

State of Nebraska  
Department of Motor Vehicles

# Consulting Services to Assist in the Modernization of a Vehicle Title Registration System



## 3b (RFP 6cv): Recommendations for Business Process Modernization of VTR System

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**Table i: Version History**

Version	Date	Description
v.1	3/30/2016	Initial draft provided to DMV
v.2	5/4/2016	Updated to include Relevant Rules, Regulations or Statutory Changes section for each Recommendation for Modernization, substitute “Law Enforcement and Criminal Investigations” for “DMV Fraud; Nebraska State Police Auto Fraud” references, substitute “State Technology Partners” for “Nebraska.gov (NE.gov); OCIO; DMV IT” references, substitute “State DMV Management Team” for “State DMV Administration” references, substitute “County Treasurers Association Motor Vehicle Committee” for “County Working Group”, and a new entry on a reimbursement fund for credit card fees.
v.3	6/14/2016	Updated with State DMV changes
v.4	7/13/2016	Updated with State DMV changes
v. 5	9/26/2016	Updated with State DMV changes
v.6	10/6/2017	Updated with State DMV changes

## 1.0 Report Overview

This section provides an overall summary of the report and key findings.

### 1.1 Executive Summary

The Vehicle Title and Registration System (VTR) was developed over 20 years ago to replace the paper-based and manual processes of the time. The system no longer meets the evolving business requirements of stakeholders or expectations of the public. In addition, the uses and service demands of the VTR system continue to grow at a consistent pace. For example, over 40 significant new programs and processes have been incorporated into VTR since the initial deployment in 1992, and in 2015 over 2.3 million vehicle registrations and 762,000 titles were processed in the VTR system, a 7% increase from vehicles registered in 2010.

The Department of Motor Vehicles (State DMV) is seeking to replace and modernize the current VTR system to overcome the current system limitations and capitalize on promising business improvements. Modernization will result in increased efficiencies and improved services to the public.

This report builds on documentation of the current vehicle registration and title business processes and input from a wide range of stakeholders about their expectations for a modernized VTR system. The recommended solutions offered come with both a knowledge of what is available in the market for modernized systems, and best practices on how to affect change in State DMV business processes and technology infrastructure. The recommended solutions support the requirements for a modernized system which delivers the flexibility to accommodate expected future improvements in service delivery and motor vehicle administration.

A key recommendation in the report is the adoption of a customer-based VTR solution. A customer centric approach will enhance title and registration services and, importantly, build a foundation for future expansion of the system to incorporate driver and motor carriers. Merging title and registration records to a single consolidated statewide database offers increased opportunities for the electronic exchange of information. Standardized data, uniform data validation rules, and increased electronic workflow will all reduce the need for a user to assimilate the wide range of rules for titling and registration along with the codes and functional quirks of an out-of-date information system.

Included with each recommendation is a priority assignment based on the importance of the recommendations in the scope of a modernized system. These priority designations will be used in the development of system requirements for a Request for Proposal (RFP).

To complete the project successfully, all recommendations with the priority assignment of High and Medium should be funded and implemented. By not addressing these priority areas, project success may be negatively impacted and the risk of continuing system limitations increases.

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## 1.2 Report Format

This section provides a description of the contents of the report.

This report is comprised of two major sections, described below:

1. **Report Overview.** This section of the report describes the report format and the work performed.
2. **Recommendations for Business Process Modernization.** This section of the report provides an overview of recommendations to vehicle registration and title business processes across the four major functional areas. The recommendations will specifically include how processes may be changed, streamlined, or, in some cases, eliminated based upon discussions with stakeholder groups and analysis of available material.

This report includes a Glossary of Terms and list of Acronyms.

## 1.3 Work Performed

This section describes how the report was developed.

The input and discussion utilized for creation of the Current Environment Report, Stakeholder Meeting Summaries, 2013 VTR Business Case, Record of Business Processes with Similarities to Other Jurisdictions and industry subject matter research provided the materials necessary for constructing the recommendations for business process modernization of the VTR system.

## 2.0 Recommendations for Business Process Modernization

This section of the report describes recommendations for modernized vehicle registration and title business processes, policies, and procedures. References to relevant rules, regulations, or statutory changes are provided where appropriate. The recommendations are based on information gathered during the initial assessment of the Vehicle Title Registration (VTR) system, as-is business process meetings, VTR system stakeholder input meetings, and other artifacts or relevant documentation used in the development of this or prior reports.

Recommendations are categorized system-wide, and by each of the four major functional areas identified in the list of business processes of the VTR system.

Recommendations are further organized by the following categories:

**Problem:** This section identifies the problem which has driven the recommendation for modernization.

**Solution:** Contains the recommendation for modernizing a business process solving the aforementioned problem.

**Priority of Recommendation:** Each recommendation is classified with one of three priorities:

1. “High Priority” when a substantial enhancement of the value of a modernized system will occur if the recommended enhancement is included.
2. “Medium Priority” when a recommendation is expected to be included in a new VTR system, but, if not present, would not prevent the State DMV and its stakeholders from adopting a particular VTR system solution.
3. “Low Priority” when a recommendation is considered “nice to have” and which provides added value above and beyond baseline expectations.

Recommendations are listed in each section, starting with High Priority and ending with Low Priority.

**Reference:** Each recommendation includes supporting references, including stakeholder meetings, the Current Environment Report, or other written documentation used to make the recommendation.

**Relevant Rules, Regulations, or Statutory Changes:** Where applicable, relevant rules, regulations, or statutory changes are cited to support a recommendation.

## 2.1 Enterprise-wide Business Process Changes

This section includes recommendations for registration and title business process modernization across all functional areas.

### 2.1.1 Single View of a Customer

**Problem:** The current VTR system is vehicle-centric, which results in a number of process inefficiencies. The system requires users to interact with three separate processes (title, tax assessment, and registration) to register a single vehicle, and repeat each in subsequent transactions for additional vehicles.

Some specific examples of this problem include:

- Customers wishing to renew multiple vehicles and/or boats at the same time are required to complete separate processes, including payment, for each.
- Customers receive separate renewal notifications for each vehicle and/or boat they own or have registered, rather than a single notification applying to all.
- Investigating violation of laws, such as unlicensed dealers, is time-consuming.

**Solution:** We recommend the VTR system be constructed with a single view of the customer.

A customer-centric view would enable a manageable and comprehensive review of all vehicles titled by the same individual.

In addition, we recommend the VTR system be constructed with a computer system architecture allowing for integration of driver license and apportioned vehicle (commercial vehicles enrolled in the International Registration Plan [IRP]) business processes utilizing the same customer records. These business areas are equally large functions of the State DMV and need a modernized system in the near future.

**Priority of Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- Current Environment Report:
  - Table 2.10
    - S.12
    - S.13
  - Table 3.2
  - Table 3.3
  - Table 3.4
  - Table 3.6
  - Table 3.8
- 2013 DMV VTR Business Case, Limitations of the Current VTR System and Desired Future, page 16, and Table 7

**Relevant Rules, Regulations, or Statutory Changes:** None identified

## 2.1.2 Standardized Data and Data Validation

**Problem:** The current VTR system lacks the controls and data synchronization necessary for standardization and validation of data.

Examples of the issues include:

- Lack of drop down menus and other tools.
- Lack of flexibility to transfer data into forms or data systems in partner organizations.
- Lack of interaction between title and registration records which requires manual updates to each record. Examples are title number, fuel type, vehicle type, and capacity.
- Lack of uniformity for owner names and addresses.
- Owner data must be reentered for each vehicle.
- Information collected by dealers must be manually reentered by county treasurers.

**Solution:** We recommend mandatory system requirements, including innovative solutions available in today's market.

These solutions include, but are not limited to:

- Ability to scan license plates into inventory
- Ability to populate and produce all forms
- Edits requiring consistent naming conventions
- Fully integrated address validation software
- Use of drop down or pre-select menus, where applicable
- Interface to real-time MSRP/GVWR data
- Ability to provide dealer automated services

**Priority Recommendation:** High Priority

**Reference:**

- State DMV Management Team Stakeholder Meetings
- County Treasurer Association Motor Vehicle Committee; Nebraska Association of County Officials (NACO) Stakeholder Meetings
- County Treasurers Stakeholder Meetings
- State Agency Stakeholder Meetings
- Current Environment Report:
  - Table 3.6
  - Table 3.8
  - Table 3.9

**Relevant Rules, Regulations, or Statutory Changes:**

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

### Regulatory Changes:

- Update Nebraska Administrative Code Title 250, Chapter 2, Rules and Regulations Governing Requests for and Release of Personal Information Contained in Motor Vehicle Records Pursuant to the Uniform Motor Vehicle Records Disclosure Act, Neb. Rev. Stat. §60-2901 through §60-2912.

### Statutory Changes:

- Update §60-144 to provide authorization for licensed dealers to offer the option of electronically submitting certificate of title applications to the county treasurers or State DMV.
- Update §60-154 and §60-155 to authorize licensed dealers to collect title and lien fees on behalf of and remit to the appropriate county treasurer or State DMV.
- Update §60-164 to authorize licensed dealers to electronically submit security agreements or similar instruments to the appropriate county treasurer or State DMV.
- Add new sections of law to the Certificate of Title Act covering topics such as State DMV oversight, licensed dealer reporting requirements, licensed dealer qualifications, etc.
- Update §60-386 to provide authorization for licensed dealers to offer the option of electronically submitting registration applications to the county treasurers or State DMV.
- Update §60-3,140 and §60-3,141 to authorize licensed dealers to collect registration fees and taxes on behalf of customers and remit to the appropriate county treasurer or State DMV.
- Add new sections of law to the Certificate of Registration Act covering topics such as State DMV oversight, licensed dealer reporting requirements, licensed dealer qualifications, etc.
- Update §13-910(4), Political Subdivisions Tort Claims Act, to limit the liability placed on the county treasurers when a title or registration application is filed electronically by a licensed dealer.
- Update §77-2703(1)(i), §77-2703(1)(j)(i), and §77-2703(1)(k)(i) to authorize licensed dealers to collect state sales tax on behalf of and remit to the appropriate county treasurer or State DMV.
- Update the Uniform Motor Vehicle Records Disclosure Act to extend protections to the additional data elements collected and stored as part of the motor vehicle record.

### 2.1.3 Creation of a State DMV Enterprise-wide Application

**Problem:** The current VTR system occurs in 93 separate, county-specific systems and three state systems, which lack the ability to share complete information consistently.

The system architecture leads to a number of process inefficiencies and problems, including, but not limited to:

- A vehicle must be titled and registered in the county of situs due to tax and fee calculation and distribution requirements (both the system and statutory restrictions must be addressed).
- Application program changes must be distributed to every instance of the County and State VTR system.

- Separate programming is required for the County VTR system, State Mainframe, and Online services to accommodate statutory and other changes.
- Synchronization of data across the distributed environment.
- Lack of full integration between vehicle registration and title records leading to uncollected revenues.
- The same vehicle being registered in two separate counties at the same time.
- Lack of access to full title and registration history by county treasurers.

**Solution:** We recommend the new VTR system have a single statewide integrated title and registration database.

**Priority Recommendation:** High Priority

**Reference:**

- All stakeholder meetings
- Current Environment Report:
  - Table 2.10:
    - S.1
    - S.2
    - S.4
    - S.7
- 2013 DMV VTR Business Case, VTR System Architecture, page 9

**Relevant Rules, Regulations, or Statutory Changes:**

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

**Regulatory Changes:**

- Update Nebraska Administrative Code Title 246, Chapter 1, Rules and Regulations Creating Alphanumeric Distinctions on License Plates Based upon the Registration of the Motor Vehicle Pursuant to Neb. Rev. Stat. §60-370.

**Statutory Changes:**

- Update §60-144(3)(a) to eliminate the mandate for title issuance in the county where the vehicle has situs.
- Update §60-385 to eliminate the mandate for registration issuance in the county where the vehicle has situs.
- Update §60-370 and §60-3,104 to mandate issuance of alphanumeric plates statewide.
- Update §60-3,186 to modify distribution of the motor vehicle tax proceeds. Modification is necessary to eliminate distribution from all 93 county treasurers to all 286 Nebraska school districts, 530 cities, and 93 counties. A recommended alternative is to remit all collections to the State Treasurer for a single distribution to each of the 909 local government entities.

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### 2.1.4 Required Training

**Problem:** The current VTR system relies heavily on institutional memory and workarounds requiring significant training obligations.

The result is a large investment of time necessary for learning the system to effectively serve customers.

**Solution:** We recommend the new VTR system be based on predefined business rules and be more intuitive with lead-through processing and context sensitive help.

**Priority Recommendation:** High Priority

**Reference:**

- State DMV Management Team Stakeholder Meetings
- County Treasurer Stakeholder Meetings
- County Treasurers Association Motor Vehicle Committee; NACO Stakeholder Meetings

**Relevant Rules, Regulations, or Statutory Changes:** None identified

### 2.1.5 Increase in Electronic Workflow

**Problem:** The current VTR system limits the offering of online services.

Expansion of the online services offered by the State DMV is limited due to the age of the VTR system and the reliance on manual interventions and processes.

**Solution:** We recommend the new VTR system support online services and limit reliance on manual decisions and processes.

**Priority of Recommendation:** High Priority

**Reference:**

- State DMV Management Team Stakeholder Meetings
- 2013 DMV VTR Business Case, Criteria for Evaluation of Alternatives, Reference to Availability, page 25

**Relevant Rules, Regulations, or Statutory Changes:** None Identified

### 2.1.6 Improved Reporting

**Problem:** While there are reports available to users in the VTR system, availability of ad hoc reporting is limited.

Data mining and statistical reports require a programming request to the State DMV Information Technology (IT) office. Reports must be run separately in each county database and compiled for statewide totals. In addition, due to no state agency having full and direct oversight of motor vehicle processes, it inhibits consistent and uniform services across Nebraska.

**Solution:** We recommend the new VTR system have modern reporting capabilities which include, but are not limited to, the following:

- Ability to export data from the VTR system to Microsoft Excel.
- Ability to produce custom balancing or audit reports to maintain consistent and uniform services.
- Ability to provide notice to the Department of Revenue when 30 days has passed after a vehicle is purchased and no sales tax has been paid.
- Use of performance metrics, particularly to meet the recommended best practices of the National Highway Traffic Safety Administration (NHTSA) reporting.
- Ability to create reports reflecting statewide statistical information.
- Ability to produce ad hoc reports with limited programmer intervention.
- Ability to produce notifications for customers. For example, produce renewal notifications to remind customers 60 days before registration is due.

**Priority Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- State Agency Stakeholders Meetings
- Law Enforcement and Criminal Investigations Stakeholder Meetings
- Current Environment Report:
  - Table 2.10, Bottlenecks, Inefficiencies, and Challenges

**Relevant Rules, Regulations, or Statutory Changes:**

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

**Regulatory Changes:**

- None Identified

**Statutory Changes:**

- Update the Motor Vehicle Industry Regulation Act (§60-1401 et. al.) and Motor Vehicle Registration Act to mandate the electronic submission of customer, vehicle, and transaction specific data for all vehicle sales by licensed dealers.
- Update §77-2703 to authorize the use of data submitted by licensed dealers for the collection of sales tax in lieu of a Department of Revenue Form 6.
- Update §77-2703 to allow collection of unpaid sales tax based on data submitted by licensed dealers.

## 2.1.7 Auto Generate and Populate Forms

**Problem:** The current VTR system is inadequate in its ability to populate the forms necessary to conduct vehicle and title-related processes.

The limitation is largely due to the age and design of the VTR system. A forms overlay software package resides on the printers installed in the county treasurer and State DMV offices, allowing

part of the forms to be populated with registration and title data prior to printing. The current process is not user-friendly and limits the number of forms available for population and print. This solution is also costly and requires time-consuming management of hardware and software.

**Solution:** We recommend the new VTR system provide a user-friendly mechanism for populating and printing all title and registration forms and correspondence.

**Priority of Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- 2013 DMV VTR Business Case, Hardware and Software, page 9

**Relevant Rules, Regulations, or Statutory Changes:** None identified

### 2.1.8 Registration, Title, and Fee Collection at Dealerships

**Problem:** The current process to title and register a vehicle purchased at a dealership creates inefficiencies by requiring duplicate entry of the same data and multiple interactions with the same county treasurer.

Dealerships submit the necessary paperwork to a county treasurer for issuance of the title document. Separately, the purchaser submits the remaining paperwork to the same county treasurer to register the vehicle. County treasurers re-key the same data previously captured at the dealership.

**Solution:** We recommend the new VTR system include dealer-automated services, providing dealerships the option to electronically submit title and registration data, and collect fees and taxes on behalf of the purchaser.

In addition, we recommend updating the County Tort Claims Act to alleviate county responsibility for data electronically captured at dealerships.

**Priority of Recommendation:** High Priority

**Reference:**

- State DMV Management Team Stakeholder Meetings
- County Treasurers Association Motor Vehicle Committee; NACO Stakeholder Meetings
- Private Sector Partners Stakeholder Meetings
- Law Enforcement and Criminal Investigations Stakeholder Meetings
- Current Environment Report:
  - Table 3.2
  - Table 3.6
  - Table 3.8
- 2013 DMV VTR Business Case, Emerging VTR System Practices, page 22

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## Relevant Rules, Regulations, or Statutory Changes:

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

### Regulatory Changes:

- Update Nebraska Administrative Code Title 250, Chapter 2, Rules and Regulations Governing Requests for and Release of Personal Information Contained in Motor Vehicle Records Pursuant to the Uniform Motor Vehicle Records Disclosure Act, Neb. Rev. Stat. §60-2901 through §60-2912.

### Statutory Changes:

- Update §60-144 to provide authorization for licensed dealers to offer the option of electronically submitting certificate of title applications to the county treasurers or State DMV.
- Update §60-154 and §60-155 to authorize licensed dealers to collect title and lien fees on behalf of and remit to the appropriate county treasurer or State DMV.
- Update §60-164 to authorize licensed dealers to electronically submit security agreements or similar instruments to the appropriate county treasurer or State DMV.
- Add new sections of law to the Certificate of Title Act covering topics such as State DMV oversight, licensed dealer reporting requirements, licensed dealer qualifications, etc.
- Update §60-386 to provide authorization for licensed dealers to offer the option of electronically submitting registration applications to the county treasurers or State DMV.
- Update §60-3,140 and §60-3,141 to authorize licensed dealers the authority to collect registration fees and taxes on behalf of customers and remit to the appropriate county treasurer or State DMV.
- Add new sections of law to the Certificate of Registration Act covering topics such as State DMV oversight, licensed dealer reporting requirements, licensed dealer qualifications, etc.
- Update §13-910(4), Political Subdivisions Tort Claims Act, to limit the liability placed on the county treasurers when a title or registration application is filed electronically by a licensed dealer.
- Update §77-2703(1)(i), §77-2703(1)(j)(i), and §77-2703(1)(k)(i) to authorize licensed dealers to collect state sales tax on behalf of and remit to the appropriate county treasurer or State DMV.
- Update the Uniform Motor Vehicle Records Disclosure Act to extend protections to the additional data elements collected and stored as part of the motor vehicle record.

## 2.1.9 Flexibility to Access the VTR System Remotely

**Problem:** The current VTR system is not accessible outside of a dedicated work terminal.

The system should allow staff to be easily able to access the system from remote locations.

**Solution:** We recommend the new VTR system provide a web-based solution with full functionality on mobile devices.

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**Priority of Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- State DMV Management Team Stakeholder Meeting
- 2013 DMV VTR Business Case, Old Technology, Page 17

**Relevant Rules, Regulations, or Statutory Changes:** None identified

### 2.1.10 Document Management

**Problem:** In the current business environment, title and registration documents (applications, supporting documents, affidavits, etc.) are stored and subsequently managed at the local county treasurer's office. In most county offices the documents are stored as hardcopies and must be manually filed and retrieved.

In addition, documents are printed from within the VTR system and the State DMV website, only to be signed by the customer for retention purposes.

Access to information, correction of errors, changes or fraud investigations are hampered by this manual retrieval process.

**Solution:** We recommend the new VTR system include a document management solution which provides the ability to:

- Convert documents to electronic images with minimal manual operation.
- Attach document images to the related transaction and history record for the associated vehicle.
- Store and remove document images based on business rules.
- Print or electronically share stored document images.
- Capture and apply a signature image to documents for electronic retention.

**Priority of Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- County Treasurers Association Motor Vehicle Committee; NACO Stakeholder Meetings
- State DMV Management Team Stakeholder Meetings
- Current Environment Report:
  - Section 3.4.1
  - Table 3.6

**Relevant Rules, Regulations, or Statutory Changes:**

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

#### Regulatory Changes:

- Update Title 248, Nebraska Administrative Code, Chapter 6 Nebraska Department of Motor Vehicles Rules and Regulations Governing Motorboat Titles, