

# 2013

## DMV VTR BUSINESS CASE



Prepared for the Nebraska  
Department of Motor  
Vehicles

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## Executive Summary

The Nebraska Department of Motor Vehicles (DMV) collects nearly \$600,000,000 annually through its Vehicle Titling and Registration (VTR) system. Most of the revenues are not kept by the DMV, but rather are distributed to a variety of local and state agencies and organizations. In Nebraska, county treasurers and the DMV have primary responsibility for vehicle titles and registrations; however, a large number of local, state, and federal agencies rely on the information collected through the VTR system.

The VTR system, now over 20 years old, no longer meets the evolving business requirements of stakeholders and expectations of Nebraska residents. Implementation of a new VTR system should be considered. Revenues to support a new VTR system may be derived from a variety of sources. At this early exploratory point in the process, it is difficult to estimate how much a new VTR system may cost; other states have expended between \$13 and \$50 + million.

The DMV should move immediately to collaboratively develop a funding model that is supported by key stakeholders. Upon approval, the DMV should create a project structure, conduct a business process analysis, and further refine the analysis with a concept of operations and system requirements. With that information, the DMV and its stakeholders will be positioned to evaluate how it will approach VTR system replacement (i.e., contracted customized development, in house customized development, modified off the shelf product purchase, commercial off the shelf product purchase, or some combination). Upon determination of a direction, a project plan will be further developed and the contracting/tasking of VTR system development and implementation will be undertaken. Based on the experience of other states, VTR system implementation projects typically have taken between 4 to 10 years from initial planning through implementation of the production system.

# Vehicle Titling and Registration Background

## *VTR System Usage and Volumes*

The Department of Motor Vehicles (DMV) Vehicle Titling and Registration system (VTR) is used to issue vehicle and motorboat titles, note liens, collect motor vehicle sales tax, register vehicles and collect all motor vehicle taxes and registration fees. In 2012, well over 3 million transactions were processed through the VTR system (Table 1).

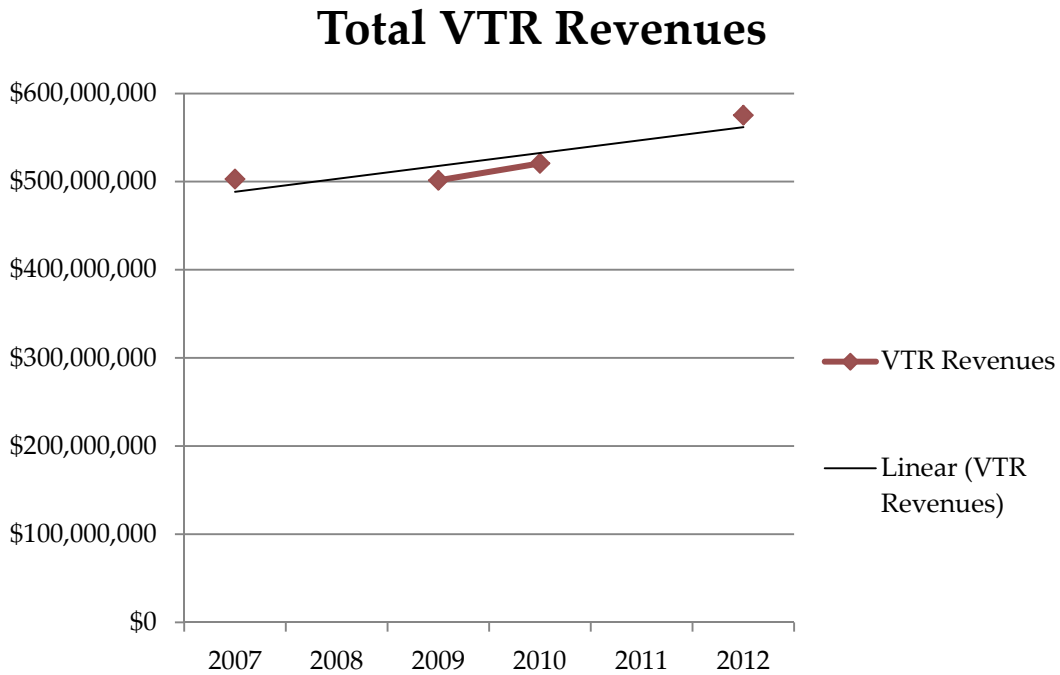
| <b>Table 1. 2012 Vehicle and Motorboat VTR System Transactions</b> |                               |
|--|-------------------------------|
|  | <b>Number of Transactions</b> |
| Titles (vehicles and motorboats)                                   | 747,719                       |
| Liens noted  | 226,570                       |
| Registrations - vehicles   | 2,291,182                     |
| Registrations - motorboats <sup>1</sup>                            | 28,749                        |

Nebraska and local statutes set fees and taxes for all VTR-related fees and taxes (*Appendix A*). In 2012, revenues collected through the VTR system totaled \$575,272,893. Over the past several years, revenues processed through the VTR system have been steadily rising. Figure 1 displays actual revenues collected through the VTR system for years 2007, 2009, 2010, and 2012 (data is not available for years 2008 and 2011), and a linear trend of revenue growth over the period.

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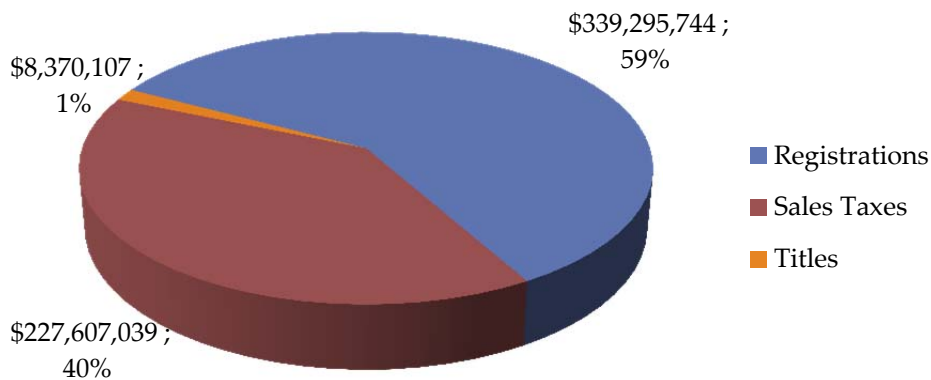
<sup>1</sup> The number of motorboat registrations is based on a rolling three year average.

**Figure 1. Actual and Trend of Revenues Collected through VTR System**



Most revenues collected through the VTR system are the result of vehicle registrations (\$339,295,744; 59% of revenues), followed by sales tax (\$227,607,039; 40% of revenues) and titles (\$8,370,107; 1%) (Figure 2).

**Figure 2. VTR System Receipted Revenues by Type**



Revenues receipted through VTR system transactions are allocated to a variety of local and state funds (Table 2).

| <b>Table 2. Receipts to Funds through VTR System</b> |                      |
|--|----------------------|
| <b>Revenue Fund</b>                                  | <b>2012 Revenues</b> |
| State of Nebraska General Fund                       | \$199,042,131        |
| City and County Funds                                | \$180,145,531        |
| School Districts                                     | \$125,026,522        |
| Highway Trust Fund                                   | \$54,113,100         |
| DMV Cash Fund  | \$8,991,807          |
| Department of Roads                                  | \$3,456,555          |
| Emergency Management Services Fund (HHS)             | \$1,146,129          |
| Game & Parks (Boats)                                 | \$1,124,599          |
| Spirit Plate Funds                                   | \$1,055,495          |
| Tire Tax (DEQ)                                       | \$458,459            |
| State Patrol   | \$264,678            |
| Motor Carrier Services Cash Fund                     | \$256,701            |
| Consumer Protection (AG)                             | \$117,342            |
| Dealer Board   | \$58,014             |
| Veteran's Cemetery                                   | \$15,830             |
| <b>Grand Total</b>                                   | <b>\$575,272,893</b> |

The DMV also uses the current VTR system to title and note liens for *apportioned vehicles* (i.e., generally these are large commercial vehicles for interstate transport). For apportioned vehicles, the current VTR system is not used to collect sales tax, to register vehicles, or collect registration fees. However, since apportioned vehicles **may** be included in a future VTR system, the volume and revenue data are provided in Tables 3 and 4.

| <b>Table 3. 2012 Apportioned Vehicle Transactions</b> |                               |
|---|-------------------------------|
|   | <b>Number of Transactions</b> |
| Titles*   | 18,551                        |
| Liens Noted   | 7,268                         |
| Registrations   | 110,281                       |

*\*Apportioned vehicle titling uses current VTR system*

Apportioned registration and vehicle titling transactions total approximately \$76 million annually. Revenues are shared with other states, as well as allocated to a variety of Nebraska funds (Table 4).

| <b>Table 4. 2012 Distributions of Apportioned Vehicles Titling and Registration Revenues*</b> |               |
|---|---------------|
| <b>Registration Revenues</b>  | <b>Amount</b> |
| Other States  | \$45,927,984  |
| Nebraska Funds  | \$30,476,311  |
| Nebraska Department of Roads' Highway Trust Fund and Highway Cash Fund                        | \$21,333,418  |
| Motor Vehicle Tax Fund (Cities and Counties)  | \$8,868,606   |
| Department of Revenue Property Assessment Division Cash Fund                                  | \$274,287     |
| <b>Sales Tax Revenues</b>   |               |
| State Tax   | \$1,457,103   |
| City Tax  | \$243,164     |
| Tire Fee  | \$105,913     |
| County Tax  | \$4,080       |

\*Apportioned vehicles are not registered using the current VTR system. Revenue figures are included since a future VTR system may include this option.

### ***VTR Statutory Roles and Responsibilities***

Nebraska statute defines the roles and responsibilities for vehicle titling and registration (*Appendix B* contains the major statutes concerning these responsibilities). Vehicles include those that are non-apportioned, those that are apportioned, and also those that operate on the water. Non-apportioned vehicles are vehicles used on highways and roads that are generally not used for interstate commercial transportation. These would include personal cars and trucks and business cars and trucks not transporting goods between states. Apportioned vehicles are generally large commercial trucks that are used for interstate transportation of goods and are covered by the International Registration Plan for distributing fees to multiple states. Water vehicles are generally vessels powered by any mechanical device capable of propelling the vessel over any public or private waters of Nebraska.



## **Non-apportioned Vehicles**

Nebraska's 93 county treasurers use the VTR system in their primary role of non-apportioned vehicle titling and registration. In this role, county treasurers are responsible for issuing titles, noting liens, collecting title and registration fees, assessing and collecting sales taxes, assigning plate numbers and issuing plates, managing inventories and placing orders to the DMV for plates, distributing decals, creating renewal notice data, printing hard copy documentation for owners, and allocating fees due to the variety of Nebraska funds.

For certain cases of non-apportioned vehicles, the DMV, rather than county treasurers, performs title issuance and registration.<sup>2</sup> For these cases, the DMV uses the VTR to fulfill these responsibilities.

## **Apportioned Vehicles**

The DMV has primary responsibility for titling and registering apportioned vehicles. These responsibilities include issuing titles, noting liens, collecting title and registration fees, assessing and collecting sales taxes, assigning plate numbers and issuing plates, managing license plate inventories, creating and mailing renewal notices, printing hard copy documentation for owners, and allocating fees due to Nebraska funds and to other states and provinces. The DMV uses the current VTR system only to title and note liens for apportioned vehicles. Another computer system is used to collect sales tax, to register vehicles, and collect registration fees.

## **Water Vehicles**

The DMV is responsible for oversight of motorboat titling. The Nebraska Game and Parks Commission is responsible for oversight of boat registrations. Through an agreement between the DMV and Game and Parks, county treasurers use the VTR system for issuing motorboat registrations and collecting associated fees and taxes.

## **Other Responsibilities**

The DMV is responsible for prescribing the vehicle titling and registration computer system (i.e., the VTR system), maintaining and updating the system, and providing training and support to the county treasurers.

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<sup>2</sup> For example, DMV issues bonded titles, titles and registers state-owned vehicles and historical vehicles, and issues transporter plates, boat-dealer trailer plates, and repossession plates.

Starting October 1, 2013, the DMV will be responsible for printing and mailing vehicle registration renewal notices, which had previously been the responsibility of counties.

The DMV receives license plate requests from county treasurers, approves the requests, and places orders with the Department of Corrections.

## Current VTR System

### *History*

The current VTR system application has been operating for more than 20 years (*Appendix C* shows key milestones). After several years of planning and design, the application development started in January 1991 and took 18 months to complete. State Central Data Processing division employees (now the Office of the Chief Information Officer-OCIO) and contract staff wrote the application using COBOL (Common Business-Oriented language).<sup>3</sup> Implementation throughout Nebraska's 93 counties took five years and was completed in June 1997.

The application was built in three distinct components that reflected the business processes of that era: county clerks issued titles, county assessors valued and taxed vehicles, and county treasurers registered vehicles and collected taxes. Over the years, legislative changes have consolidated this workflow under the aegis of the county treasurers' offices.<sup>4</sup> Unfortunately, the VTR system's structure is immutable and continues to reflect the original tri-partite division of responsibilities. The DMV has created user sequences to mimic the county treasurer process, but this and other changes by a succession of programmers (*Appendix C*) have resulted in increasingly confusing and complicated coding.

The information flows similarly reflect former visions of information sharing needs. There is no comprehensive information source for VTR data. Rather, the counties maintain current and historical information about registrations (the state only has information about the latest registration for a vehicle), the state maintains current and historical data about titles (counties retain only the latest title transaction for a vehicle), only counties have any information about fees and taxes and transaction type for county actions, and none of the VTR system information is interfaced with driver's license data.

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<sup>3</sup> VTR has in excess of 170 files/tables/databases and more than 3,400 fields.

<sup>4</sup> Two major initiatives have dramatically impacted the business process performed by county officials. In 1998, the ad valorem tax assessment process was replaced by an assessment based on the manufacturer's suggested retail price and age of a vehicle. This change removed the need for the county assessors to participate in the process of titling and registering vehicles. In 2009, all counties were converted to a one-stop business model, removing the county clerks from the process. The changes to the business processes were made to improve the flow of the process, minimize costs and to better meet the needs of the customers.

## *VTR System Architecture*

### **Architecture**

The VTR system application was designed to operate within a distributed processing architecture. The distributed architecture for the VTR system application comprises a replication of the VTR application software and database for each of Nebraska's 93 county treasurers<sup>5</sup> and one for Game and Parks (Figure 3). The DMV also has a replication and database (AS400) it uses for titling and registration along with other related applications to fulfill its VTR responsibilities.

### **Communications**

The physical communications network used by the VTR system is sublet from the wide area network (WAN) administered by the Intergovernmental Data Services Division (IDSD) within OCIO. The network is configured using both private and public (encrypted) DSL connections<sup>6</sup> with available bandwidths ranging from 1 to 10 Mbps.<sup>7</sup> The WAN is currently used primarily by the DMV and the Court Administrators Office.

### **Hardware and Software**

The county VTR applications are physically located in either the county office or on a consolidated AS400 in the OCIO offices.<sup>8</sup> At each county treasurer's office, the DMV provides thin client computers for access to the VTR application. Counties also have the option to use their own computers. The DMV provides the counties with sophisticated laser printers to print out VTR forms. The DMV, through a contract with OCIO, provides hardware and communications support to all county treasurers.

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<sup>5</sup> The counties and DMV have been migrating to a "regional" approach in which the VTR software and data is maintained for each county on a computer that holds software and data from adjacent regions. The 93 instances of the county databases, therefore, represent both physical, as well as virtual replications.

<sup>6</sup> Digital Subscriber Line (DSL) is a type of high speed Internet access.

<sup>7</sup> Network transmissions are generally measured in megabits per second (Mbps). A megabit is just over one million bits, so "Mbps" indicates the transfer of one million bits of data each second.

<sup>8</sup> By fall 2013, 60 of the 93 county databases will have been moved to an OCIO computer, from the county locations. The remaining counties will be moved by December 2014.

The AS400 has the DMV Central Office-generated VTR data. The DMV Central Office uses desktop PCs to access the VTR application. As at the counties, laser printers are used to produce print output. The DMV Central Office VTR application (AS400) is hosted by the OCIO.

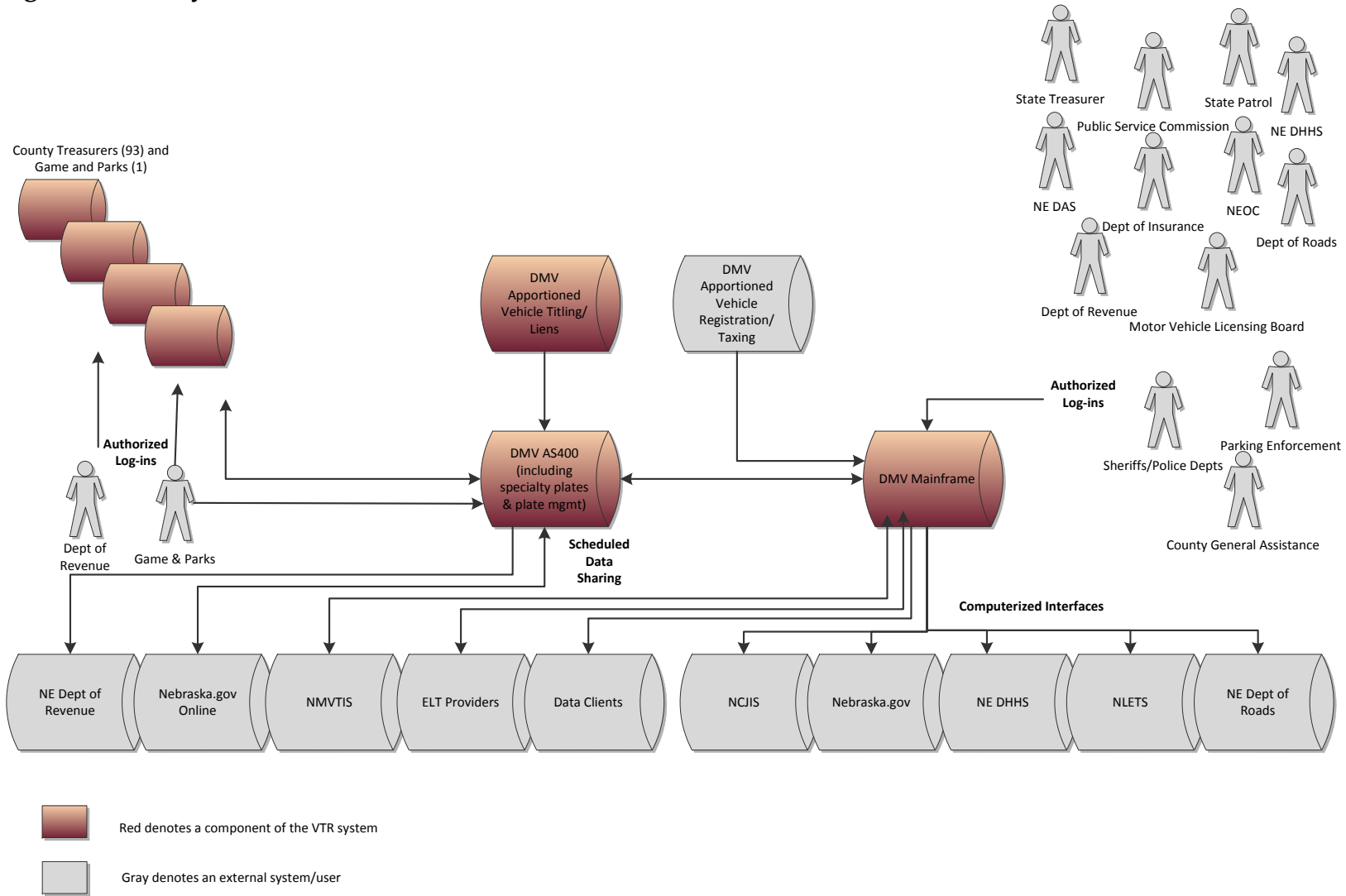
The DMV Mainframe is the repository for a subset of VTR information from the counties and the AS400. It is hosted by the OCIO.

### ***VTR System Users***

The DMV, county treasurers, and Game and Parks, use the VTR system to fulfill their responsibilities for vehicle titling and registration, and related responsibilities. Although each of the replications of the application are essentially the same, some county treasurers use additional functionality through VTR system menu options that offer a variety of options, such as creating accounting ledger data extracts and creating interfaces that aggregate all transactions to simplify payments.

Along with the DMV, county treasurers, and Game and Parks, there are multiple other users of the VTR system and functions it provides (Figure 3). Visibility into VTR system data is provided by the DMV through scheduled data sharing, programmed interfaces with other computer systems, and authorized log-ins.

**Figure 3. VTR System Users**



## **Authorized Log-ins to the County Treasurers' Databases**

Nebraska Department of Revenue staff have access to each of the county databases to view specific record and report information.

Game and Parks staff have access to each of the county database to view specific record and report information.

## **Scheduled Data Sharing with DMV AS400 and DMV Mainframe**

Game and Parks staff use the VTR system for issuing motorboat registrations and collecting associated fees and taxes.

Nebraska Department of Revenue receives a nightly file from the VTR system containing all transactions that were subject to the sales tax requirements.

Nebraska.gov Online provides the Internet "face" to the public for web-based vehicle registrations and specialty plate applications.<sup>9</sup> The VTR system sends and receives the data from Nebraska.gov Online and then processes the requests.

National Motor Vehicle Title Information System (NMVTIS) receives daily updates from the VTR system about titling activity in Nebraska. NMVTIS notes and returns to the VTR system when Nebraska titles have been surrendered to another state. Information about surrendered titles is also sent back to counties.

ELT (Electronic Lien and Title) Providers receive daily updates from VTR of lien activity that is used by their lender customers. The providers also return to VTR daily updates to lien records.

Data Clients are entities that provide payment to the DMV for selected VTR system data. Current clients include e-470 (toll road billing in Colorado), Experian (weekly and monthly – national vehicle databases) and Polk (weekly-national vehicle databases).

## **Computerized Interfaces with DMV Mainframe**

Nebraska Criminal Justice Information System (NCJIS) is Nebraska's consolidated data source for law enforcement that exchanges information with the DMV Mainframe regarding vehicle and owner information.

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<sup>9</sup> Nebraska.gov Online also provides the Internet face for Driver's License renewals. Currently there is no connection between the VTR and drivers licensing data.

Nebraska.gov is the payment portal for all online DMV transactions, provides online services for title lookup to any user, and provides vehicle title and registration look up services to subscribers.

Nebraska Department of Health and Human Services (DHHS) accesses the VTR system to obtain vehicle owner information that is used for some social service programs.

Nlets (an interstate justice and public safety network) uses the VTR system to look up license plate numbers and vehicle identification numbers.

Nebraska Department of Roads pulls vehicle information for accident records from the VTR system.

### **Authorized Log-ins to the DMV Mainframe**

State Treasurer accesses information for unclaimed property.

