



Motor Vehicle Electronic Filing System Is Beneficial But Stronger Oversight Needed

at a glance

The motor vehicle electronic filing system benefits consumers, dealers, tax collectors, and the state. Many consumers who purchase motor vehicles from Florida dealers have the option of paying a fee and receiving immediate vehicle registration and tags rather than waiting to receive these documents from county tax collectors. The system helps dealers calculate and process motor vehicle registration and tag fees, which reduces the workload of county tax collectors.

Chapter 2009-206, *Laws of Florida*, which established state jurisdiction over the system, directed all tax collectors to allow dealers to use the system, and allowed dealers to charge consumers fees. These changes have been largely implemented. The Legislature could consider additional changes to address accountability and consumer protection issues.

Scope

As directed by the Legislature, OPPAGA examined the status of the motor vehicle electronic filing system.¹

This report addresses two questions.

- What is the current status of the electronic filing system?
- What options may the Legislature wish to consider regarding the electronic filing system?

¹ Chapter 2009-206, *Laws of Florida*. As directed by this law, OPPAGA obtained the input of the Department of Highway Safety and Motor Vehicles, tax collectors, the tax collectors' service corporation, service providers, and motor vehicle dealers in conducting our study.

Background

Retail motor vehicle dealers may file tag, title, and registration applications in three ways.

Dealers may submit applications for tax collectors to complete. The most common method to process title and registration transactions is for dealers to complete applications and send the paperwork to their county tax collector. The dealer issues a temporary vehicle tag (non-permeable paper license plate) to the consumer at the time of sale. The tax collector processes the paperwork and transmits vehicle information to the state's motor vehicle databases. The customer generally receives the permanent tag and registration in 30 days.

Dealers may use private tag agencies to process titles and registrations. Dealers statewide may use private tag agencies in eight counties to process title and registration transactions.² These agencies are authorized by those county tax collectors to process title and registration applications and to transmit vehicle information to the state's motor vehicle computer databases and collect and submit related fees. The private tag agencies charge fees for their services, which are passed on to consumers. These fees vary by dealership and county. For example, private tag agencies in Broward County can charge up to \$18 for processing titles and registrations, while private tag agencies in Miami-Dade County

² Private tag agencies are authorized in Broward, Hillsborough, Jefferson, Leon, Miami-Dade, Pinellas, Polk, and Volusia counties. These tag agencies process almost all (95%) of Miami-Dade's titles and registrations, which accounted for 55% of all transactions processed by private tag agencies in the state.

can charge up to \$23. Private tag agencies in other counties do not have restrictions on their title and registration fees. Dealers that use these services issue a temporary tag to the customer, who generally receives the permanent tag and registration in 30 days.

Many dealers can use the electronic filing system to process vehicle titles and registrations. About 650 dealers in Florida are authorized to process titles and registrations using an electronic filing system (EFS) that was implemented in 1996. EFS is a computerized system that enables dealers to process vehicle titles and registrations during sales transactions and submit vehicle information to the state’s databases. These dealers may then issue permanent tags rather than temporary tags.³ Customers pay an additional fee to the dealer for this service.⁴

The electronic filing system contains three key components.

- A title and registration filing program that allows dealers to enter title and registration information into the state’s motor vehicle database.
- A vehicle inquiry search program that allows dealers to look up title and lien information on vehicles for sale and trade.
- A fee calculator that allows dealers to properly calculate title and registration fees.

As shown in Exhibit 1, several entities in addition to dealers have a role in EFS services. The Department of Highway Safety and Motor Vehicles maintains the state’s motor vehicle database. Two certified service providers deliver EFS services through an interface they developed with the state’s motor vehicle databases. The certified service providers operate under contracts established by the department and the Florida Tax Collectors Service Corporation.⁵ Tax collectors are

³ In some instances, dealers cannot issue a permanent tag and must issue temporary registration documents even though they use EFS to process the paperwork, such as when a customer requests a specialty tag that the dealer does not have in stock.

⁴ Prior to July 1, 2009, this electronic filing fee was limited to \$24 by agreements. We estimated that EFS fees generated \$10,457,040 during Fiscal Year 2008-09. Slightly over half of the income from these EFS customer fees was retained by the 650 dealers that used the EFS and the balance remained with the two EFS service providers.

