

**MID TERM REPORT
OF THE
INTERIM STUDY COMMITTEE ON
BUREAU OF MOTOR VEHICLE ISSUES**



**Indiana Legislative Services Agency
200 W. Washington Street, Suite 301
Indianapolis, Indiana 46204**

October, 1999

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INTERIM STUDY COMMITTEE ON BUREAU OF MOTOR VEHICLE ISSUES

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A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Committee can be accessed from the General Assembly Homepage at <http://www.state.in.us/legislative/>.

I. LEGISLATIVE COUNCIL DIRECTIVE

The Legislative Council, in Resolution 99-1, assigned the following responsibilities to the Committee:

(A.) Study the operations, use of technology for automated delivery of services, cost of operation and the financing of the Bureau of Motor Vehicles (BMV) and the BMV commission (HB 1639, HR 71, HB 2037)

(B.) Study the plausibility of privatizing the operations of the BMV (SCR 75)

II. INTRODUCTION AND REASON FOR STUDY

(1) The basis of the Committee charge concerning use of technology for automated delivery of services by the Bureau of Motor Vehicles (BMV) and the Bureau of Motor Vehicles Commission (BMV/C) is House Bill 2037, authored by Representative Ripley.

(2) The basis of the Committee charge concerning the cost of operation of the BMV and the BMV/C is House Resolution 71, authored by Representative Goeglein, Representative Scholer, Representative Foley, and Representative Bodiker.

(3) The basis of the Committee charge concerning the financing of the BMV and the BMV/C is House Bill 1639, authored by Representative Goeglein and Representative Bauer.

(4) The basis of the Committee charge concerning the plausibility of privatizing the BMV and the BMV/C is Senate Concurrent Resolution 75, authored by Senator Merritt, Senator R. Meeks, Senator Riegsecker, Senator Hume, Senator Antich, Senator Weatherwax, Senator Lubbers, Senator Lawson, and Senator Jackman.

III. SUMMARY OF WORK PROGRAM

The Committee held six meetings during the interim following the conclusion of the 1999 session, as follows:

(1) The first meeting was held on July 22, 1999, and was devoted to the charge concerning the operation of the BMV.

(2.) The second meeting was held on August 24, 1999 and was devoted to the charges concerning the operation of the BMV and the BMV/C, and automation of services.

(3) The third meeting was held on August 31, 1999, and was devoted to the charge concerning operation of the BMV and the BMV/C.

(4) The fourth meeting was held on September 9, 1999 ,and was devoted to the charges concerning the operation of the BMV, automation of services, and the financing of the BMV.

(5) The fifth meeting was held on September 28, 1999. The Committee received testimony on all the Committee charges.

(6) The sixth meeting was held on October 26, 1999. The Committee heard testimony on all the Committee charges, and voted on recommendations for discussion for the following year. The Committee also voted on the adoption of an interim report.

IV. SUMMARY OF TESTIMONY

This interim report is a general summary of the testimony and comments received by the Committee. The Committee meeting minutes are located on the Internet at www.state.in.us/legislative/committees/icmv.html.

A. FIRST MEETING (July 22, 1999)

This meeting was held at the Indiana Government Center South, Indianapolis, Indiana.

The Committee reviewed the charge to the Committee from Legislative Council Resolution 99-1.

The Committee heard testimony from Commissioner Gary Gibson of the BMV and received copies of the high points of his presentation entitled Interim Study Committee-Management Overview. The presentation by the Commissioner included a statement of the statutory authority for the BMV and the BMV/C. The testimony included a discussion of the interrelationship between the BMV and BMV/C, explaining that the BMV/C runs the license branches, and the BMV, an executive department of the Governor, provides support for the BMV/C.

The testimony from the Commissioner also included a presentation of whether the BMV should be run like an agency or a business, statutory requirements and their financial impact on the BMV and BMV/C, the plate waste that results with county designation plates, the possibility of raising revenue by other means, the public's perceived reluctance to use technology in its business with the BMV and BMV/C, and the possibility of outsourcing of privatization. The committee considered problems that their constituents had in the receipt of service from the BMV branches. The final issue considered at this meeting concerned the request for a one year extension of the life of the committee and for extra money for this year, if warranted, from the Legislative Council.

B. SECOND MEETING (August 24, 1999)

This meeting was held at the Pine Valley License Branch, Fort Wayne, Indiana.

The Committee heard testimony concerning the operation of a large license branch with one of the five Reinstatement Centers, providing special services for the public which formerly were only done in Indianapolis. The main testimony and tour were provided by Patti Kuntz, the Branch Manager at the Pine Valley branch, with additional testimony by Commissioner Gary Gibson of the BMV. The Committee viewed the working of the automatic twenty-four hour machine located in the lobby that processes plate registration renewals.

Ms. Kuntz distributed copies of a reference guide book concerning the costs of operations, numbers of transactions completed, and other statistics regarding this branch and the Nashville branch to the Committee.

C. THIRD MEETING (August 31, 1999)

This meeting was held at the Nashville License Branch, Nashville, Indiana.

The Committee heard testimony concerning the operation of a medium sized branch in a county with a smaller population. The main testimony and tour were provided by Jan Hoskins, the branch manager. Additional testimony was provided by Commissioner Gary Gibson, and Cheryl DePrez, District Manager. The Committee heard that in addition to the duties that all branches have, this branch processes about 10,000 watercraft transactions each year. The Committee considered the lack of public restroom facilities, and heard testimony that the branch manager believes that would drive up lease cost dramatically. There is no automated registration machine at this branch, nor a lobby in which to house it.

D. FOURTH MEETING (September 9, 1999)

This meeting was held at the Indiana State Police Motor Carrier Division, Indianapolis, Indiana.

The Committee heard testimony from H. Vincent Harrington, Deputy Commissioner of the Finance Division of the BMV, which included distribution of a Revenue and Expense Summary concerning the Pine Valley and Nashville branches. Included in the testimony was an explanation of the "Big Five" financial transactions, which are vehicle registrations, vehicle titles, driver's licenses, watercraft registrations, and watercraft titles. The Committee discussed the manner of leasing branch offices, and the potential use of bureau-owned buildings. Jim Poe, Administrator of the Motor Carrier Division of the Indiana Department of Revenue, presented testimony regarding the "one stop shop" for processing commercial vehicle transactions, a joint venture of the BMV, the Indiana State Police, and the Indiana Department of Revenue. The Committee toured the Indiana Department of Revenue branch located next to the Motor Carrier Division, and the Indiana State Police Motor Carrier Division. The Committee discussed the manufacturing of license plates by the inmates at the Indiana Department of Corrections. The Committee also discussed new technology and new plate raw material. Within that discussion was the topic of the county plate indicator and the economics involved if legislation would change that requirement.

E. FIFTH MEETING (September 28, 1999)

This meeting was held at the Bureau of Motor Vehicles Administrative Conference Room, Indiana Government Center North, Indianapolis, Indiana.

Chairperson Merritt reported that the Committee's life was extended for an additional year by the Legislative Council, but that the Legislative Council declined the request for more funds for 1999.

Commissioner Mary Finnegan of the Indiana Motor Vehicle Commission spoke to the relationship between BMV and BMV/C. She testified that in her opinion, privatization studies would result in the conclusion of needing to cut expenses and to raise revenue. In order to accomplish that, she feels that most unprofitable branches must be closed. She also feels that 53 specialty plates may place an undue burden on BMV, and that to allow cross-county plate registrations would help to balance out the use of branches.

Alvin Hayes, Public Affairs Director of the BMV, gave a history of the BMV and BMVC.

Michelle Moore, Director of Information Services for the BMV and BMV/C testified regarding the challenges facing that department. Some of the issues facing Information Services are those of the need to re-design systems that don't work interconnectedly, the difficulty of finding skilled programmers because of low pay and hardware that is not state of the art, and the need to design new and elaborate programming at times in order to make legislation come to fruition. She also testified that Information Services cannot share information contained on vehicle registration and driver's licenses, because the Social Security number is not used on driver's licenses.

The Committee viewed the BMV processing area at headquarters, which supplies support for the BMV/C.

F. SIXTH MEETING (OCTOBER 26, 1999)

This meeting was held at the State House in Indianapolis, Indiana.

The Committee discussed the use of private contractors by the BMV and the BMV/C. John Von Arx of KMPG testified as to the use of the Internet by governmental units, and how that has been accomplished in several other states. Tim Dowling of the Automobile Dealers Association of Indiana testified that his association was in favor of allowing auto dealers to register vehicles. Dr. Hans Sheridan of National Corporate Solutions testified that his firm was capable of providing human resources operations for the BMVC. Gary Gibson, Commissioner of the BMV, presented his thoughts on the potential impact of any legislation merging the BMV and the BMV/C. Michelle Moore and Marty Murphy of the BMV gave testimony concerning updates on new technology being used and contemplated to be used by the BMV and the BMVC. The possibility of legislation removing the requirement of county plate designation was discussed, as was testimony from the BMV regarding changes in its operations.

The Committee approved this report and the recommendations contained herein.

V. COMMITTEE FINDINGS AND RECOMMENDATIONS

A. HR 71: Study the cost of operation of the Bureau of Motor Vehicles (BMV) and the BMV Commission

FINDINGS:

The Committee finds that service to the public and efficiency by the staff would be improved if cross county vehicle registration were allowed in all years, rather than just those in which renewals were made. The Committee found that the Bureau of Motor Vehicles would be able to properly delineate the township for distribution of the excise tax, and could satisfactorily implement this change in administrative function.

RECOMMENDATION:

The Committee recommends that the Indiana Code be amended to allow cross-county vehicle registration in all years of a plate cycle. Preliminary Draft 3560 satisfactorily

meets this recommendation and was approved by the Committee for introduction during the 2000 session of the General Assembly.

- B. HB2037: Study the use of technology for automated delivery of services by the Bureau of Motor Vehicles (BMV) and the BMV Commission**
- HR71: Study the cost of operation of the Bureau of Motor Vehicles (BMV) and the BMV Commission**
- SCR 75: Study the plausibility of privatizing the Bureau of Motor Vehicles (BMV) and the BMV Commission**

FINDINGS:

The Committee finds that the creation of a pilot program to allow auto dealers to complete registration functions within the dealerships would allow a convenience to the public and could reduce the volume of transactions done in person at BMVC branches. By reducing the volume of in-person visits, the BMVC could reduce personnel costs. The Committee finds that the auto dealers are receptive to the idea of a pilot program, and are committed to assisting the BMV and the BMVC.

RECOMMENDATION:

The Commission recommends the preparation and submission of a bill for the 2000 session to permit the BMV to establish a pilot program to establish procedures for auto dealers to provide vehicle registration at dealerships. The Committee decided that the program would authorize no more than twenty (20) dealers to be a part of the project, with their locations divided within the northern, central, and southern geographic portions of the state. The program would allow a broad and fair cross-section of the dealers, using sales volume and number of vehicles sold as part of the criteria for the sample. The program would require the dealers to provide the computer equipment necessary, and would establish a sunset date for the program. The Committee directed the Legislative Services Agency staff to prepare a bill that meets the above criteria for introduction during the 2000 session of the General Assembly.

Meeting minutes for the Committee can be accessed from the General Assembly Homepage at <http://www.state.in.us/legislative/>.