



Oregon

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DATE: March 20, 2019

TO: Joint Committee on Transportation

FROM: Tom McClellan, DMV Administrator
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SUBJECT: SB 57 with -1, Optimization of DMV's Service Transformation Program

INTRODUCTION

The Driver and Motor Vehicle Division of the Department of Transportation is successfully pursuing a major program involving a significant IT component. Senate Bill 57 makes several changes to statutes to optimize the success of the program.

BACKGROUND

The 2012 Legislative Assembly approved \$500,000 for a study of how to modernize DMV's outdated mainframe systems, components of which date back to the 1960s, 1970s, and 1980s. The report suggested a complete replacement was necessary. Since then, successive legislatures have approved ODOT-DMV's plans and funded the Service Transformation Program (STP). The agency secured a commercial off the shelf (COTS) system from a vendor with proven success in other states. After years of planning and preparation, in January DMV rolled out the first of two major components in January. The underlying fundamental systems and the Vehicles System went live on January 22. Having gone through a few weeks of stabilization, DMV and its vendor are already embarking on the second major component: Drivers System.

With the successful launch of the first component, and the coming 16 months of intense work to roll out the Drivers System, DMV has identified a number of statutes that could impede the best implementation possible.

DISCUSSION

DMV's new system will allow customers to send and receive certain documents and notices electronically. However, several current statutes require customers to mail items to DMV, and for DMV to use the mail to communicate with customers. SB 57 will allow electronic communications when appropriate. Such communication will be the customer's choice.

Current law requires customers to provide their insurance company name and policy number when applying for and renewing vehicle registration. However, DMV has obtained current insurance coverage information for many years through an electronic exchange with insurance companies. When a customer drops an insurance company, the company notifies DMV. When the customer adds a different insurer, the new insurer notifies DMV. That is the most accurate and efficient way to gather this information. The paper application method is obsolete. DMV can use other methods to remind customers of the insurance requirement.

The bill also removes the requirement for DMV to note on the driver license, permit, or ID card when a change of address is received from a customer. Today DMV issues a sticker for the customer to place on their card, which is an obsolete method. The sticker is interpreted by some to be an indicator of fraud, and it presents challenges for TSA officials at airports. Only three other states use an address sticker; the others either allow or require customers to obtain a new card when their address is changed. SB 57 continues to require customers to update their address when they move, and the customer may apply for a replacement card if they choose. Importantly, the new address appears on law enforcement screens when they pull up someone's DMV record. The new address of record is printed on the card with a renewal or replacement transaction.

The bill establishes rule-making authority to determine when to request and apply out-of-state driving records for both commercial and non-commercial drivers seeking licensure in Oregon. It ensures the agency is able to maintain compliance with federal regulations for commercial drivers, while adapting to technological changes that affect the ability to transfer non-commercial driver records in the future. Current law requires checking a federal database for out-of-state driving records, but that database was never created for non-commercial licenses, and therefore it is impossible for DMV to comply.

The -1 Amendment has two primary elements. The base bill proposed to eliminate the Habitual Offender program, which assesses heightened penalties when a person is convicted of multiple, specific traffic offenses. The -1 removes that provision, since the change would be a policy decision rather than a mere efficiency. The -1 also changes the method by which DMV may assess an extra fee for services delivered in a way that costs the department extra money. Current law, based on the capability of the old computer system, allows an assessment in whole dollar amounts. The -1 allows DMV, if it were to pursue the administrative change, to assess a percentage of a customer's fees to recoup credit card processing fees.

SUMMARY

The Service Transformation Program (STP) is a significant investment in customer service and agency efficiency. SB 57 with the -1 Amendment changes statutes to optimize this investment.

SB 57 with -1 Amendment, Section by Section

Base bill

Sections 1, 2, 4 - 15

Removes mail-only contact: Removes mail as only communication method for insurance verification. Allows DMV to use a variety of methods to notify customers and receive proof of insurance from customers.

Section 3

Removes requirement to note insurance specifics: Eliminates requirement for a customer to specify their insurance company name and policy number when applying for registration renewal.

Sections 16, 17

Eliminates address change sticker: Removes requirement that DMV provide alternative method to update address on driver license which is done by a sticker.

Sections 18 – 39 of base bill eliminated and replaced by -1 Amendment

Section 18 (-1 amendment)

Allows use of national vehicle database to combat fraud: Allows DMV to use results from federal system (national motor vehicle title information system, NMVTIS) newly available with first roll-out of STP, and to reject title application when the result shows in NMVTIS as ‘junk’ or similar designation.

Section 19 (-1 amendment)

Rule-making authority for driver records: Allows rule-making to determine when the department may request driving records from other jurisdictions and apply them for use in Oregon.

Sections 20 and 21 (-1 amendment)

Removes mail-only contact: Removes mail as only communication method for license renewal notification. Allows DMV to use a variety of methods to notify customers.

Section 22 (-1 amendment)

Removes “written” requirement: Removes requirement that an implied consent request be written. Allows customers to request Implied Consent hearing using a variety of methods.

Sections 23 – 25 (-1 amendment)

Removes mail-only requirement: Removes mail as only communication method for suspension notices. Allows DMV to send suspension notices using a variety of methods.

Sections 26 and 27

ID Card changes: Eliminates the requirement for an ID card holder to change their address in-person at a DMV office. Removes requirement that DMV provide updated address on ID Card which is now done by a sticker adhered to the card.

Section 28

Removes mail-only requirement: Removes mail as only communication method for cancellation notices. Allows DMV to use a variety of methods to notify customers

Section 29

Calculation of trip permit limits: Allows DMV to determine by rule the method for ensuring a customer has not exceeded the number of days allowed for certain trip permits. Updates weight limits to match other statutes.

Section 30

Proof of insurance: Requires proof of insurance for certain trip permits instead of a statement of insurance.

Sections 31 and 32

Vehicle weight rating correction: Changes the gross vehicle weight rating from 8,000 pounds to 10,000 pounds to match other statutes.

Sections 33 and 34

Update REAL ID and COFA to match federal law: Allows issuance of a full term REAL ID to a citizen of a country with a Compact of Free Association (COFA) to match recently amended federal law. Grants rule-writing authority to set expiration date of a REAL ID issued to a temporary legal residents, in accordance with federal REAL ID regulations.

Section 35

Change method to assess convenience fees: Changes the method that can be used to assess a surcharge fee, if adopted by rule, from the current whole dollar method to a percentage method. The new IT system will allow calculation of percentages, which is relevant to charges for credit card usage fees.

Section 36

Removes mail-only requirement: Repeals statute requiring specific method for mailing.

Section 37

Operative Dates: Changes related to driver licensing operative July 1, 2020; changes related to vehicles operative January 1, 2020.

Section 38

Captions: For convenience only.

Section 39

Emergency Clause: Agency will begin work immediately.