⁵ The service corporation receives a monthly \$5,000 fee from the two certified service providers and an additional unit fee for yearly transactions totaling greater than 500,000. The service corporation states that this fee offsets its personnel costs for an executive director,

responsible for desk auditing the data entry of dealers in their counties, working with these dealers to correct any errors, finalizing EFS transactions in the state’s motor vehicle database, and submitting state fees to the department.

**Exhibit 1
Several Entities Are Involved in EFS**

Entity	Role
Department of Highway Safety and Motor Vehicles	The department has jurisdiction over EFS and maintains the state’s motor vehicle database of motor vehicle records, which is accessed to add and change records.
Certified Service Providers	Two vendors (CVR and TitleTec) maintain interfaces that provide dealers with EFS access to the state’s motor vehicle database. These providers receive a fee per transaction for use of their product.
Tax Collectors Service Corporation	The corporation is a for-profit company, wholly owned by the Florida tax collectors’ association. The corporation manages the legal relationships of EFS, writes and revises contracts and program standards, and certifies service providers. The service corporation collects \$5,000 per month from each certified service provider.
Participating Motor Vehicle Dealers	Participating dealers use EFS to process vehicle registrations and titles through the state’s motor vehicle database. Dealers may charge customers a fee for this service; prior to July 1, 2009, this fee was limited to \$24, of which slightly over half was retained by dealers and the balance was submitted to the certified service providers.
Tax Collectors	Tax collectors are responsible for titling and registering vehicles and collecting related fees. Tax collectors desk audit title and registration data entry performed by motor vehicle dealers that participate in EFS.

Source: OPPAGA analysis.

EFS provides benefits to customers, dealers, tax collectors, and the state.

- Customers can ensure that their newly purchased vehicles are legally titled and registered at the point of sale.
- Dealers can provide customers a permanent metal license plate at the point of sale.

project manager, and legal counsel, and expenses related to authoring contracts, revising program standards, evaluating new products, serving as an intermediary for stakeholders, officially endorsing and certifying service providers, and promoting EFS to tax collectors. During 2008, the service corporation collected \$150,962 in EFS revenues, of which it paid dividends of \$50,000 to the tax collectors’ association.

- Dealers accurately compute registration fees, reducing their need to send refunds or bill consumers for underpayments.
- Tax collectors' workloads in processing title and tag registrations are reduced.
- Law enforcement agencies obtain immediate information on new vehicle titles and registrations.
- Tax collectors and the state receive faster deposit of registration and title fees.

EFS users are governed by policies and procedures called program standards that are established by the service corporation and approved by the department.

Questions and Answers——

What is the current status of the electronic filing system?

Stakeholders are implementing the provisions of Ch. 2009-206, *Laws of Florida*, which established state jurisdiction over EFS, directed all tax collectors to allow qualified dealers to use the system, and allows dealers to charge a fee which is no longer constrained by the program standards. Approximately a quarter of all dealer vehicle titles and registrations were processed using EFS in Fiscal Year 2008-09, and system use is expected to increase as all tax collectors implement the system as required by the law.

The department now has jurisdiction over EFS, but ownership of the system is unclear. Chapter 2009-206, *Laws of Florida*, provides the state jurisdiction over EFS and the Department of Highway Safety and Motor Vehicles final authority over disputes relating to program standards. However, the department and the service corporation disagree on whether the law gives the state ownership of the system. The department asserts that the law has the effect of transferring ownership of the EFS interface to the state. Accordingly, the department reports that it will assume costs for programming revisions performed by its staff effective December 31, 2009. Department employees previously billed the service corporation for these services. In contrast, the service corporation asserts that it continues to own EFS. The law only provides that the department must approve changes to program standards.

The service corporation has updated program standards. The service corporation has updated the program standards governing EFS to reflect provisions of Ch. 2009-206, *Laws of Florida*. The department approved these changes on October 13, 2009. The service corporation is continuing to revise program standards that it must submit to the department.

