



# Oregon

John A. Kitzhaber, M.D., Governor

Department of Transportation

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**DATE:** February 16, 2015

**TO:** House Committee on Transportation and Economic Development

**FROM:** Tom McClellan, DMV Administrator

**SUBJECT:** HB 2251 – acceptance of credit and debit cards

## INTRODUCTION

House Bill 2251 would require DMV to accept credit cards and debit cards as a method of payment for most of its transactions. DMV has a project underway to accept cards in field offices, and expects to be able to accept cards via other service channels as part of the planned Service Transformation Program over the next several years.

## DISCUSSION

The bill requires DMV to accept credit and debit cards for any tax or fee related to vehicle title and registration, driver licensing and permits, and ID cards. Today, DMV accepts credit and debit payments only for on-line renewal of vehicle registrations. To comply with the bill, DMV would need to accept cards in the field offices, as well as transactions received via the mail at headquarters. Hundreds of thousands of vehicle transactions are completed by mail and currently include checks for payment. DMV also interacts with customers millions of times per year by phone. It is unclear if the bill would require DMV to accept credit and debit payments over the phone, for example, to pay a license reinstatement fee, or pay an amount to make up the difference for an incorrect amount sent in by mail. Adding such capability would take significant IT and procurement work.

While the bill would require significant time and expense to implement across all service delivery venues, DMV is already in the process of making payment by credit and debit cards available in its 60 field offices. Our monthly customer service surveys and other feedback from customers and legislators brought DMV to the decision that the time was right to bring this service to the field office. This was a key finding and recommendation from the Customer Service Task Force established in 2014 (HB 4047).

A core value of ODOT and DMV is customer service. A frequent customer complaint is the inability to accept credit and debit payments. Today, most field offices have an ATM (Automated Teller Machine) for customers who did not come with cash or a check to complete their transactions. This comes at a cost to the customer (\$2.25 from the private ATM provider, plus any fees their financial institution charges). Other customers must leave the office and return a second time with an acceptable form of payment. Either option causes frustration for the customer. It also can have a small effect on overall wait times in DMV offices.

DMV will pilot a few offices this summer, and quickly begin expanding to all offices over the course of several months. Staff in business operations, information technology, and procurement have been working for over a year to bring this about. DMV anticipates that by providing this payment option in field offices, customer satisfaction will increase. We also expect small improvements in wait times, and some reduced staff time spent on the administration of a large volume of checks and cash processed through the offices under the current system.

Critical to the effort is a Policy Option Package (POP) in the ODOT budget. The POP is to allow DMV to expend up to \$6.6 million over the 2015-17 biennium primarily for the cost of merchant fees charged by card companies. The cost charged is about 2% per transaction, and DMV is assuming up to 70% of field office fee-based transactions will be paid with a card. As with almost all DMV costs of operation, this expenditure is charged to the Highway Fund. The department in its budget request did not seek authority for a service fee to pay for this cost increase. That, of course, is a policy decision that likely will be contemplated during the legislative process. In spite of the cost, and acknowledging the potential for a service fee to pay for that cost, the agency believes the time is right to bring this service to its customers.

DMV has a second POP for its Service Transformation Program (STP). This will be a large-scale change in business processes to continue improvements, like bringing credit and debit to the field offices, which enable DMV to serve customers in the way they expect in modern society. While all the specifics of the program will not be fleshed out until a vendor is selected, DMV anticipates acquiring and installing a “point of sale” system to accept multiple payment options through its service channels (field offices, by mail, smart phone applications, and over the phone). The department would appreciate the opportunity to return to this committee to provide information about the STP and the ways DMV – the face of state government – is constantly striving to improve customer satisfaction as well as operational efficiency.

## **SUMMARY**

HB 2251 would require DMV to accept credit and debit payments in all its service delivery areas – field, mail, and phone. While it would take significant time and resources to bring this service to headquarters, DMV is already approaching implementation in our field offices. We anticipate significant gains in customer satisfaction, which will benefit all of us who serve Oregonians. We look to the budget process to gain the approval to expend necessary resources to continue our efforts.