

Joint Transportation Committee Vehicle Licensing Subagent Study

Presentation to the Joint Transportation Committee

December 17, 2019 | Allegra Calder, Jason Hennessy, and Vivien Savath



Presentation Objectives

- **Overview of project team, approach, and schedule**
- **Overview of project context**
 - 2014 JTC Study
 - 2019 Legislative Session
- **Report initial findings on history of service fees**
- **Answer questions**

Project Participants

BERK

- Allegra Calder, PM
- Jason Hennessy, Deputy PM
- Vivien Savath, Senior Analyst
- Julia Tesch, Research Support

JTC

- Paul Neal, Lead
- David Ward, Senior Analyst

Staff Workgroup

- **JTC** – Paul Neal and David Ward
- **DOL** – Jaime Grantham
- **OFM** – Veronica Jarvis
- **Washington Association of County Officials** – Jennifer Wallace
- **House Democratic Caucus** – David Bremer
- **House Republican Caucus** – Dana Quam
- **House Transportation Committee** – Beth Redfield
- **Senate Transportation Committee** – Bryon Moore
- **Senate Democratic Caucus** – Hannah McCarty
- **Senate Republican Caucus** – Martin Presley
- **Benton County Auditor** – Brenda Chilton
- **Douglas County Auditor** – Thad Duvall
- **King County Licensing** – Eddie Cantu
- **Thurston County Records and Licensing** – Jared Krause
- **WAVS** – Char Winkler
- **WAVS** – Amy Hair

I. Project Context

Study Objectives (from the Proviso)

- The Legislature requires information on:
 - the legal and administrative context subagents operate within
 - the history of subagent service fees
 - determination of business expenses for each of the subagents
 - recommendations for possible process improvements and service expansion.

Context – Roles & Responsibilities

State law:

- Requires County Auditors (agents) to conduct vehicle and vessel licensing operations on behalf of the State
- Allows County Auditors to contract with private businesses (subagents) to administer those functions
- Requires the Department of Licensing (DOL) to contract with the County Auditors and approve subagents

Context – Prior JTC Study

JTC report, *Vehicle Titling and Registration Processes and Opportunities for Improvements* released in December 2014:

- Documented concerns about:
 - volume and handling of paper documents,
 - antiquated processes and retentions requirements, and
 - perception of dual regulation by Auditors and DOL.
- Workgroup comprised of staff, DOL, County Auditors, and Subagents:
 - made recommendations to address concerns;
 - this study will analyze implementation of those recommendations.

Context – 2019 Session

EHB 1789

The Legislature found:

- For eleven counties the cost to provide licensing services exceeded revenues from the filing fee
- Subagents facing increased overhead costs

Fee increase:

	Original Bill	Final Bill as Amended by the Senate
Change in certificate of title	\$24	\$15
Registration renewal, transit permit, or other services	\$10	\$8

Study Request

II. Workplan

Workplan – Findings & Recommendation

The study proviso requires findings and analysis, including recommendations, as necessary, on:

- Current authority and practice:
 - Relevant statutes and rules governing subagents
 - Process for selecting subagents, including changes of ownership and barriers to entry
 - Oversight provided by County Auditors and DOL
 - History of service fees including how fees are determined
 - Process for determining geographic location of subagents
- Annual subagent business expenditures since 2010 and identification of materials provided by DOL
- Possible process improvements:
 - Online vehicle renewal process and possible improvements
 - DOL's ability to provide more licensing services directly
 - Potential expansion of services provided by subagents

Workplan – Review of Current Authority & Practice

- Provide Legislators with information that explains:
 - History of the vehicle subagent role from 1937 to the present
 - Needs, incentives, and roles of the various actors in the vehicle licensing system
- Interviews with DOL, County Auditors, and Subagents to:
 - Compare policies and procedures with practice in the field
 - Document changes over time
 - Inquire as to thoughts on the future

Workplan – Subagent Data

- Communication is key; we will:
 - Conduct interviews and visits before any data collection
 - Collect only what is needed and nothing more
 - Only include aggregate data in communications with the Workgroup and the Legislature

- The proviso requires analysis of subagent financial information:
 - Revenue information available from DOL;
 - To address privacy concerns about business expenditure records we will:
 1. Attempt to gather data from outside sources (e.g., ESD, DOL, and County Auditors) and confirm with subagents.
 2. If limited data are available, we will confirm those data and collect some information from subagents.
 3. If no data are available from outside sources, we will need to collect all expenditure information from subagents.

