



DATE: February 22, 2017

TO: House Committee on Transportation Policy

FROM: Amy Joyce, Legislative Liaison

SUBJECT: HB 2463, integrators and the DMV

INTRODUCTION

House Bill 2463 would allow the Oregon Department of Transportation to enter into agreements with an integrator to transact business on behalf of the department, expanding the agency's current authority.

DISCUSSION

HB 2463 gives the agency broader authority to use private businesses and persons other than employees to deliver any function of the Oregon Department of Transportation. The bill allows, but does not require, the agency to enter into agreements that utilize third parties and business integrators to deliver products and services. We understand the bill is intended only to reach DMV activities, and not a broader opening of authority for the entire Department of Transportation. HB 2463 enables greater use of this service delivery model if it is in the best interests of the public and is a convenience to the agency.

Today, DMV uses existing authority granted in ORS 802.600, for example, to administer third-party deliver of driver skills tests for both passenger (Class C) and commercial motor vehicle (CDL) licensure.

Under this same authority DMV has an agreement with a company to provide Electronic Vehicle Registration (EVR) services for franchise and used car vehicle dealerships. The EVR program enables dealers to initiate vehicle title and registration transactions using a computer system that interfaces with DMV's vehicle system. Vehicle plates and stickers are mailed within days by the integrator to the vehicle owner. The ownership and registration steps are processed much faster than traditional paper-based forms and manual processing. The company's system – Vitu – provides the electronic interface, routine updates for changes in laws and rules, and collection and deposit of state fees on behalf of the agency. The Vitu system is used by over 120 new and used car dealers within Oregon, and the number continues to grow as efficiencies to dealerships become apparent.

Currently, Vitu is the only company that DMV connects with electronically under this authority. In the past DMV had a single provider, then opened up availability to other vendors in a Request for Applications (RFA). Vitu was first on the list of qualifying companies and so was first in line to participate. When DMV was ready to accept the next companies on the list, each following qualifying company declined to participate.

This left us with the single provider. Opening up additional opportunities may require a new RFA process to allow other vendors to again compete to participate. Several companies have expressed interest in providing services, even before introduction of this bill. Resulting competition is expected to be good for businesses and consumers.

DMV is undertaking a major Service Transformation Program (STP) to replace its legacy computer systems, update inefficient business processes, and improve the convenience of doing business with DMV. New ways of accessing DMV products and services, including expanded options for online and self-service capabilities, are envisioned over the next three to six years as newer technologies are deployed. This will undoubtedly create greater opportunities for innovative methods of service delivery to the general public, but also revamp interfaces with key stakeholders such as vehicle dealers, insurance companies, financial institutions, state and local courts, law enforcement, local government, and many others. As we move toward implementing a new IT system, we will need to balance our efforts to continue improving under the existing system with the devotion of resources to ensuring STP success.

A major consideration for outsourcing any government function is the assurance of effective oversight and compliance with laws, regulations, and standards. A key aspect of successful third-party service delivery and the management of these programs is to ensure a level playing field, respond effectively to consumer complaints, assess and impose appropriate penalties and sanctions, conduct routine and intermittent inspections. DMV is well-positioned in this electronic realm to maintain oversight of the work of third party providers.

SUMMARY

The permissive language in HB 2463 provides an opportunity to expand the use of third-party delivery of functions assigned to ODOT and particularly DMV. The ability to utilize other means of delivering on its functional responsibilities creates an environment for continuous improvement and exploration of new and better ways to meet the needs of Oregonians.