Public Service Commission uses the VTR system to access vehicle information for regulating taxis, grain elevators, and party vehicles.

State Patrol accesses vehicle information for investigations and road stops from the VTR system.

DHHS uses the VTR system to access vehicle owner information for child support enforcement.

Department of Administrative Services/Transportation Services Bureau uses the VTR system for State of Nebraska fleet management.

Department of Insurance uses the VTR system for investigations.

Nebraska Equal Opportunity Commission uses the VTR system for investigations.

Department of Revenue uses the VTR system for investigations.

Department of Roads uses the VTR system in accident reporting.

Motor Vehicle Industry Licensing Board uses the VTR system for investigations of vehicle dealers.

Sheriffs and Police Departments throughout the state access the VTR system for vehicle information for investigations and road stops.

Parking Enforcement personnel from a variety of organizations (municipalities, Nebraska State College System, University of Nebraska campuses) use the VTR system for enforcing organizational parking policies.

County General Assistance programs access the VTR system for vehicle owner information.



## *Support Personnel*

Both the DMV and OCIO have staff provide maintenance and support for VTR system operations (Table 5). At the DMV, 12.25 FTE<sup>10</sup> are devoted to VTR system programming, training, and help desk functions. The DMV contracts with a 1.0 FTE programmer at OCIO for DMV Mainframe operations.

| <b>Table 5. VTR System Personnel</b> |              |
|--------------------------------------|--------------|
| <i>DMV Personnel</i>                 | <b>FTE</b>   |
| Senior programmer                    | 1.0          |
| Programmer (unfilled)                | 1.0          |
| Business analyst                     | 1.25         |
| Help desk                            | 9.0          |
| <i>OCIO Contractual Personnel</i>    |              |
| Mainframe programmer                 | 1.0          |
| <b>Total</b>                         | <b>13.25</b> |

## *Costs of Current VTR System Operations*

Operations and support of the VTR system in 2012 totaled \$1,684,694 (Table 6).<sup>11</sup> This figure excludes apportioned title and vehicle registration costs since those functions are not currently executed using the current VTR.

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<sup>10</sup> Full-time equivalent (FTE) is a unit that indicates the workload of an employee that makes time commitments comparable across contexts. In this report, an FTE of 1.0 means that total person hours are equivalent to a full-time worker (40 hours a week, or 2,080 hours annually). The responsibilities may be fulfilled, however, by more than one person. Similarly, an FTE of 1.25 signals that the person hours would total 50 hours a week, or 2,600 hours annually; this indicates that the role is almost certainly fulfilled by more than one individual.

<sup>11</sup> DMV's assumption of registration notices, starting October 1, 2013, will increase VTR-related cost an additional \$1,021,966 (printing, supplies, postage, etc.).

| <b>Table 6. 2012 VTR System Costs</b> |                    |
|---------------------------------------|--------------------|
|                                       | <b>Total</b>       |
| <i>Personnel</i>                      | \$854,922          |
| <i>Operating Costs</i>                |                    |
| AS/400 Retainer                       | \$423,272          |
| County Treasurer Equipment            | \$278,000          |
| Communications Lines                  | <u>\$128,500</u>   |
| <i>Subtotal Operational Costs</i>     | \$829,772          |
| <b>Annual VTR System Costs</b>        | <b>\$1,684,694</b> |

## Limitations of the Current VTR System and Desired Future

The current VTR system prevents county treasurers and the DMV from providing services that are customer-centric, capitalizing on efficiencies available through new technologies, ensuring revenues are collected, operating with full information resources, and flexibly responding to changes and opportunities. Other states are facing similar issues with their aging VTR systems. Two recent surveys (2011 & 2012) conducted by the American Association of Motor Vehicle Administrators (AAMVA) identified 36 states that are in process of, or have recently completed, implementation of new VTR systems. Many of these states are moving from legacy systems from the 1980s and 1990s to overcome limitations from those systems and to take advantage of opportunities available from new technologies and business process improvements.

### *Vehicle-centric Structure*

The current VTR system has a vehicle-centered structure that does not have the capability to link vehicles to drivers or households. In the past, many states have used vehicle-centric models, as well. But many states are moving to a customer-centric model in which customers are linked to multiple vehicles to improve identification, notification, and payment.

The vehicle-centric model results in a wide variety of inefficiencies for customers, county treasurers, and state agencies. For example, customers (including individuals and businesses) receive separate notifications and have unique renewal months for each vehicle. County treasurers must receipt each as a separate transaction. While this may only be an inconvenience for individuals, it is time-consuming for businesses with fleets of vehicles.<sup>12</sup> Numerous businesses in Nebraska have fleet vehicles (e.g., large organizations that maintain “company cars,” automobile rental companies, agricultural producers). In a recent Lincoln Journal Star article, Lancaster County officials estimated that there are more than 150 businesses that have 10 or more vehicles and that it takes approximately one hour to process 10 vehicles. The current VTR makes it difficult for DMV and the

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<sup>12</sup> Pascale, J. (2013, August 17). Farmers get DMV ‘fleet’ desk. *Lincoln Journal Star*.

county treasurers to efficiently issue and manage registrations for these organizations.

The vehicle-centric nature of the VTR system also presents difficulties for law enforcement and other government agencies, in determining all vehicles owned by an individual or household. For example, knowing all the vehicles owned by an individual can be crucial for law enforcement in apprehending suspects.

The vehicle-centric VTR system also poses difficulties as the DMV attempts to support court orders. According to state law, all vehicles owned by a person convicted of a second or subsequent DUI violation are immobilized.<sup>13</sup> Immobilization means revocation or suspension of the registration of motor vehicle(s), including the license plates. The current VTR system is unable to identify all vehicles, is hampered in identifying the authoritative registration, and is unable to apply a time-limited brand/status on the record to prevent transfer of ownership.

### *Old Technology*

When the VTR system was developed, the Internet was only just emerging as a means for information, communication, and business transactions. The VTR system is unable to efficiently provide on-line functionality. Although the DMV does have several on-line services, they are silo-ed systems that require manual intervention and are not integrated into the current VTR system.

The public increasingly demands web-based information and services that are impracticable with the current VTR system. A new VTR system, native to web-based services, could allow users (individuals or businesses) to create a “myDMV” account from which they identify what channel of notifications/alerts they prefer, update addresses, register vehicles, authorize electronic payments, print copies of past transactions, and synchronize expirations. These types of on-line services would reduce supplies, printing, and postage costs and may ultimately reduce personnel costs.

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<sup>13</sup> The court determines the period, from not less than five days and not more than eight months.

## *Unrealized Revenues*

The original partitioned structure makes it possible for residents to circumvent paying fees and taxes. Three examples illustrate how this is possible given the current structure of the VTR system. In the first example, it is possible for an individual to register a lesser-valued vehicle they no longer own in place of a more expensive vehicle, which would allow them to pay less in taxes but appear to have valid plates and registration. An individual could also register the same vehicle in multiple counties, in error or for fraudulent purposes. A second example is the case of “leased to buy” vehicles. When a “leased to buy” vehicle is purchased, the purchaser must be aware of and understand how to pay the outstanding sales tax. The purchaser receives no invoicing or other notice because the VTR system is unable to identify the need to pay because it lacks the necessary link between titling to registration data. A third example of missed revenues is the lack of tracking of dealer-issued in-transit stickers. When dealers sell vehicles, they may issue in-transit stickers that give the owner a single thirty (30) day period to title and register the vehicle. However, there is no tracking of in-transit stickers, meaning that some owners have illegally gained access to additional in-transit stickers to extend the grace period for titling and registration.

A new VTR system could provide improved fraud prevention. Although it is not possible to know who is perpetrating fraud or how much in revenue is being lost, it is known that limitations of the current system have allowed the evasion of payment.

## *Incomplete Analytics*

The current VTR system lacks a central, comprehensive source of past and current information. This has made it difficult for the DMV to monitor trends and provide complete information about current operations. For example, the DMV has struggled to provide to state senators the projected impacts of alternative fee structures because there is no single source of annual statewide registrations.

A new VTR system could provide more logical and comprehensive data management so that information for analytics would be readily available.

## *Inefficient Operations*

County treasurers and the DMV must use inefficient processes in order to work around the VTR system's limitations. County treasurers must dual-entry data that already exists elsewhere in the system, but is not importable. For example, county treasurers must re-enter previous owner name on title and sales tax forms. A new VTR system could re-use existing data to logically populate fields.

County treasurers, the DMV, and other users are currently keying information into the system that may be available through other systems. For example, Treasurers Offices must assign tax districts even though there are other databases that could automatically search and assign them. Current programs are able to more easily interface with external databases to send and receive information. A new VTR system would be expected to take advantage of information available from external sources.

The distributed architecture of the current VTR system means there are nearly 100 replications of the application. This makes application maintenance difficult because each replication may have a unique opportunity for failure. A new VTR system could have a single source that serves the application. This would streamline upgrades, bug fixes, and patches.

## *Changes are Difficult and Time-intensive*

Changes to the application are difficult and time-intensive because much of the system is hard-coded, rather than modular or tabular. The result has been characterized as a "confusing mass of programming code that no one completely understands. Changing one line of code can result in a failure in another seemingly unrelated area of the VTR system."<sup>14</sup> As changes continue to be needed to the system, DMV administrators and programmers believe the risk of catastrophic failure increases.

Because COBOL is the VTR system's programming language, there are concerns about the state's ability to maintain it. Across the IT world, many believe COBOL is an outdated language, pointing to the fact that many universities no longer teach courses on COBOL. However, many businesses and governmental agencies

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<sup>14</sup> Quote from a DMV systems administrator.

continue to run COBOL applications (though it is true that COBOL-based applications are systematically being replaced with those using newer languages). The combination of fewer workers learning COBOL and its continued legacy use in older applications and large platforms has made it increasingly difficult for the State, and DMV, to locate and hire developers who are trained and willing to work in the COBOL environment.<sup>15</sup> Some local Associate's level institutions in Nebraska still teach COBOL, but often students have already been hired by other companies, prior to graduation. The State has difficulty competing in the information technology workforce marketplace, particularly in the scarce COBOL labor force. At this time the DMV only has one developer that supports the VTR system application.

In some cases, the VTR system's limitations have prevented implementation of needed change. For example, the state legislature proposed that previous and current military members be eligible for an initial specialty plate at no cost and an additional specialty plate at full cost. The DMV has no way to link multiple vehicles to an individual, so is unable to proactively offer one free specialty plate and ensure subsequent plates are normally charged.

Many legislative mandates and administratively-driven changes have required programmers to manipulate hard coding for the VTR system.<sup>16</sup> Such changes are difficult and time-consuming given the application's age and structure. Further, this type of hard coding change introduces risks to the viability of the entire application. Since the DMV has scant personnel resources available to implement legislative and only the very highest priority changes to VTR system, most desired business operational changes are simply not achievable.

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<sup>15</sup> This observation was communicated to the report author by a DMV Central Office administrator who, over the years, has been involved in hiring COBOL-skilled individuals.

<sup>16</sup> New approaches to application development minimize this type of time-intensive and risky interference with the original source code, and instead use more modular or tabular approaches to changes in application functionality.

## Emerging VTR System Practices

There are a range of emerging practices, opportunities and possible future mandates, that would directly impact titling and registration practices.<sup>17</sup> Many of these would be impracticable to execute in the current VTR system. Nationally, there are a number of initiatives of note:

1. National Motor Vehicle Title Information System (NMVTIS). Nebraska participates in NMVTIS, but is unable to use the full information sharing functionality possible. A new VTR system would enable Nebraska to verify the validity of all titles prior to issuance (inhibiting title fraud and auto theft) and eliminate the time consuming standalone check of NMVTIS for only a portion of the titles issued.
2. National eTitling initiative. eTitling uses electronic records to track a new vehicle from its manufacturer to its first title issuance and as vehicle titles transfer between states. Electronic title programs are being implemented in Virginia, Texas, and Wisconsin, and South Dakota has passed enabling legislation. It is anticipated that most states will consider electronic titling as they continue to look for ways to reduce cost, enhance efficiency, and reduce fraud.
3. Vehicle Miles Traveled (VMT) fee. Oregon is moving to become the first state to replace state fuel excise tax with a VMT fee. Both the state House and Senate have passed the bill that is awaiting gubernatorial signature. The Congressional Budget Office (2011)<sup>18</sup> and the Government Accountability Office (2012)<sup>19</sup> have named VMT fees as a viable alternative to the gas tax. There have been discussions, at the federal level, that VMT, or some other

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<sup>17</sup> The implementation of some of these opportunities may first require changes to Nebraska statute.

<sup>18</sup> Congressional Budget Office. (2011, March). *Alternative approaches to funding highways*. Washington, DC: Congress of the United States.  
<http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/121xx/doc12101/03-23-highwayfunding.pdf>

<sup>19</sup> Government Accountability Office. (2012, December). *Highway Trust Fund: Pilot program could help determine the viability of mileage fees for certain vehicles*. (Report GAO-13-77). Report to the Subcommittee on Transportation, Housing, and Urban Development, and Related Agencies, Committee on Appropriations, House of Representatives. Washington, DC: Congress of the United States. <http://www.gao.gov/assets/660/650863.pdf>



alternative, is needed to provide long-term solvency for the federal Highway Trust Fund. Any solution, like VMT, that requires sophisticated use of titling and registration data will be difficult for Nebraska to implement using the current VTR.

4. Performance and Registration Information Systems Management (PRISM). This national program, administered by the Federal Motor Carrier Safety Administration, uses state commercial vehicle registration sanctions as an incentive for motor carriers to improve safety. Nebraska participates in PRISM, but due to current VTR system limitations, can only apply PRISM sanctions to apportioned vehicles. PRISM relies on the ability of the state to link a motor carrier's U.S. Department of Transportation (DOT) number to any commercial vehicle associated with that motor carrier. Nebraska is able to link all vehicles to a DOT number for apportioned vehicles – because Nebraska uses a different computer system to perform those functions that enables that crucial association. But Nebraska is unable to do so for non-apportioned vehicles because the current VTR system does not capture DOT numbers and lacks the capability to link multiple vehicles to an individual or organization. The fact that Nebraska can only apply PRISM sanctions to one group of commercial motor vehicles (i.e., interstate) and not another (i.e., intrastate) is problematic.

There are many business process opportunities that have been identified by Nebraska VTR system stakeholders. Some of those opportunities have already been identified elsewhere in the report. Those that have not yet been mentioned, but would offer significant improvements, include:

5. Dealer automated services. Participating auto dealers would use a new VTR system to record vehicle sales, issue titles and registrations, and collect taxes. This would improve the collection of tax monies due, reduce opportunities for fraud, and provide a convenience for the public.
6. In-transit stickers. A special case of Dealer Automated Services is in-transit stickers. A new VTR system could also allow dealers to enter vehicle sales so that in-transits could be monitored immediately. In-transits are not currently monitored: this hampers law enforcement from identifying the current owner of a vehicle, provides opportunities for fraud (e.g., issuing multiple sets of in-transits so that the owner may delay or avoid taxes), and allows for the quick re-sell of a vehicle to avoid payment of sales tax. With in-transit monitoring,

the DMV would have information needed to send sales tax notices to buyers (if not collected by the dealer).

7. Forms technology. Titling and registration, inevitably, require printing out a variety of forms for the public and for agency records. The current VTR system is unable to use forms that are offered by modern software programs (e.g., Adobe Acrobat forms). Instead, Nebraska's VTR system uses set forms that must be installed on printers<sup>20</sup> in order to operate. Thus, the VTR system requires costly printers that have the capability to store and produce forms. When DMV needs to update forms, significant testing must be conducted and the forms must then be installed on all printers in the VTR system. A new VTR system could use more flexible, modern software that could be centrally-generated and that would require "typical," and less costly, printers.
8. On-demand decals. A new VTR system could enable county treasurers to print on-demand validation and tonnage decals. This improvement to the current practice would provide three benefits: 1) county treasurers would not run out of DMV-provided decal supplies that may be depleted based on unusually large volumes of transactions; 2) county treasurers would have improved inventory control, not currently available using hard copy decals, that could prevent and/or identify fraud; and 3) waste of hard copy decals would be eliminated since DMV, to minimize the likelihood the supply of decals will be depleted, currently provides more decals to county treasurers each month than expected to be needed -- meaning that every month there is likely waste at all 94 locations.

Regardless of which specific practices emerge as priorities, it is likely that the DMV will be challenged to continue to evolve its practices and improve its systems to create efficiencies internally and for its partnering organizations.

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<sup>20</sup> There are currently approximately 200 specialized VTR printers in use throughout the state.

## VTR System Alternatives

The DMV has two major courses to choose from in moving forward:

1. Maintain current system. Under this alternative, the current VTR system would continue to operate as the information source for the DMV and county treasurer activities. Through this option, it is expected that no major improvements would be possible, since historically, the availability of resources has limited updates only to those that are legislatively mandated.
2. Implement new system. Under this alternative, the state would replace the current VTR system with a new architecture and application. To achieve this, the state may choose from among several approaches:
  - Contracted Customized Development
  - In House Customized Development
  - Modified Off the Shelf Product Purchase
  - Commercial Off the Shelf Product Purchase
  - Combination of the Above

Should the state determine a new system should be implemented, the above approaches should be carefully evaluated against the specifications, timeline, and costs available. It is both too early in the process as well as beyond the scope of this document to make a recommendation as to the specific direction of a new system.

### *Criteria for Evaluation of Alternatives*

There are many criteria to consider when making a determination whether to maintain the current VTR system or to implement a new one. Some of the most important may be:

1. Service to public and other stakeholders – the DMV and county treasurers use the VTR system to provide frontline interactions with individuals and businesses. Additionally, numerous other agencies and organizations use the VTR system to accomplish their needs.
2. Revenue capture – A significant amount of money flows through the VTR system. These funds support schools, counties, cities, Nebraska agencies,

and also flow to other states. VTR system should efficiently and equitably collect taxes and fees.

3. Availability – because of the significant receipting that occurs through VTR system and the many users of VTR system data, the system should be available when users need it.
4. Satisfy business requirements – the VTR system should be able to meet its users’ workflow and informational needs and be adaptable for inevitable changes in needs.
5. Comprehensive analytics – VTR system-related data should be easily accessible to undertake business analytics, such as identifying trends and making projections.
6. Costs – the VTR system represents an investment by the State of Nebraska; therefore the costs of maintaining the current system should be balanced against the investment in a new system.

### *Comparison of Alternatives Based on Criteria*

The criteria described above are used to compare the two alternatives: maintaining the current system and implementing a new system (Table 7). The current VTR system falls short on all of the criteria except cost. Maintaining the current system, barring a catastrophic failure, will likely require some investment; however, a new system, based on the experience of other states, may cost between \$13 and \$50+ million (AAMVA, 2011 & 2012).

| <b>Table 7. Comparison of VTR System Alternatives</b> |   |  |
|---|---|--|
| <b>Criteria</b>                                       | <b>Maintain Current System</b>  | <b>Implement New System</b>  |
| 1. Service to public and other stakeholders           | Vehicle-centric model with limited ability to take advantage of new technologies. | Customer-centric with new technologies as a given in the system structure. |
| 2. Revenue capture                                    | Continued difficulty in capturing revenues if resident wants to avoid payment.    | Improved abilities to capture revenues.                                    |
| 3. Availability                                       | Continuing risk that changes to program may                                       | A new system should be highly available.                                   |

|  |   |   |
|--|---|---|
|  | create catastrophic failure.  | However, there is a risk that a new system, during or after implementation, will have downtimes as data is migrated, and the system goes live and is being tuned.   |
| 4. Satisfy business requirements (flexibility, scalability, extensibility) | <p>Status quo. Legislative and other highest priority mandates will continue to occupy most resources available for improvements.</p> <p>Continued difficulty in fully-executing desired improvements.</p>  | <p>Satisfaction of business requirements would be an expectation of new system.</p> <p>Some changes to the application may still require time-intensive intervention.</p>   |
| 5. Comprehensive analytics   | <p>Continued difficulty projecting and implementing changes in revenue policies.</p> <p>Continued difficulty in efficiently providing some information to other data users.</p>                             | <p>Agility in forecasting and implementing changes in revenue policies.</p> <p>Improved ability to efficiently provide useful and timely information to other data users.</p>   |
| 6. Costs   | <p>Outside consultation with IT COBOL experts may provide additional insights that could redress some system limitations and buttress possible points of failure. Costs may range from \$1 – 5 million.</p> | <p>Unknown, but estimates of other states systems range from \$13-50+ million.</p> <p>During the implementation, may have project development and management costs (in addition to existing staff time that will be devoted</p> |

to project implementation).

After operational, may be additional costs for hardware at county treasurers' offices.

If electronic notifications are implemented, there will be cost savings (e.g., printing, postage) to state.

## VTR System Next Steps

### *Maintain Current System*

If it is determined that the current system will be maintained, the stakeholders must acknowledge the limitations and understand that future growth is limited. The DMV should engage information technology consultants to make recommendations about how to reduce the likelihood of system failures.

### *Implement New System*

If it is determined that a new VTR system will be implemented, three immediate actions should be taken:

1. Identify financing mechanism
2. Identify financing options
3. Create an overall implementation timeframe and objectives

### **Identify Financing Mechanism**

Currently there is no account set aside to accumulate funds for a new VTR system. A *VTR Replacement/Maintenance Fund* should be established and would be the source used to pay for costs associated with the new VTR system acquisition, implementation, maintenance/support, upgrades, and eventual replacement. The fund would be financed through one of the options described below. It may be beneficial to implement the funding mechanism prior to implementation of a new VTR system to accumulate additional funds to aid in the purchase and implementation of the system.

## Identify Financing Options

At this time, it is impossible to accurately estimate the cost of a replacement system. According to recent AAMVA surveys (2011 & 2012) and communications with other states, states have spent between \$13 – \$50 + million.<sup>21</sup>

There are a number of options Nebraska could consider in meeting the costs of a new VTR system. Options might include:

1. Increased fees
2. New transaction surcharge
3. Reallocation of existing revenues
4. Cash reserves
5. Legislative appropriation
6. Master Lease Purchase Program
7. Grant funding
8. Combination approach

### 1. Increased fees

Nebraska statute establishes the fees (and recipients of those fees) for issuance of certificates of title, notations of liens, and the annual registration of vehicles (Table 8). Fees range from \$5.50 to \$14.00. One or more of these fees could be increased.

| <b>Recipient</b>       | <b>Vehicle Registrations</b> | <b>Notation of Liens</b> | <b>Title Fees</b> | <b>Duplicate Title Fees</b> |
|------------------------|------------------------------|--------------------------|-------------------|-----------------------------|
| Issuing County         | \$ 1.50                      | \$ 2.00                  | \$ 3.25           | \$ 10.00                    |
| DMV                    | \$ 2.00                      | \$ 4.00                  | \$ 4.00           | \$ 4.00                     |
| State General Fund     |                              | \$ 1.00                  | \$ 2.00           |                             |
| Motor Vehicle Fraud-AG |                              |                          | \$ 0.20           |                             |
| State Patrol Cash Fund |                              |                          | \$ 0.45           |                             |
| MV Industry Licensing  |                              |                          | \$ 0.10           |                             |

<sup>21</sup> Rhode Island has budgeted \$13 million. Iowa recently spent \$20 million to replace its vehicle system. Montana is building a system for vehicles and driver licenses with a cost of \$28.5 million. South Carolina spent \$40 million. Missouri has announced a \$50 million overhaul of its vehicle and driver systems. California spent \$208 million.



|                     |                |                |                 |                 |
|---------------------|----------------|----------------|-----------------|-----------------|
| Nebraska EMS Fund   | \$ 0.50        |                |                 |                 |
| Recreation Road Fun | \$ 1.50        |                |                 |                 |
| <b>Total Fee</b>    | <b>\$ 5.50</b> | <b>\$ 7.00</b> | <b>\$ 10.00</b> | <b>\$ 14.00</b> |

Several states have used fee increases to support new VTR systems. For example, Idaho enacted a 30-50% increase to driver’s license, titling, and registration fees. Kansas enacted a \$4.00 increased fee on all vehicle registrations during 2009-2012.

Two illustrative examples are registration fees and titles and liens fees (Table 9). A \$0.25 increase in registration fees (from a current fee of \$5.50 to a proposed fee of \$5.75) would result in additional annual revenue of \$580,000, using the conservative number of 2012 transactions.

| <b>Table 9. Potential Revenue Generated Through Increasing Existing Fees</b> |                          |                       |                           |
|--|--------------------------|-----------------------|---------------------------|
| <b>Fee Type</b>  | <b>2012 Transactions</b> | <b>Additional Fee</b> | <b>Additional Revenue</b> |
| Registration Fees  | 2,320,000                |                       |                           |
|  |                          | \$0.25                | \$580,000                 |
|  |                          | \$0.50                | \$1,160,000               |
|  |                          | \$0.75                | \$1,740,000               |
|  |                          | \$1.00                | \$2,320,000               |
| Titles and Liens   | 975,000                  |                       |                           |
|  |                          | \$0.50                | \$487,500                 |
|  |                          | \$1.25                | \$1,218,750               |

### **Advantages**

- A small increase in several fees could accumulate significant funds since there are a large number of VTR system-related transactions.
- Relatively easy to implement and program.
- Fee increase would not be tied to the new VTR system. Could be implemented prior to purchase and implementation of the new system.

## Disadvantages

- Fee is borne directly by the public.
- May be difficult to project total amount increase will generate. The number of titles and liens issued fluctuates more than registrations (perhaps due to economic conditions).

## 2. New transaction surcharge

A surcharge could be added to transactions. The *VTR Transaction Surcharge* would be a flat fee added to each registration, title, and lien transaction. The authority to collect a surcharge could be written similar to DMV's authority to collect identity security surcharges.<sup>22</sup> This mechanism would allow the DMV to adjust the fee based on project needs, meaning that the DMV would avoid having to request authorizing legislation to make needed surcharge adjustments. The use of these funds could be earmarked for only VTR system related uses. Table 10 illustrates the revenue generated through transaction surcharges ranging from \$0.35 to \$1.50.

| <b>2012 Transactions</b> | <b>Additional Fee</b> | <b>Additional Revenue</b> |
|--------------------------|-----------------------|---------------------------|
| 3,294,220                | \$0.35                | \$1,152,977               |
|                          | \$0.70                | \$ 2,305,954              |
|                          | \$1.00                | \$3,294,220               |
|                          | \$1.50                | \$4,941,330               |

Several states are using this approach. For example, Louisiana implemented a \$2.50 transaction fee, applicable only to certain types of transactions. Rhode Island implemented a \$1.50 transaction fee that will span from July 1, 2007 and not continue past July 1, 2017.

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<sup>22</sup> According to §60-4,115(5), Nebraska Revised Statute, "The department (DMV) and its agents may collect an identity security surcharge to cover the cost of security and technology practices used to protect the identity of applicants for and holders of operators' licenses and state identification cards and to reduce identity theft, fraud, and forgery and counterfeiting of such licenses and cards to the maximum extent possible. The surcharge shall be in addition to all other required fees for operators' licenses and state identification cards. The amount of the surcharge shall be determined by the department. The surcharge shall not exceed eight dollars. The surcharge shall be remitted to the State Treasurer for credit to the Department of Motor Vehicles Cash Fund."

**Advantages**

- Easy to implement and program.
- Can be implemented immediately to begin accumulating funds.
- Provides the DMV with flexibility in dealing with future VTR system financing needs.
- A proven financing method for large DMV projects.

**Disadvantages**

- Fee is borne directly by the public.

**3. Reallocation of existing revenues**

A reallocation of existing fees, *VTR Collection Fee*, could be applied to all funds currently receiving revenues through VTR system-related fees. The fee could be calculated as a small percentage of each dollar collected. The reallocation would require the state legislature to authorize the assessment of the fee for each of the beneficiaries of motor vehicle taxes and fees.

Table 11 shows the impact of three levels of reallocations. A fee of 0.2% of each dollar collected would generate approximately \$1.2 million dollars annually; increasing the fee to 1% would generate \$5.8 million dollars annually.

| <b>Table 11. Potential Annual Revenue Generation Through Reallocation</b> |                             |   |              |              |             |
|---|-----------------------------|---|--------------|--------------|-------------|
|   | <b>Collected<br/>(2012)</b> | <b>Percentage Reallocation Alternatives</b> |              |              |             |
|   |                             | <b>0.20%</b>                                | <b>0.40%</b> | <b>0.50%</b> | <b>1.0%</b> |
| State of<br>Nebraska<br>General Fund                                      | \$199,042,131               | \$398,084                                   | \$796,169    | \$995,211    | \$1,990,421 |
| City and<br>County Funds  | \$180,145,531               | \$360,291                                   | \$720,582    | \$900,728    | \$1,801,455 |
| School<br>Districts   | \$125,026,522               | \$250,053                                   | \$500,106    | \$625,133    | \$1,250,265 |
| Highway<br>Trust Fund   | \$54,113,100                | \$108,226                                   | \$216,452    | \$270,565    | \$541,131   |
| DMV Cash<br>Fund  | \$8,991,807                 | \$17,984                                    | \$35,967     | \$44,959     | \$89,918    |
| Department of<br>Roads  | \$3,456,555                 | \$6,913                                     | \$13,826     | \$17,283     | \$34,566    |

|                                      |                      |                    |                    |                    |                    |
|--------------------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|
| Emergency Management Svcs Fund (HHS) | \$1,146,129          | \$2,292            | \$4,585            | \$5,731            | \$11,461           |
| Game & Parks (Boats)                 | \$1,124,599          | \$2,249            | \$4,498            | \$5,623            | \$11,246           |
| Spirit Plate Funds                   | \$1,055,495          | \$2,111            | \$4,222            | \$5,277            | \$10,555           |
| Tire Tax (DEQ)                       | \$458,459            | \$917              | \$1,834            | \$2,292            | \$4,585            |
| State Patrol                         | \$264,678            | \$529              | \$1,059            | \$1,323            | \$2,647            |
| Motor Carrier Services Cash Fund     | \$256,701            | \$513              | \$1,027            | \$1,284            | \$2,567            |
| Consumer Protection (AG)             | \$117,342            | \$235              | \$469              | \$587              | \$1,173            |
| Dealer Board                         | \$58,014             | \$116              | \$232              | \$290              | \$580              |
| Veteran's Cemetery                   | \$15,830             | \$32               | \$63               | \$79               | \$158              |
| <b>Total Reallocation</b>            | <b>\$575,272,893</b> | <b>\$1,150,546</b> | <b>\$2,301,092</b> | <b>\$2,876,364</b> | <b>\$5,752,729</b> |

### Advantages

- All funds receiving a distribution from the VTR system would pay a small percentage fee.
- No increased fees to the public.
- Simpler to project the revenue stream.

### Disadvantages

- Impacts many different funds and entities, potentially creating more opposition to the plan.
- Could require altering many different state statutes.
- More complex and difficult to program. It may not be viable to implement prior to a new VTR system.

#### **4. Cash reserves**

The DMV could draw from DMV Cash Reserves Fund for full payment or partial payment of a new system depending upon the total cash outlay requirements. It is believed that the cash fund will accumulate revenues during the next few years. The amount of cash reserves that would be available for the VTR system project would depend upon continued revenue growth, containment of expenditures, and other DMV priorities.

##### **Advantages**

- May eliminate or reduce the need for a new cash revenue source to fund the new system.
- Eliminate computer programming for fee changes if fully funded through cash reserves.

##### **Disadvantages**

- May impact future DMV projects by reducing the cash reserve.

#### **5. Legislative appropriation**

The Legislature could choose to fund all, or part, of the project from State General Funds. Several states have, apparently, relied solely on funding appropriations from their state legislatures. For example, Alaska, Florida, Iowa, and South Carolina, all report relying solely on state funding. Over the past 20 years, \$16.9 million from the DMV Cash Fund has been transferred to the State General Fund.<sup>23</sup>

##### **Advantages**

- Could eliminate the need to seek additional cash fund revenues for the purchase and maintenance of the new system.
- No fee increase to the public.

##### **Disadvantages**

- No dedicated funding source.
- Need to find funding source for on-going maintenance.

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<sup>23</sup> In addition to the \$16.9 million transferred to the State General Fund over the past 20 years, approximately \$600,000 from the DMV Cash Fund has been transferred to other funds.

## 6. Master Lease Purchase Program

The State Master Lease Purchase Program (MLPP) is a financing mechanism available to state agencies needing to purchase fixed assets (e.g., data processing, telecommunications, laboratory, motor vehicle and other essential equipment), for which the full amount of funding is not available in a single fiscal year.<sup>24</sup> Typically, the minimum value for fixed assets financed under MLPP is \$50,000. The amount of equipment necessary for a new VTR system is unknown, but likely to be less than \$50,000. Rather, it is expected that the bulk of costs will be for software and services.

### Advantages

- Would allow the DMV to spread the acquisition cost of fixed assets over multiple fiscal years.

### Disadvantages

- Fixed asset costs are likely to be less than \$50,000, rendering this option of negligible value.

## 7. Grant funding

The DMV could apply for grant funds to support all or part of the new VTR system. Other states have reported using grant funding through a variety of programs, including those from federal agencies such as the Department of Homeland Security, Department of Justice, and Department of Transportation. It should be noted that this type of funding accessed by other states may no longer be available, or may have been used in Nebraska for other purposes. Some funding programs may also have other requirements that would restrict use for the VTR system.

### Advantages

- May reduce commitment of funding from state and residents.

### Disadvantages

- May be time-consuming to identify and apply for funding.
- Cannot be guaranteed until notification of award, so difficult to incorporate into a financing model.
- May be difficult to align project timelines within grant periods.

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<sup>24</sup> [http://das.nebraska.gov/accounting/nis/MLPP\\_Details\\_Web.pdf](http://das.nebraska.gov/accounting/nis/MLPP_Details_Web.pdf)

## 8. Combination approach

A combination of two or more of the above options could be used. This would reduce the reliance on a single source to bear the entire cost of a new system. Some illustrative examples are provided that would produce approximately \$8 million dollars annually (Table 12).

| <b>Table 12. Examples of Funding a New VTR System Through a Combination of Financing Options</b> |                           |
|--|---------------------------|
|  | <b>Annual Revenue</b>     |
| <b>Option 1</b>  |                           |
| Fee Increase   |                           |
| Registration Fees (\$1.00)   | \$2,320,000               |
| Titles and Liens (\$1.25)  | \$1,218,750               |
| Reallocation (.5%)   | \$2,876,364               |
| General Fund Appropriation   | <u>\$2,000,000</u>        |
| <b><i>Option 1 Total</i></b>   | <b><i>\$8,415,114</i></b> |
| <b>Option 2</b>  |                           |
| Transaction Fee (\$1.50)   | \$4,941,330               |
| DMV Cash Reserves  | \$400,000                 |
| General Fund Appropriation   | <u>\$3,000,000</u>        |
| <b><i>Option 2 Total</i></b>   | <b><i>\$8,341,330</i></b> |
| <b>Option 3</b>  |                           |
| Reallocation (1%)  | \$5,752,729               |
| DMV Cash Reserves  | \$1,000,000               |
| General Fund Appropriation   | <u>\$1,500,000</u>        |
| <b><i>Option 3 Total</i></b>   | <b><i>\$8,252,729</i></b> |

### Advantages

- Mitigates reliance on only one funding source.

### Disadvantages

- May be more complicated to implement.

## Create an Overall Implementation Timeframe and Related Objectives

The implementation timeframe and objectives in the VTR system replacement project should be developed. Although these will inevitably change as the project progresses, they are useful to guide initial steps. Many states are finding timeframes of between 4 – 10 years are needed from initial plan to full implementation. Although it is impossible to provide precise estimates at this time, a reasonable target would be that, upon approval, the new VTR system would be implemented in four (4) years.

1. Determine a funding model. Select and implement a means for financially supporting the new VTR implementation.
  - a. Work with representatives of key stakeholder organizations to create a mutually-supported Funding Model.
  - b. Promote the Funding Model.
  - c. Obtain support for and implement the Funding Model.
2. Establish a project structure. Within DMV create the structures necessary to ensure needed organizational support, resources, and expertise.
  - a. Recruit project manager and other project team members.
  - b. Create a decision making structure.
  - c. Develop vision and charter.
  - d. Create a stakeholder workgroup.
  - e. Create a technical support workgroup.
3. Conduct a current business process analysis. Direct, as well as related, processes should be evaluated to document current practices and assess opportunities for improved processes.
  - a. Document existing processes and uses of the VTR system and its data. DMV should undertake the documentation with an expansive horizon (i.e., beyond current VTR system functions). The DMV should broadly evaluate how data flows, or does not flow, between VTR system and other systems (e.g., driver license, handicapped permits, Motor Carrier Services, Motor Vehicle Industry Licensing Board, specialty plates).
  - b. Determine stakeholder and user needs.



4. Develop project scope. Determine the boundaries of the project.
  - a. Conduct an environmental scan (e.g., codes, rules and ordinances; economy; federal and state legislation; human resources; budget and capital resources; organizational structure; policies and procedures; politics; public opinion; stakeholders; technology and standards).
    - i. Determine the factors that will influence the project.
    - ii. Determine the degree of influence of each factor.
  - b. Create preliminary project scope.
  - c. Set preliminary objectives.
  - d. Establish preliminary timelines and budget.
5. Undertake a Request for Information (RFI) process. An RFI will give the DMV an understanding of current options in the marketplace.
  - a. Issue RFI.
  - b. Review RFI responses.
  - c. Contact many, and ideally visit at least two (2), other states that have recently implemented new systems.
6. Develop preliminary operations and system requirements for new system. This step begins to identify the gaps and steps needed to resolve the gaps between current processes and desired future processes.
  - a. Develop current as-is and future state business processes and architecture.
  - b. Evaluate new system congruence with related systems.
  - c. Evaluate organizational change needed to accomplish future state business processes.
  - d. Identify legislative and administrative changes needed to accomplish future state business processes.
  - e. Investigate possibility of legislative moratorium for changes during development and implementation.<sup>25</sup>
7. Determine approach. The DMV will determine what range of approaches is acceptable, prior to moving forward. Approaches may include: contract customized development, perform “in house” customized development, purchase a modified off the shelf product, purchase a commercial off the shelf product, or some other approach.

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<sup>25</sup> The State of Utah established an informal moratorium on legislative changes that might impact its VTR.

- a. Scan the marketplace.
  - b. Determine data that will be migrated to a new system.
  - c. Create data validation/cleaning plan and implement.
  - d. Compile the requirements (software, hardware, interface/integration, data migration).
  - e. Evaluate build/customization needs and capabilities.
  - f. Evaluate system testing needs and capabilities.
  - g. Evaluate contract monitoring needs and capabilities.
  - h. Evaluate training, maintenance, and support needs and capabilities.
  - i. Formally evaluate possible approaches and make a determination.
8. Enter the marketplace. If the DMV determines that an acceptable approach includes entering into the marketplace, it should issue a Request for Proposals (RFP).
- a. Write and issue an RFP.
  - b. Evaluate RFP responses.
  - c. Select solution.
  - d. Issue Intent to Award the RFP.
  - e. Enter into contract.
9. Create project plan.
- a. Set scope and timelines.
  - b. Create communications plan (for internal and external stakeholders).
  - c. Develop organizational change plan.
  - d. Create a desired training plan.
  - e. Create an implementation plan, including roll-out approach (e.g., pilot, phased, all at once).
  - f. Determine testing and quality control processes.
  - g. Determine documentation needs and processes.
  - h. Task project manager and other staff resources needed for the development and implementation process.<sup>26</sup>
  - i. Identify external resources/consultation needed for the development and implementation process.
  - j. Estimate costs and develop final budget.
10. Implement the training and technology.

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<sup>26</sup> At a 2013 AAMVA conference, numerous states indicated that they underestimated the staffing needed to appropriately plan for and implement a new VTR.

## Recommendations

The aging VTR system no longer meets the needs of users and stakeholders. Its limitations prevent the DMV from capitalizing on promising business practice improvements that would result in increased efficiencies and improved services to the DMV's clients. Although replacing the VTR system will require an investment, that amount is annually dwarfed by the revenues collected through the VTR system. Many other programs are dependent on these VTR-collected revenues.

Modest application of any one of the financing options, alone, would be unlikely to cover the entire cost of a new VTR system. A combined approach should be selected that could be expected to accrue adequate funding for a system replacement. As the planning process moves forward, if lesser funds are needed, the options could be scaled back.

The DMV should move immediately to collaboratively develop a funding model that is supported by key stakeholders. Upon approval, the DMV should create a project structure, conduct a business process analysis, and further refine the analysis with a concept of operations and system requirements. With that information, the DMV and its stakeholders will be positioned to evaluate how it will approach VTR system replacement (i.e., contracted customized development, in house customized development, modified off the shelf product purchase, commercial off the shelf product purchase, or some combination). Upon determination of a direction, a project plan will be further developed and the contracting/tasking of VTR system development and implementation will be undertaken.

# Appendices

## *Appendix A - VTR Fees and Taxes*

### **Titling**

Titles are issued at the county level in the county where the vehicle has tax situs or, in the case of apportioned vehicles, are issued by the DMV. A Certificate of Title must be issued within 30 days of the date of purchase. To obtain a Certificate of Title you must submit a completed Application for Certificate of Title. A fee of \$10.00, payable to the designated county official, and proper evidence of ownership must accompany the application for title. Duplicate titles carry a fee of \$14.00.

### **Notation of Liens**

Individuals that have Notations of Liens on their title are charged \$7.00.

### **Sales Tax**

Sales tax, based on the purchase price, must be paid within 30 days of purchase of vehicle and must be paid before the initial registration will be issued.<sup>27</sup>

**Motor Vehicle Tax** is assessed on a vehicle at the time of initial registration and annually thereafter until the vehicle reaches 14 years of age or more. It is based upon the MSRP (Manufacturer's Suggested Retail Price) of the vehicle. The MSRP on a vehicle is set by the manufacturer and can never be changed. Once the MSRP of the vehicle is established, a Base Tax set in Nebraska motor vehicle statutes is assigned to that specific MSRP range and motor vehicle tax is then assessed. It is the Base Tax figure that is adjusted as the vehicle ages.

**Motor Vehicle Fee** is based upon the manufacturer's suggested retail price (adjusted for vehicle age), and the weight and use of the vehicle.

### **Vehicle Registration**

Vehicle Registration Fees are collected annually and range from \$1 to \$1,140 based on the type and use of the vehicle. For instance, registration fees for

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<sup>27</sup> There are differing requirements for mobile homes and cabin trailers.

commercial and farm plated trucks are based upon the gross vehicle weight of the vehicle.

Additional fees collected (and their distribution) for every motor vehicle registration issued are:

- \$0.50 - Emergency Medical System Operation Fund
- \$1.50 - Department of Motor Vehicles Cash Fund
- \$1.50 - State Recreation Road Fund
- \$2.00 - County General Fund
- \$3.30 - Plate Fee per plate assessed whenever new, duplicate or replacement plates are issued
- Some localities collect additional local fees and taxes.

## ***Appendix B - Major Nebraska Statutes Governing VTR System-Related Roles and Responsibilities***

- §60-144 (Certificate of title; issuance; filing; application; form.)
- §60-372 (Vehicle titling and registration computer system; agent of county treasurer; appointment.)
- §37-1279 (Motorboat certificate of title; issuance; form; county treasurer; duties; filing.)
- §60-1515 (Department of Motor Vehicles Cash Fund; use; legislative intent.)

### *Specific to apportioned vehicles:*

- §60-3,198 (Apportioned registration.)
- §60-3,203 (Apportioned plates.)

### *Specific to motorboats:*

- §37-1211 (Motorboat; numbering required; operation of unnumbered motorboat prohibited; exceptions.)
- §37-1214 (Motorboat; registration; period valid; application; fee.)

**§60-144. Certificate of title; issuance; filing; application; form.**

(1)(a) Except as provided in subdivisions (b), (c), and (d) of this subsection, the county treasurer shall be responsible for issuing and filing certificates of title for vehicles, and each county shall issue and file such certificates of title using the vehicle titling and registration computer system prescribed by the department. Application for a certificate of title shall be made upon a form prescribed by the department. All applications shall be accompanied by the appropriate fee or fees.

(b) The department shall issue and file certificates of title for Nebraska-based fleet vehicles. Application for a certificate of title shall be made upon a form prescribed by the department. All applications shall be accompanied by the appropriate fee or fees.

(c) The department shall issue and file certificates of title for state-owned vehicles. Application for a certificate of title shall be made upon a form prescribed by the department. All applications shall be accompanied by the appropriate fee or fees.

(d) The department shall issue certificates of title pursuant to section 60-142.06. Application for a certificate of title shall be made upon a form prescribed by the department. All applications shall be accompanied by the appropriate fee or fees.

(2) If the owner of an all-terrain vehicle, a utility-type vehicle, or a minibike resides in Nebraska, the application shall be filed with the county treasurer of the county in which the owner resides.

(3)(a) Except as otherwise provided in subdivision (b) of this subsection, if a vehicle, other than an all-terrain vehicle, a utility-type vehicle, or a minibike, has situs in Nebraska, the application shall be filed with the county treasurer of the county in which the vehicle has situs.

(b) If a motor vehicle dealer licensed under the Motor Vehicle Industry Regulation Act, applies for a certificate of title for a vehicle, the application may be filed with the county treasurer of any county.

(4) If the owner of a vehicle is a nonresident, the application shall be filed in the county in which the transaction is consummated.



(5) The application shall be filed within thirty days after the delivery of the vehicle.

(6) All applicants registering a vehicle pursuant to section 60-3,198 shall file the application for a certificate of title with the Division of Motor Carrier Services of the department. The division shall deliver the certificate to the applicant if there are no liens on the vehicle. If there are one or more liens on the vehicle, the certificate of title shall be handled as provided in section 60-164. All certificates of title issued by the division shall be issued in the manner prescribed for the county treasurer in section 60-152.

**§60-372. Vehicle titling and registration computer system; agent of county treasurer; appointment.**

(1) Each county shall issue and file registration certificates using the vehicle titling and registration computer system prescribed by the department.

(2) The county treasurer may appoint an agent to issue registration certificates and to accept the payment of taxes and fees as provided in the Motor Vehicle Registration Act, upon approval of the county board. The agent shall furnish a bond in such amount and upon such conditions as determined by the county board.

**§37-1279. Certificate of title; issuance; form; county treasurer; duties; filing.**

(1) The county treasurer shall issue the certificate of title. The county treasurer shall sign and affix his or her seal to the original certificate of title and deliver the certificate to the applicant if there are no liens on the motorboat. If there are one or more liens on the motorboat, the certificate of title shall be handled as provided in section 37-1282. The county treasurer shall keep on hand a sufficient supply of blank forms which shall be furnished and distributed without charge to manufacturers, dealers, or other persons residing within the county, except that certificates of title shall only be issued by the county treasurer or the Department of Motor Vehicles. Each county shall issue and file certificates of title using the vehicle titling and registration computer system.

(2) Each county treasurer of the various counties shall provide his or her seal without charge to the applicant on any certificate of title, application for certificate of title, duplicate copy, assignment or reassignment, power of attorney, statement, or affidavit pertaining to the issuance of a certificate of title. The department shall prescribe a uniform method of numbering certificates of title.

(3) The county treasurer shall (a) file all certificates of title according to rules and regulations of the department, (b) maintain in the office indices for such certificates of title, (c) be authorized to destroy all previous records five years after a subsequent transfer has been made on a motorboat, and (d) be authorized to destroy all certificates of title and all supporting records and documents which have been on file for a period of five years or more from the date of filing the certificate or a notation of lien, whichever occurs later.

**§60-1515. Department of Motor Vehicles Cash Fund; use; legislative intent.**

(1) The Legislature hereby finds and declares that a statewide system for the collection, storage, and transfer of data on vehicle titles and registration and the cooperation of state and local government in implementing such a system is essential to the efficient operation of state and local government in vehicle titling and registration. The Legislature hereby finds and declares that the electronic issuance of operators' licenses and state identification cards using a digital system as described in section 60-484.01 and the cooperation of state and local government in implementing such a system is essential to the efficient operation of state and local government in issuing operators' licenses and state identification cards.

(2) It is therefore the intent of the Legislature that the Department of Motor Vehicles shall use a portion of the fees appropriated by the Legislature to the Department of Motor Vehicles Cash Fund as follows:

(a) To pay for the cost of issuing motor vehicle titles and registrations on a system designated by the department. The costs shall include, but not be limited to, software and software maintenance, programming, processing charges, and equipment including such terminals, printers, or other devices as deemed necessary by the department after consultation with the county to support the issuance of motor vehicle titles and registrations. The costs shall not include the cost of county personnel or physical facilities provided by the counties;

(b) To fund the centralization of renewal notices for motor vehicle registration and to furnish to the counties the certificate of registration forms specified in section 60-390. The certificate of registration form shall be prescribed by the department;

(c) To pay for the costs of an operator's license system as specified in sections 60-484.01 and 60-4,119 and designated by the department. The costs shall be limited to such terminals, printers, software, programming, and other equipment or devices as deemed necessary by the department to support the issuance of such licenses and state identification cards in the counties and by the department; and

(d) To pay for the motor vehicle insurance data base created under section 60-3,136.

**§60-3,198. Fleet of vehicles in interjurisdiction commerce; registration; exception; application; fees; temporary authority; evidence of registration; proportional registration; removal from fleet; effect; unladen-weight registration; trip permit; fee.**

(1) Any owner engaged in operating a fleet of apportionable vehicles in this state in interjurisdiction commerce may, in lieu of registration of such apportionable vehicles under the general provisions of the Motor Vehicle Registration Act, register and license such fleet for operation in this state by filing a statement and the application required by section 60-3,203 with the Division of Motor Carrier Services of the department. The statement shall be in such form and contain such information as the division requires, declaring the total mileage operated by such vehicles in all jurisdictions and in this state during the preceding year and describing and identifying each such apportionable vehicle to be operated in this state during the ensuing license year. Upon receipt of such statement and application, the division shall determine the total fee payment, which shall be equal to the amount of fees due pursuant to section 60-3,203 and the amount obtained by applying the formula provided in section 60-3,204 to a fee of thirty-two dollars per ton based upon gross vehicle weight of the empty weights of a truck or truck-tractor and the empty weights of any trailer or combination thereof with which it is to be operated in combination at any one time plus the weight of the maximum load to be carried thereon at any one time, and shall notify the applicant of the amount of payment required to be made. Mileage operated in noncontracting reciprocity jurisdictions by apportionable vehicles based in Nebraska shall be applied to the portion of the formula for determining the Nebraska injurisdiction fleet distance.

Temporary authority which permits the operation of a fleet or an addition to a fleet in this state while the application is being processed may be issued upon application to the division if necessary to complete processing of the application.

Upon completion of such processing and receipt of the appropriate fees, the division shall issue to the applicant a sufficient number of distinctive registration certificates which provide a list of the jurisdictions in which the apportionable vehicle has been apportioned, the weight for which registered, and such other evidence of registration for display on the apportionable vehicle as the division determines appropriate for each of the apportionable vehicles of his or her fleet, identifying it as a part of an interjurisdiction fleet proportionately registered. All

fees received as provided in this section shall be remitted to the State Treasurer for credit to the Motor Carrier Services Division Distributive Fund.

The apportionable vehicles so registered shall be exempt from all further registration and license fees under the Motor Vehicle Registration Act for movement or operation in the State of Nebraska except as provided in section 60-3,203. The proportional registration and licensing provision of this section shall apply to apportionable vehicles added to such fleets and operated in this state during the license year except with regard to permanent license plates issued under section 60-3,203.

The right of applicants to proportional registration under this section shall be subject to the terms and conditions of any reciprocity agreement, contract, or consent made by the division.

When a nonresident fleet owner has registered his or her apportionable vehicles, his or her apportionable vehicles shall be considered as fully registered for both interjurisdiction and intrajurisdiction commerce when the jurisdiction of base registration for such fleet accords the same consideration for fleets with a base registration in Nebraska. Each apportionable vehicle of a fleet registered by a resident of Nebraska shall be considered as fully registered for both interjurisdiction and intrajurisdiction commerce.

(2) Mileage proportions for interjurisdiction fleets not operated in this state during the preceding year shall be determined by the division upon the application of the applicant on forms to be supplied by the division which shall show the operations of the preceding year in other jurisdictions and estimated operations in Nebraska or, if no operations were conducted the previous year, a full statement of the proposed method of operation.

(3) Any owner complying with and being granted proportional registration shall preserve the records on which the application is made for a period of three years following the current registration year. Upon request of the division, the owner shall make such records available to the division at its office for audit as to accuracy of computation and payments or pay the costs of an audit at the home office of the owner by a duly appointed representative of the division if the office where the records are maintained is not within the State of Nebraska. The division may enter into agreements with agencies of other jurisdictions administering motor vehicle registration laws for joint audits of any such owner.

All payments received to cover the costs of an audit shall be remitted by the division to the State Treasurer for credit to the Motor Carrier Division Cash Fund. No deficiency shall be assessed and no claim for credit shall be allowed for any license registration year for which records on which the application was made are no longer required to be maintained.

(4) If the division claims that a greater amount of fee is due under this section than was paid, the division shall notify the owner of the additional amount claimed to be due. The owner may accept such claim and pay the amount due, or he or she may dispute the claim and submit to the division any information which he or she may have in support of his or her position. If the dispute cannot otherwise be resolved within the division, the owner may petition for an appeal of the matter. The director shall appoint a hearing officer who shall hear the dispute and issue a written decision. Any appeal shall be in accordance with the Administrative Procedure Act. Upon expiration of the time for perfecting an appeal if no appeal is taken or upon final judicial determination if an appeal is taken, the division shall deny the owner the right to further registration for a fleet license until the amount finally determined to be due, together with any costs assessed against the owner, has been paid.

(5) Every applicant who licenses any apportionable vehicles under this section and section 60-3,203 shall have his or her registration certificates issued only after all fees under such sections are paid and, if applicable, proof has been furnished of payment, in the form prescribed by the director as directed by the United States Secretary of the Treasury, of the federal heavy vehicle use tax imposed by 26 U.S.C. 4481 of the Internal Revenue Code as defined in section 49-801.01.

(6)(a) In the event of the transfer of ownership of any registered apportionable vehicle, (b) in the case of loss of possession because of fire, theft, or wrecking, junking, or dismantling of any registered apportionable vehicle, (c) when a salvage branded certificate of title is issued for any registered apportionable vehicle, (d) whenever a type or class of registered apportioned vehicle is subsequently declared by legislative act or court decision to be illegal or ineligible to be operated or towed on the public roads and no longer subject to registration fees and taxes, (e) upon trade-in or surrender of a registered apportionable vehicle under a lease, or (f) in case of a change in the situs of a registered apportionable vehicle to a location outside of this state, its registration shall expire, except that if the registered owner or lessee applies to the division

after such transfer or loss of possession and accompanies the application with a fee of one dollar and fifty cents, he or she may have any remaining credit of vehicle fees and taxes from the previously registered apportionable vehicle applied toward payment of any vehicle fees and taxes due and owing on another registered apportionable vehicle. If such registered apportionable vehicle has a greater gross vehicle weight than that of the previously registered apportionable vehicle, the registered owner or lessee of the registered apportionable vehicle shall additionally pay only the registration fee for the increased gross vehicle weight for the remaining months of the registration year based on the factors determined by the division in the original fleet application.

(7) Whenever a Nebraska-based fleet owner files an application with the division to delete a registered apportionable vehicle from a fleet of registered apportionable vehicles (a) because of a transfer of ownership of the registered apportionable vehicle, (b) because of loss of possession due to fire, theft, or wrecking, junking, or dismantling of the registered apportionable vehicle, (c) because a salvage branded certificate of title is issued for the registered apportionable vehicle, (d) because a type or class of registered apportioned vehicle is subsequently declared by legislative act or court decision to be illegal or ineligible to be operated or towed on the public roads and no longer subject to registration fees and taxes, (e) because of a trade-in or surrender of the registered apportionable vehicle under a lease, or (f) because of a change in the situs of the registered apportionable vehicle to a location outside of this state, the registered owner may, by returning the registration certificate or certificates and such other evidence of registration used by the division or, if such certificate or certificates or such other evidence of registration is unavailable, then by making an affidavit to the division of such transfer or loss, receive a refund of that portion of the unused registration fee based upon the number of unexpired months remaining in the registration year from the date of transfer or loss. No refund shall be allowed for any fees paid under section 60-3,203. When such apportionable vehicle is transferred or lost within the same month as acquired, no refund shall be allowed for such month. Such refund may be in the form of a credit against any registration fees that have been incurred or are, at the time of the refund, being incurred by the registered apportionable vehicle owner. The Nebraska-based fleet owner shall make a claim for a refund under this subsection within the registration period or shall be deemed to have forfeited his or her right to the refund.



(8) Whenever a Nebraska-based fleet owner files an application with the division to delete a registered apportionable vehicle from a fleet of registered apportionable vehicles because the apportionable vehicle is disabled and has been removed from service, the registered owner may, by returning the registration certificate or certificates and such other evidence of registration used by the division or, in the case of the unavailability of such certificate or certificates or such other evidence of registration, then by making an affidavit to the division of such disablement and removal from service, receive a credit for that portion of the unused registration fee deposited in the Highway Trust Fund based upon the number of unexpired months remaining in the registration year. No credit shall be allowed for any fees paid under section 60-3,203. When such apportionable vehicle is removed from service within the same month in which it was registered, no credit shall be allowed for such month. Such credit may be applied against registration fees for new or replacement vehicles incurred within one year after cancellation of registration of the apportionable vehicle for which the credit was allowed. When any such apportionable vehicle is reregistered within the same registration year in which its registration has been canceled, the fee shall be that portion of the registration fee provided to be deposited in the Highway Trust Fund for the remainder of the registration year. The Nebraska-based fleet owner shall make a claim for a credit under this subsection within the registration period or shall be deemed to have forfeited his or her right to the credit.

(9) In case of addition to the registered fleet during the registration year, the owner engaged in operating the fleet shall pay the proportionate registration fee from the date the vehicle was placed into service or, if the vehicle was previously registered, the date the prior registration expired or the date Nebraska became the base jurisdiction for the fleet, whichever is first, for the remaining balance of the registration year. The fee for any permanent license plate issued for such addition pursuant to section 60-3,203 shall be the full fee required by such section, regardless of the number of months remaining in the license year.

(10) In lieu of registration under subsections (1) through (9) of this section, the title holder of record may apply to the division for special registration, to be known as an unladen-weight registration, for any commercial motor vehicle or combination of vehicles. Such registration shall be valid only for a period of thirty days and shall give no authority to operate the vehicle except when empty. The fee for such registration shall be twenty dollars for each vehicle, which fee

shall be remitted to the State Treasurer for credit to the Highway Trust Fund. The issuance of such permits shall be governed by section 60-3,179.

(11)(a) This subdivision applies until the implementation date designated by the director pursuant to subdivision (b) of this subsection. Any person may, in lieu of registration under subsections (1) through (9) of this section or for other jurisdictions as approved by the director, purchase a trip permit for any nonresident truck, truck-tractor, bus, or truck or truck-tractor combination. Such permit shall be valid for a period of seventy-two hours. The fee for such permit shall be twenty-five dollars for each truck, truck-tractor, bus, or truck or truck-tractor combination. Such permit shall be available at weighing stations operated by the carrier enforcement division and at various vendor stations as determined appropriate by the carrier enforcement division. The carrier enforcement division shall act as an agent for the Division of Motor Carrier Services in collecting such fees and shall remit all such fees collected to the State Treasurer for credit to the Highway Cash Fund. Trip permits shall be obtained at the first available location whether that is a weighing station or a vendor station. The vendor stations shall be entitled to collect and retain an additional fee of ten percent of the fee collected pursuant to this subsection as reimbursement for the clerical work of issuing the permits.

(b) This subdivision applies beginning on an implementation date designated by the director. The director shall designate an implementation date which is on or before January 1, 2015. Any person may, in lieu of registration under subsections (1) through (9) of this section or for other jurisdictions as approved by the director, purchase a trip permit for any nonresident truck, truck-tractor, bus, or truck or truck-tractor combination. A trip permit shall be issued before any person required to obtain a trip permit enters this state with such vehicle. The trip permit shall be issued by the director through Internet sales from the department's web site. The trip permit shall be valid for a period of seventy-two hours. The fee for the trip permit shall be twenty-five dollars for each truck, truck-tractor, bus, or truck or truck-tractor combination. The fee collected by the director shall be remitted to the State Treasurer for credit to the Highway Cash Fund.

**§60-3,203. Permanent license plate; application; fee; renewal fee; replacement permanent plate; registration certificate replacement; deletion from fleet registration; fee.**

(1) Upon application and payment of the fees required pursuant to this section and section 60-3,198, the Division of Motor Carrier Services of the department shall issue to the owner of any fleet of apportionable commercial vehicles with a base registration in Nebraska a permanent license plate for each truck, truck-tractor, and trailer in the fleet. The application shall be accompanied by a fee of three dollars for each truck or truck-tractor and six dollars per trailer. The application shall be on a form developed by the division.

(2) Fleets of apportionable vehicles license plates shall display a distinctive license plate provided by the department pursuant to this section.

(3) Any license plate issued pursuant to this section shall remain affixed to the front of the truck or truck-tractor or to the rear of the trailer or semitrailer as long as the apportionable vehicle is registered pursuant to section 60-3,198 by the owner making the original application pursuant to subsection (1) of this section. Upon transfer of ownership of the truck, truck-tractor, or trailer or transfer of ownership of the fleet or at any time the truck, truck-tractor, or trailer is no longer registered pursuant to section 60-3,198, the license plate shall cease to be active and shall be processed according to the rules and regulations of the department.

(4) The renewal fee for each permanent plate shall be two dollars and shall be assessed and collected in each license year after the year in which the permanent license plates are initially issued at the time all other renewal fees are collected pursuant to section 60-3,198 unless a truck, truck-tractor, or trailer has been deleted from the fleet registration.

(5)(a) If a permanent license plate is lost or destroyed, the owner shall submit an affidavit to that effect to the division prior to any deletion of the truck, truck-tractor, or trailer from the fleet registration. If the truck, truck-tractor, or trailer is not deleted from the fleet registration, a replacement permanent license plate may be issued upon application and payment of a fee of three dollars for each truck or truck-tractor and six dollars per trailer. The application for a replacement permanent plate shall be on a form developed by the division.

(b) If the registration certificate for any fleet vehicle is lost or stolen, the division shall collect a fee of one dollar for replacement of such certificate.

(6) If a truck, truck-tractor, or trailer for which a permanent license plate has been issued pursuant to this section is deleted from the fleet registration due to loss of possession by the registrant, the plate shall be returned to the division.

(7) The registrant shall be liable for the full amount of the registration fee due for any truck, truck-tractor, or trailer not deleted from the fleet registration renewal.

(8) All fees collected pursuant to this section shall be remitted to the State Treasurer for credit to the Highway Cash Fund.

**§37-1211. Motorboat; numbering required; operation of unnumbered motorboat prohibited; exceptions.**

(1) Except as provided in subsections (2) and (3) of this section and sections 37-1249 and 37-1250, every motorboat on the waters of this state shall be numbered and no person shall operate or give permission for the operation of any vessel on such waters unless the vessel is numbered in accordance with the State Boat Act or in accordance with the laws of another state if the commission has by regulation approved the numbering system of such state and unless the certificate of number awarded to such vessel is in full force and effect and the identifying number set forth in the certificate of number is displayed and legible on each side of the forward half of the vessel.

(2) The owner of each motorboat may operate or give permission for the operation of such vessel for thirty days from the date the vessel was acquired in anticipation of the vessel being numbered. A duly executed bill of sale, certificate of title, or other satisfactory evidence of the right of possession of the vessel as prescribed by the Department of Motor Vehicles must be available for inspection at all times from the operator of the vessel.

(3) The owner or his or her invitee who operates a personal watercraft on any body of water (a) which is entirely upon privately owned land owned by only one person or one family and, if leased, leased by only one person or one family, (b) which does not connect by any permanent or intermittent inflow or outflow with other water outside such land, and (c) which is not operated on a commercial basis for profit may operate any personal watercraft on such body of water without complying with subsection (1) of this section.

**§37-1214. Motorboat; registration; period valid; application; fee.**

Except as otherwise provided in section 37-1211, the owner of each motorboat shall register such vessel or renew the registration every three years as provided in section 37-1226. The owner of such vessel shall file an initial application for a certificate of number pursuant to section 37-1216 with a county treasurer on forms approved and provided by the commission. The application shall be signed by the owner of the vessel, shall contain the year manufactured, and shall be accompanied by a fee for the three-year period of not less than twenty dollars and not more than twenty-three dollars for Class 1 boats, not less than forty dollars and not more than forty-six dollars for Class 2 boats, not less than sixty dollars and not more than sixty-seven dollars and fifty cents for Class 3 boats, and not less than one hundred dollars and not more than one hundred fifteen dollars for Class 4 boats, as established by the commission pursuant to section 37-327.

## *Appendix C – Significant Changes to the VTR System*

Changes are listed, by year of implementation, in order of relative complexity (from the most complex to least complex).

| <b>Significant Changes to the VTR System</b>                             |
|--|
| <b>1995</b>  |
| Title fee deferment  |
| Log system for title related correspondence                              |
| System generated title number  |
| Shortcut codes - bank, dealer, and city                                  |
| Remarks capability   |
| Cash balance report  |
| Postcard process updated to provide for use during normal VTR functions  |
| Extract files developed for interface with county general ledger systems |
| <b>1996</b>  |
| One-stop title/registration processing                                   |
| Address/Tax district lookup feature                                      |
| Business date edit   |
| Salvage title confirmation window  |
| Damaged document tracking  |
| Daily/monthly title report updates                                       |
| <b>1997</b>  |
| Boat title   |
| Spirit Plate/additional distribution fund                                |
| Bonded title   |
| <b>1998</b>  |
| Ad valorem tax process replaced with motor vehicle tax                   |
| Motor vehicle fee  |
| Plate Management System Creation and Interface                           |
| Dealer personal use plate  |
| <b>1999</b>  |
| Handicap motorcycle plates   |
| <b>2000</b>  |
| Undercover Registration  |
| Spirit message plates  |

|  |
|--|
| <b>2001</b>  |
| Boat registration  |
| Grain hauling permits  |
| Carnival permits   |
| EMS fee and distribution fund  |
| <b>2002</b>  |
| Alpha-numeric plates   |
| Specialty Plate System Creation and Interface                              |
| HVUT verification  |
| 7-day limit on title voids   |
| <b>2003</b>  |
| Insurance database fee added   |
| Notation of lien in any county   |
| Duplicate title in any county  |
| Salvage legislation, additional brands, notation on registration documents |
| ATV/mini bike title  |
| Digital license plate interface with PMS                                   |
| Message, spirit plate fee proration  |
| <b>2004</b>  |
| Insurance database interface   |
| Owner retained salvage vehicle   |
| <b>2005</b>  |
| Re-application for handicap plates   |
| 6-year plate reissuance  |
| <b>2006</b>  |
| Insurance database fee sunset  |
| Manufactured home title cancellation                                       |
| <b>2007</b>  |
| Motor vehicle tax changes  |
| <b>2008</b>  |
| Online Registration Renewal  |
| Online Specialty Plate application   |
| <b>2009</b>  |
| Thin Client Installation and One Stop Mandate                              |
| Registration cancellation - bad check                                      |
| <b>2010</b>  |



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|---|
| Electronic Lien and Title                                   |
| Gold Star Family plate/additional distribution funds        |
| Message plate fee increase/additional distribution fund     |
| Military plate fee change                                   |
| <b>2011</b>   |
| Organizational plate/additional distribution funds          |
| Mini-truck title and registration                           |
| Transfer on death addition to titles                        |
| Deployed laser printers                                     |
| <b>2012</b>   |
| Low Speed Vehicle title and registration                    |
| \$75 alternative fuel fee                                   |
| Print Form 6, sales tax data transfer to NDR                |
| Print title applications                                    |
| <b>2013</b>   |
| Special Interest plate/additional distribution fund         |
| Corrected a Motor Vehicle fee issue discovered during audit |
| DMV print and mail renewal notices                          |



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