III. Vehicle Subagent Service Fees

Fee Overview

- Subagents collect fees for State, County, and subagents:
 - State fees:
 - Registration (tab)
 - Renewal
 - Title
 - County filing fee - \$3
 - Subagent service fees (*RCW 46.17.040*):
 - Title: \$15
 - Renewal or other non-Title transaction: \$8
 - Quick title: \$12.50 (of \$50 total quick title fee), in addition to title service fee

Fee Overview

- 2015 fee equalization requires service fees on all transactions. Before 2015 service fees only charged on subagent transactions.
 - Service fees collected by the auditor/DOL go to the state ferry replacement account.
 - Subagents retain service fees on subagent transactions.
- Revenue Estimate: \$26.8 million (2017-19); Revenue Forecast: \$31.3 million (2019-21)

Fee Equalization Table

	At County Auditor		At Subagent	
	Title	Registration	Title	Registration
Filing Fee*	\$5.50	\$4.50	\$5.50	\$4.50
Subagent Service Fee			\$15.00	\$8.00
Auditor/DOL Service Fee**	\$15.00	\$8.00		
Customer Fee Total	\$16.00	\$8.00	\$16.00	\$8.00

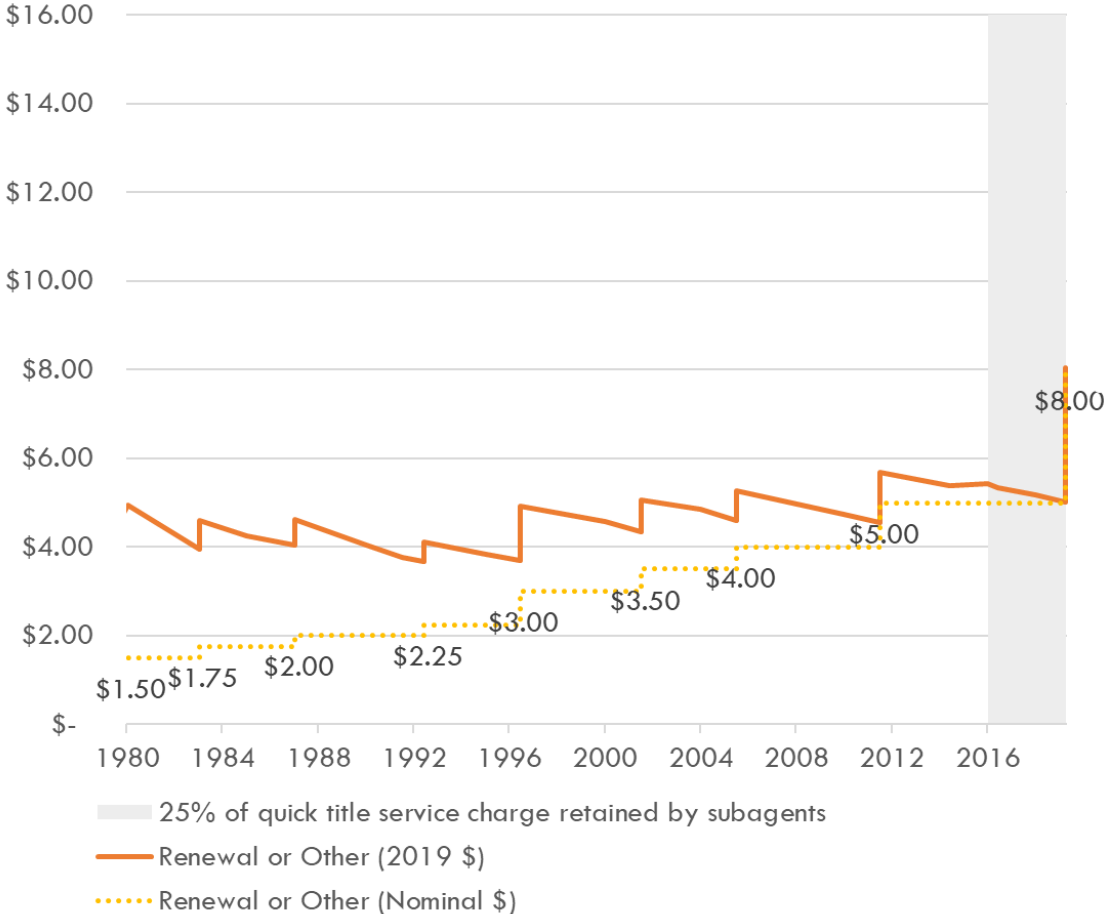
Source: JTC *Vehicle Titling and Registration Processes and Opportunities for Improvements, 2014*; JTC Transportation Resource Manual January 2019 Update; BERK 2019.