All tax collectors must allow dealers to use EFS, but three have not proceeded with implementation. Prior to the passage of Ch. 2009-206, *Laws of Florida*, tax collectors in Bay, Lake, Osceola, and Pasco counties did not allow motor vehicle dealers to use EFS in their counties. The new law approves EFS for use in all counties and prohibits tax collectors from adding or detracting from the program standards.

The department has told the four non-participating tax collectors that they must follow the law and allow use of EFS, and it has begun making the necessary adjustments to these offices' computer servers to accommodate EFS processing. The Bay County tax collector has begun working with service providers to allow dealers to use EFS as they wish. However, tax collectors in Lake, Osceola, and Pasco counties have not yet proceeded with implementation and have stated that they do not wish to allow EFS in their counties. These officials assert that citizens should not have to pay additional fees for title and registration services. The officials also are concerned that EFS creates the potential for fraud, and that there is a conflict of interest because the service corporation generates revenue for the tax collectors' association.⁶

The law eliminated a cap on EFS fees. Chapter 2009-206, *Laws of Florida*, allows dealers to charge an unspecified fee to customers who use EFS. As contractual agreements had previously limited the fee to \$24, the law allows dealers to charge any amount. The law also specifies that program standards apply uniformly to all counties and that no tax collector may add or detract from them. This indicates that tax collectors may not regulate EFS fees by contractual agreement with dealers. Tax collectors are in the process of revising their contracts with dealers to remove such provisions.

⁶ The Florida Commission on Ethics reported in 1997 that the service corporation and tax collectors did not violate ethics in their operation of the electronic filing system.

EFS was used to process 25% of all dealer titles and registrations. As shown in Exhibit 2, a quarter of Florida’s original and transferred titles and registrations by dealers were processed using EFS during Fiscal Year 2008-09.⁷ Tax collectors processed the largest proportion of these transactions (43%), followed by private tag agencies (32%). The percentage of transactions that are processed using EFS is expected to grow over time.

**Exhibit 2
EFS Accounts for a Quarter of Dealer Titles and Registrations Processed in Fiscal Year 2008-09**

Entity	Number	Percentage
Tax Collectors	752,265	43%
Private Tag Agencies ¹	557,880	32%
Electronic Filing System	435,710	25%
Total	1,745,855	100%

¹ Private tag agencies are authorized in Broward, Hillsborough, Jefferson, Leon, Miami-Dade, Pinellas, Polk, and Volusia counties. Private tag agencies process 95% of Miami-Dade’s titles and registrations, which account for 55% of all transactions processed by private tag agencies in Fiscal Year 2008-09.

Source: Department of Highway Safety and Motor Vehicles.

Dealers in 39 of the state’s 67 counties used EFS during Fiscal Year 2008-09. As previously noted, tax collectors in four counties did not allow dealers to use EFS during this period, and according to the department the remaining 24 non-participating counties were generally small and had no dealers that wished to use the system.

As shown in Exhibit 3, one-third of the state’s licensed motor vehicle dealers used EFS during Fiscal Year 2008-09. Use was higher among franchise (new car) dealers than among large independent (used car) dealers.⁸

**Exhibit 3
One-Third of the State’s Largest Vehicle Dealers Used the Electronic Filing System**

Dealer Type	Use EFS	Do Not Use EFS	Total
Franchise	594 (35%)	1,102 (65%)	1,696 (100%)
Large Independent	63 (21%)	237 (79%)	300 (100%)
Total	657 (33%)	1,339 (67%)	1,996 (100%)

Source: OPPAGA analysis of data from the Department of Highway Safety and Motor Vehicles.

⁷ Over 4 million titles and 20 million registrations were processed in Fiscal Year 2008-09, of which 1.7 million were filed by dealers.

⁸ Data include all franchise dealers and the top 300 independent dealers by sales volume registered with the department.

Dealers that used EFS did so at varying rates. Participating dealers used EFS for an average of 76% of their transactions, with some using the system for all transactions and others using it for less than 1% of their sales. Dealers do not use EFS to process all transactions for various reasons, such as when a customer declines the EFS service or when dealers allow customers to take a vehicle home before they receive full credit approval.

What options may the Legislature wish to consider regarding the electronic filing system?

