passes.

Service fees - Effective January 1, 2015, county licensing offices (agents) and DOL online transactions will collect the service fee currently collected only by subagents for vehicle and vessel title and licensing services. The fees are \$12.00 for title related transactions and \$5.00 for registrations and other non-title transactions. Fees collected by DOL and the counties will support the purchase or construction of ferry vessels. It is expected that subagents will continue to see an increase in transaction activity due to the subagent fee being equalized and the proximity of subagent offices versus a county office.

Current funding for ongoing automation project costs affecting revenue collection and service delivery - A licensing service fee of \$0.75 is collected on all vehicle and vessel registration transactions. The revenue from this fee is distributed through the Licensing Services Account (\$0.50), and the License Plate Technology Account (\$0.25). The revenue distributed to this account:

- *"...must be used for agent and subagent support, which is to include but not be limited to the replacement of department-owned equipment in the possession of agents and subagents."*
- *"Expenditures from the account may be used only for information and service delivery systems for the department, and for reimbursement of county licensing activities."*
- *"Expenditures from this account must support current and future license plate technology and systems integration upgrades for both the department [DOL] and correctional industries...[or] may be used to reimburse the motor vehicle account for any appropriation made to implement the digital license plate system."*

The technology infrastructure costs for revenue collection and service delivery by licensing agents and subagents are impacted by changes in workload, transaction times and transaction volumes, as well as workload or infrastructure costs for DOL. In addition, DOL is engaged in a business and technology modernization project that will upgrade our vehicle and driver computer systems to meet current needs and provide better capabilities for agents and subagents to serve their customers more effectively. This project is expected to take five to seven years, requiring up to \$60 million, and will be a phased in implementation. The vehicle licensing system modernization is anticipated to be complete in early 2017.

Future system requirements including an appropriate sharing of costs between DOL, agents, and subagents - DOL provides the technology infrastructure needed to collect and distribute revenue and accurately record vehicle and vessel titling and registration data. This includes all equipment (computers and printers), paper, inventory (license plates, tabs, decals, temporary permits, disabled parking placards, etc.) and forms (applications for certificate of ownership, dealer temporary permits, affidavits of inheritance, certificates of name change, change of address, etc.). DOL notifies vehicle and vessel owners that their annual

registration renewal fees are due and provides the amount to facilitate mail-in renewals. DOL also provides reimbursement to a number of county auditors for reimbursable expenses in excess of filing fee revenues.

Agents and subagents pay the costs for their office space, employees, signage, advertising, bonds, and insurance. Employee costs include all required initial employee training, and all on-going employee training not related to DOL operating systems and procedures; as well as (in most cases) medical benefits and/or retirement benefits.

Joint transportation committee work group – During the 2014 legislative session, the Joint Transportation Committee was tasked with convening 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 work group was to provide recommendations to streamline processes, modernize policies, and identify potential information technology opportunities. County Auditors, subagents, and DOL have been integral members of this work group.

The report generated by the work group was due to the transportation committees of the legislature on or before December 1, 2014 and therefore was not considered in the development and finalization of this report.

A beneficial mix of delivery options commensurate with quality performance standards - Current customer service delivery options are available by mail, the Internet, or visiting a vehicle licensing office.

Quality performance standards are included in the contracts between the Department of Licensing and agents and between the agents and subagents. Customer service satisfaction surveys also assist in determining performance standards.

Conclusion

This report presents a comprehensive analysis and evaluation of agent and subagent fees for calendar year 2014 and identifies the last fee increases were implemented in 1997 (for agents) and in 2010 (for subagents).

This report finds that relevant developments described herein both increased and decreased the workload, transaction time, and transaction volume for agents and subagents. System enhancements and the business and technology modernization effort with DOL vehicle computer systems would be of significant benefit to the work of our agent and subagent partners.

Recommendations

DOL does not recommend any change to the current agent or subagent fee structure at this time. DOL will remain engaged in conversations and activities related to potential need for fee increases, or potential changes to the current business model in place to deliver licensing services through agents and subagents.