* Filing fees go to the County treasury to cover subagent supervision except for 50 cents which goes to DOL to redistribute amongst all counties to cover expenses related to title and registration services.

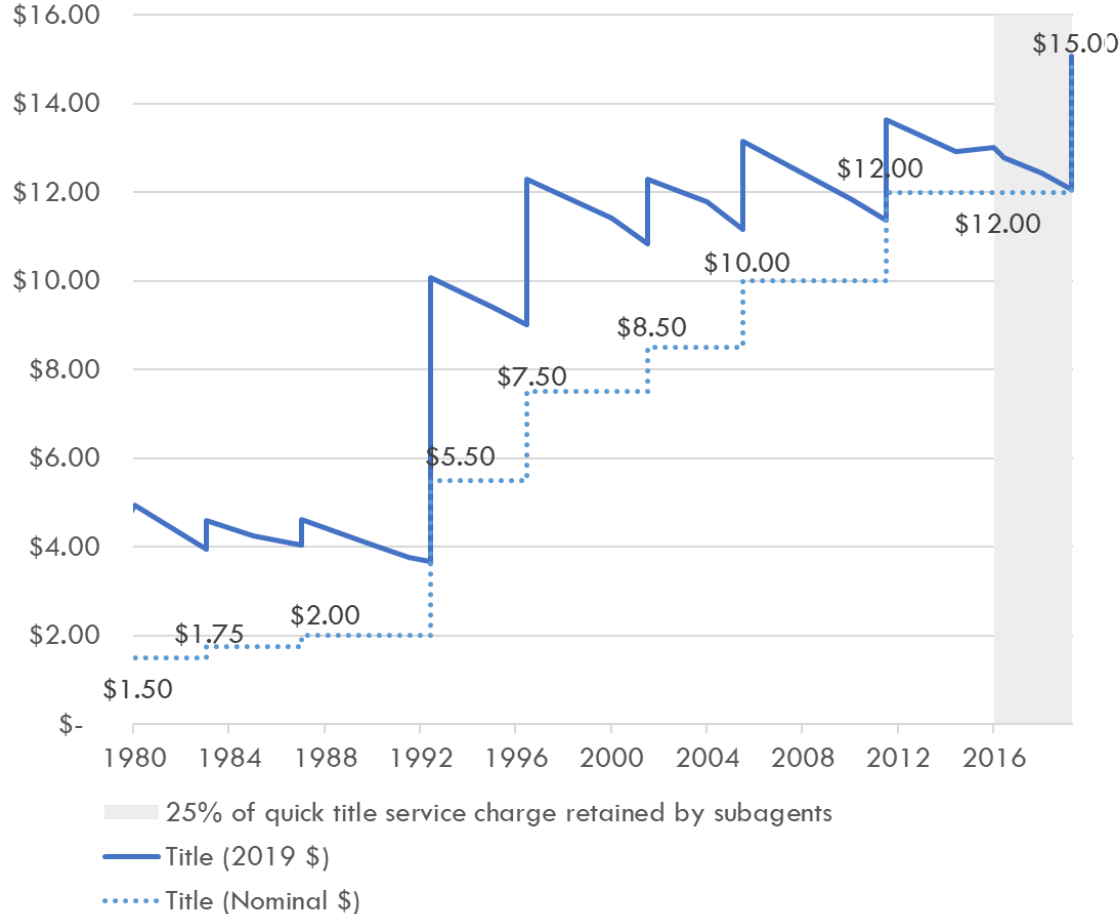
** Deposited into Ferry System Capital Vessel Replacement Account which is used for the construction or purchase of ferry vessels and to pay the principal and interest on bonds authorized for the construction or purchase of ferry vessels, beginning with January 1, 2015, transactions. Total estimated revenue for the CVRA is \$39.8m in 2019-21.