The electronic filing system provides benefits to the state, tax collectors, dealers, and consumers. However, there are several issues the Legislature may wish to address regarding the system. These include

- providing more transparency for EFS fees,
- directing the department to recover its costs for programming improvements necessary for EFS,
- providing a stronger accountability structure for EFS,
- clarifying ownership of the system, and
- considering transferring management of EFS to the Department of Highway Safety and Motor Vehicles, although there are advantages and disadvantages of this option.

The Legislature may wish to provide more transparency for EFS fees. While EFS provides a convenient vehicle registration service for consumers, it is not clear that citizens are informed that this service is optional. As Ch. 2009-206, *Laws of Florida*, allows dealers to charge customers any amount for EFS, the Legislature may wish to require dealers to disclose the fee and give consumers the option of declining this service at the time of their motor vehicle purchase.

The Legislature may also wish to direct the service corporation to establish fees that dealers can charge customers for partial EFS services. Currently, dealers may charge customers the full EFS fee if the dealers use any part of the system, such as the fee calculator that computes the title and registration fees to be charged.⁹ These consumers do not

⁹ Calculating the state title and registration fees requires a complex formula with over 42,000 points of calculation. The state’s fee calculator is currently only available to tax collectors, private tag agencies, and as a component of EFS. The service providers developed a fee calculator but charge dealers a fee to use it, which is passed on to customers. Of the nine states we contacted that offer electronic filing systems, six have simplified fee schedules that are

receive the major benefits of the system (metal tag at the point of purchase or faster registration and titling) but pay the full cost for EFS.

Finally, to ensure that customers pay a reasonable service fee for EFS, the Legislature may also wish to reestablish a cap on these fees. Of the nine states reviewed, Florida is one of only two states that do not impose a limit on electronic filing fees paid by vehicle buyers. The service corporation and service providers supported removing the fee limit because it allowed for them to market EFS to dealers as a way to increase profits. To monitor the reasonableness of EFS fees, the department should review the costs and revenues of the system periodically and make recommendations on appropriate fee levels.

The Legislature may wish to direct the department to bill the service corporation for its costs related to EFS. The department reported that it will assume costs for computer programming support effective December 31, 2009. In Fiscal Year 2008-09, department employees billed the service corporation approximately \$20,000 for making EFS-related programming adjustments to the state's motor vehicle database and modifying the computer infrastructure supporting EFS. In the past, the department allowed staff programmers to contract independently with the service corporation, which paid for these costs. However, the department discontinued this practice in September 2009 based on its interpretation of Ch. 2009-206, *Laws of Florida*. The department's rationale was that this law had the effect of transferring ownership and responsibility of EFS to the state, thus it should not bill the service corporation for programming revisions to a system that the department owns. As previously noted, the service corporation disputes this interpretation and asserts that it, rather than the department, continues to own EFS. Nonetheless, the department is now effectively providing programming services to a private for-profit company free of charge.

While the costs incurred by the department related to EFS in Fiscal Year 2008-09 were relatively low, these costs could increase over time as the department modifies the state's motor vehicle database. Accordingly, we believe the Legislature

should direct the department to resume billing the service corporation to recover its EFS related costs.¹⁰

The Legislature may wish to provide a stronger accountability structure for EFS. While Ch. 2009-206, *Laws of Florida*, provides the department with greater oversight of the program standards governing EFS, there is limited accountability over dealers' use of the system.

The law gives the department final authority over changes in EFS program standards. However, the service corporation continues to draft standards and issue guidance regarding their use, as the department states that its role is limited to mediating disputes relating to the implementation of the standards. This management structure gives the service corporation substantial power over a mechanism by which consumers and dealers comply with state laws to title and register vehicles without clear measures of accountability.

This situation is aggravated because the current program standards do not specify how the service corporation will enforce these standards. The service corporation does not audit dealers for compliance with the program standards, and has no enforcement mechanism other than to terminate dealers' authorization to use EFS when fraud, abuse, or other breach of contract occurs.

To promote greater accountability, the Legislature could revise statutes to grant the department rulemaking authority over EFS and program standards. This would give the department the ability to write and revise rules for the operation of a function that is mandated by state law. The department could use this authority to either directly enforce dealer and service provider compliance, or grant tax collectors the authority to monitor participating dealers.

The Legislature may wish to clarify ownership of EFS. The department and the service corporation disagree over which entity owns EFS. Chapter 2009-206, *Laws of Florida*, provides that the department has 'jurisdiction' over EFS, but does not clarify what entity owns the system. As previously discussed, the department interprets the law to transfer ownership of the EFS interface from the

¹⁰ We identified two states that operate systems similar to EFS that contract directly with service providers and receive revenue from electronic filing transactions to cover their related costs. New Jersey charges service providers a monthly fee of \$2,500 and California charges service providers \$4 per transaction.

posted on department websites, while three have more complicated registration fee schedules but offer free web-based fee calculators.

service corporation to the state. The service corporation refutes this interpretation and holds that it continues to own EFS. The Legislature should clarify this issue, which can directly affect the state’s control over vehicle title and registration processing.

The Legislature may wish to transfer management of EFS to the Department of Highway Safety and Motor Vehicles. This option would give the state direct authority over EFS management and authorship of program standards, which is a mechanism to fulfill the state requirement to title and register motor vehicles. The department would continue to use service providers and tax collectors to administer the system, but would become responsible for ensuring that requirements are met. The department would establish program standards through its rulemaking process.

While other states we contacted offer services similar to EFS, Florida is the only state that has outsourced system management to a private entity. The other states contract directly with service providers and govern system rulemaking and agency administration.¹¹

This option has both advantages and disadvantages.

- It would centralize policymaking responsibility for all vehicle title and registration systems in the department.
- This option would also provide greater accountability for transactions processed through the system, as the department already licenses motor vehicle dealers and could make their compliance with program standards a condition of keeping their dealership license.

¹¹ We surveyed motor vehicle program directors in Alabama, California, Illinois, Michigan, New Jersey, New York, Ohio, Pennsylvania, and Texas.

However, there are four disadvantages of this option.

- The department indicates that it would need additional staff to administer contracts with the two contracted EFS service providers.
- EFS is presently established through contracts between private parties; as the service corporation claims ownership of EFS, it may seek compensation from the state if the Legislature were to implement this option.
- This option would eliminate a mechanism that indirectly funds the tax collectors’ association, which currently receives dividends from the service corporation.¹²
- The service corporation and one of the service providers asserted that the state rulemaking process would be slower than the service corporation’s ability to change program standards, which do not require public notice, workshops, hearings, and appeals.¹³

Agency Response ---

In accordance with the provisions of s. 11.51(5), *Florida Statutes*, we submitted a draft of this report to the Department of Highway Safety and Motor Vehicles, the Florida tax collectors’ association, the service corporation, and the two service providers (CVR and TitleTec) to review and respond (see appendices for responses). We considered their responses and made some revisions to the final version of the report.

¹² During 2008, the service corporation paid dividends of \$50,000 to the tax collectors’ association.

¹³ The department states that while its rulemaking process is not slow, it is making adjustments to improve efficiency.

OPPAGA supports the Florida Legislature by providing evaluative research and objective analyses to promote government accountability and the efficient and effective use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475). Cover photo by Mark Foley.

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December 30, 2009

Mr. Gary R. VanLandingham, Director
Office of Program Policy Analysis and
Government Accountability
111 West Madison Street, Room 312
Claude Pepper Building
Tallahassee, Florida 32399-1475

Re: Response to Motor Vehicle Electronic Filing System (EFS) Draft Report

Dear Director VanLandingham:

The Department of Highway Safety and Motor Vehicles (Department) is charged with implementing the motor vehicle laws of Florida, maintaining a motor vehicle database and general custodianship of motor vehicle data. In order to effectively carry out our responsibilities as the regulating agency it is essential that ownership of EFS, authority to regulate EFS, and the intent of HB 293 be clearly defined. To this end, the Department requests you consider the following comments and suggested edits to the EFS report.

Ownership

The OPPAGA study identifies ownership of EFS as a major issue that needs to be resolved. Data contained in the Florida Motor Vehicle database and any computer software developed and maintained by state employees or contractors of the state to expressly implement statutory required functions, including gathering and/or maintaining that data, is the property of the State of Florida. That includes EFS software. A clear delineation of ownership would also resolve the issue of who has authority over the "fee calculator". The Department believes it is important that the fee calculator be made available to all our customers through a Department maintained portal.

Authority

The Department is charged with carrying out the provisions of chapters 319 and 320 governing titling and registration requirements which include enforcement and revenue collections. To establish accountability, it is important to have the Department govern the EFS system which is used to issue titles and registrations by private entities. Additionally, to ensure proper revenue collection, it is necessary to have consistent enforcement of the provisions of law regardless of the method (EFS or paper) or entity (tax collector, private tag agency, or dealer limited branch office) providing the service. The Department should be given rule making authority in section 320.03 to establish the necessary fees to cover the Department's cost to administer the EFS program. This revenue would ensure the Department has the necessary resources for proper oversight, accountability, and consumer protection responsibilities.

Intent of the law

To facilitate guidance from the Legislature, we suggest the Department pursue an Attorney General opinion to resolve the following questions:

1. Does section 320.03(10) Florida Statutes require all tax collectors to participate in EFS by offering the service to all auto dealers in their respective counties?
2. Who owns EFS: the state, Tax Collectors Service Corporation, or is it jointly owned?

Director Gary VanLandingham
December 30, 2009
Page Two

Accuracy/Completeness

We ask the following be incorporated into the report for accuracy and completeness:

Page 3. (last sentence bottom right)

"the law only provides that the department must approve changes to program standards."

Concern: Was the statement above meant literally as a fact or was it meant as an opinion of the service corporation? Depending on one's interpretation of the statement it could have implications to the larger "EFS ownership question". As a statement of fact, our opinion is that section 320.03(10) Florida Statutes provides preemption of EFS to the State and jurisdiction authority to the Department in addition to approval authority over the program standards.

Page 4. (Under the heading "All tax collectors must allow dealers to use EFS...")

Current law provides that EFS is approved for use in all counties and prohibits tax collectors from adding or detracting from the program standards. However, current law does not provide the Department any authority or mechanism to enforcement that provision of law.

Page 4. (right side "exhibit 2)

Exhibit 2 states that "EFS accounts for a quarter of titles and registrations processed in fiscal year 2008-09". It should be changed to state that "EFS accounts for a quarter of dealer related titles and registrations processed in fiscal year 2008-09. There were over 4 million titles and 20 million registration transactions of all types performed in 2008 – 09.

Page 4. (last paragraph bottom right)

The report states that "a third of the state's licensed motor vehicle dealers used EFS during fiscal year 2008-09". It should state that "a third of the state's Franchised licensed motor vehicle (or new car) dealers used EFS during fiscal year 2008-09". There are approximately 10,000 licensed motor vehicle dealers in Florida.


Page 7. (Advantages and disadvantages of transferring management of EFS to the Department)

In addition to the two advantages listed in the report, we suggest the inclusion of the following:

1. Improved efficiency by one group managing policies for all state operated title and registration systems.
2. Greater oversight by combining all title and registration responsibilities in a central point.
3. Improved consumer protection and enforcement.
4. Clarified authority of the Department for overall title and registration processes and issues.

It has been a pleasure to work with OPPAGA on the EFS Study and we appreciate this opportunity to provide feedback on the draft report.

Sincerely,



Julie L. Jones
Executive Director

JJ/cf

cc: Ms. Julie Leftheris, Inspector General
Mr. Carl Ford, Director of Division of Motor Vehicles
Ms. Kim Mills, Director of Auditing, Chief Inspector General's Office

Memorandum

To: President of the Senate and Speaker of the House
 From: The Florida Tax Collectors Service Corporation, Inc. (“FTCSC”) and the Florida Tax Collectors, Inc. (“FTC, Inc.”)
 Re: Response to Draft of *Motor Vehicle Electronic Filing System is Beneficial but Stronger Oversight Needed*
 Date: December 30, 2009

The FTCSC and FTC, Inc. note the following responses:

1. Jurisdiction over EFS is not ownership of EFS. Nothing in the plain language of §320.03(10), Fla. Stat., indicates that the legislature had any intent whatsoever of transferring ownership of EFS to the Department. The Department’s reading is strained and is not supported by either the plain language of the statute or the legislative history of the statute.
2. Agree that accountability and consumer protection are paramount and that EFS could be augmented through better enforcement measures.
3. Re assertion pg 6, right-hand column, “This management structure . . . clear measures of accountability”: The EFS management structure was created by FTCSC to protect the consumer with uniform standards for accountability.
4. On page 5 re assertion that: “service corporation and service providers supported removing the fee limit” This statement is factually inaccurate. The service corporation **did not** support removing the fee limit. The service corporation had a request to remove the cap, but never voted to do so as reflected in minutes. FTCSC did not support portion of 320.03(10), F.S. wherein fee cap is removed.
5. Re statements throughout report that new law: established State jurisdiction. Note that State has always had jurisdiction over EFS. §320.03(10), F.S. merely **confirms** this jurisdiction and approves the outsourced EFS and mandated its continued outsourcing.
6. Pg 2, right-hand column re inaccurate assertion that: “CSP operate under contracts established by the Department,” note: Department had no role in establishing any of the agreements or contracts or even the competitive procurement process utilized by FTCSC for EFS, rather the base agreements and implementing contracts represent arms-length negotiations between CSP’s, FTCSC, Tax Collectors and dealers.
7. Throughout the report are inaccurate assertions that Department must approve changes to the Program Standards. Note that plain language of §320.03(10), F.S. indicates that new law does **not** require that the Department approve the EFS Program Standards.
8. Second bullet point right hand column pg 7 re FTCSC may: “seek compensation,” note:
 1. Pg 2 right-hand column: “interface they developed,” note that if “interface” is the EFS portal then FTCSC purchased and owns hardware for portal.
 2. FTCSC and CSP’s created and own EFS.
 3. No new law can impair the obligations of the private parties pursuant to their base agreements and implementing contracts without following constitutional procedure.
 4. Any transfer of the portal and EFS owned by FTCSC to the State must be based upon fair compensation.
9. Report does not address non-dealer ELA’s appointed by the Tax Collectors.



Computerized Vehicle Registration

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December 30, 2009

Mr. Gary R VanLandingham,
Director
OPPAGA
111 West Madison Street
Tallahassee, FL 32399

Dear Mr. VanLandingham,

First let me commend your team for the time and effort they put into collecting a tremendous amount of data and meeting with the various stakeholders to understand a complicated system for titling and registering motor vehicles in the state of Florida.

Your report focuses on the single most regulated process for registering vehicles, the electronic filing system ("EFS"). While EFS processes only 25% of the total statewide motor vehicle registrations, it is the only process which provides a vehicle purchaser the convenience of departing the dealership with their vehicle registered and a permanent plate attached, with no waiting. This method is also beneficial to law enforcement that instantly knows the owner of a given vehicle because of the presence of a permanent tag. Processing systems involving temporary tags are less desirable as they invariably cause delay and result in extra cost for the consumer who must now pay for both a temporary tag and a permanent tag. While Chapter 2009-206, Laws of Florida, instructed OPPAGA to report on the status of the EFS system, CVR, as one of two certified EFS service providers in Florida, hoped that the report would also address in detail the other ways by which consumers in Florida can register a purchased vehicle, e.g. private tag agencies ("PTAs") and electronic temporary tag registration systems ("ETR").

This is particularly relevant because the report discusses the removal of the cap on convenience fees dealers can charge for EFS. The intent of removing the cap was to put EFS on equal footing with other unregulated methods of registration, like PTAs and ETR that also do not have state-mandated caps on the fees dealers can charge. Prior to the removal of the cap on EFS fees, many motor vehicle dealers elected to utilize PTAs and ETR because there was no cap on the fee the dealer could charge for the service, generating additional dealer profit as compared to the EFS fee which was capped at \$24. Removing the EFS fee cap places EFS in a more competitive position with PTAs and ETR and should result in less delay and cost to consumers and more accurate information for law enforcement.

It is CVR's request that OPPAGA amend its report to include more detail and discussion of the other titling and registration methods and the advantages and disadvantages of each. Without this information, readers of the report are viewing EFS in a vacuum and not how it relates to the other registration systems. Particular to the report's options relating to providing more transparency for EFS fees, it is CVR's position that all registration systems should be treated equally. If more transparency is desired for EFS, place the same transparency requirements on PTA and ETR fees. Likewise, if a cap on EFS fees is desired, PTA and ETR fees should also be capped. One system should not be artificially placed at a competitive disadvantage to any other system. At a minimum, the report should be amended to state that imposing such requirements on EFS will give a competitive advantage to PTAs and ETR unless similar requirements are imposed on those systems.

While CVR agrees that "Stronger Oversight is Needed", that oversight should be placed in a single jurisdiction with regulatory authority over all vehicle registration methods, including EFS, electronic temporary tags, PTAs and tax collectors. Without this oversight, individual interest and strong lobbying will rule and the consumers will continue to see increases in fees.

Sincerely,

R. Scott Belcher



December 30, 2009

Gary R. VanLandingham, Ph.D., Director
Office of Program Policy Analysis and Program Policy
111 West Madison Street
Claude Pepper Building Room 312
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Dear Mr. VanLandingham:

Enclosed are TitleTec's responses to OPAGGA's report entitled:
Motor Vehicle Electronic Filing System is Beneficial But Stronger Oversight Needed

TitleTec has reviewed OPPAGA's report on the status of the Electronic Filing System, and has drafted a one-page document detailing our responses as requested by OPPAGA. It is also our understanding that our responses will be included as an appendix in OPPAGA's final report.

If there are any questions regarding TitleTec's responses please contact:
Trey Pittman at (214) 205-4081 or email: tpittman@titletec.com

Sincerely,

A handwritten signature in black ink that reads "D A Cerutti".

David Cerutti
President and CEO
TitleTec Inc.

D.A.C
Enclosures: (1)

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TitleTec's responses to OPPAGA's report on the status of the Electronic Filing System

Regarding the statement that Dealers in 8 Counties can use a Private Tag Agency

Although 8 counties have authorized a Private Tag Agency to process Title and Registration transactions, these Private Tag Agencies are not limited to only providing business to the dealers in the county they are authorized in. Currently dealers in at least 34 counties use Private Tag Agencies. It should also be noted that Lake, Osceola, and Pasco County have dealers who currently use Private Tag Agencies.

Clarification regarding removal of the \$24 EFS Cap

The Service Corporation along with the Certified Service Providers agreed and maintained a cap on the fee the dealer could charge a consumer for an EFS transaction without Legislative action for more than 13 years. With the passage of 320.96 and ETR (Electronic Temporary Registration), 320.131 (9) (a) provides that "A motor vehicle dealer licensed under this chapter may charge a fee to comply with this subsection." This established a fee structure for ETR that was not capped. The Service Corporation along with the Certified Service Providers sought the same free market pricing allowed for ETR. Free market pricing is also allowed for dealer document processing fee (usually \$300 – \$500), and a majority of Private Tag Agency fees.

Regarding the full EFS charge for limited services

Excerpt from OPPAGA Report

"Currently, dealers may charge consumers the full EFS fee if the dealers use any part of the system, such as only the fee calculator that computes the title and registration fees to be charged. These consumers do not receive the major benefits of the system (metal tag at the point of purchase or faster registration and titling) but pay the full cost for EFS."

Response to above excerpt

Although the current program standards allow for the situation above, it does not occur in the marketplace. It is TitleTec's observation that when dealers only use parts of the EFS system (such as the Fee Calculator, and Inquiries) they do not charge the customer an EFS fee. TitleTec's dealers only charge consumers for title and registration transactions. We believe the above statement can be misleading as it refers to consumers not receiving the major benefits of the system, but paying the full cost of EFS. The last sentence in the above statement is merely hypothetical and can easily be remedied by a change to the wording in the EFS program standards.

Regarding the accountability structure of EFS

It should be noted that County Tax Collectors review every EFS transaction that is processed by the Certified Service Providers, and periodically audit inventory at the dealer's location. The local Tax Collectors also review procedures with EFS dealers before they start using the EFS system, and HSMV compliance officers review dealer's contracts to ensure the correct language is used regarding EFS.