Nominal and Inflation-Adjusted Service Fee History (1980-2019)

Renewal or Other



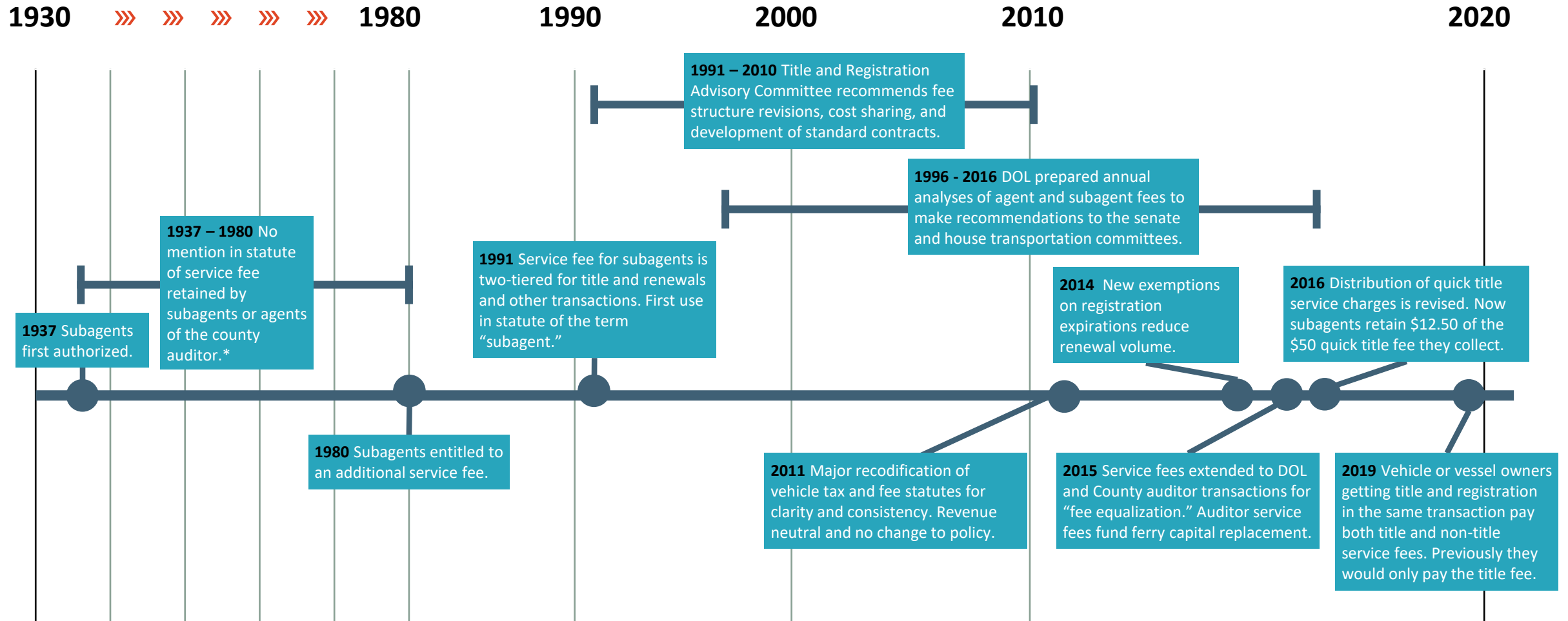
Title



Sources: Washington Laws 1980, c 114 § 2; Washington Laws 1985 c 380 § 12; Washington Laws 1987 c 302 § 1; SHB 1704 (1990); SB 6476 (1996); SSB 5274 (2001); SB 5518 (2005); ESB 5061 (2011); RCW 46.17.040; BERK, 2019 .

Key milestones in fee history (Note: Timeline not to scale)

Outside of fee setting, policies have had positive and negative impacts to the subagent business model over the years.



* Based on one interviewee's recollection, prior to 1980, subagents retained what is now considered the filing fee to support their services.

IV. Next Steps

Next Steps

- Continue research and interviews
- Meet with Workgroup in February and April
- DRAFT Report, June 15, 2020
- Presentation to JTC – July
- Final Report, September 30, 2020
- Committee presentations in 2021, as needed

Questions

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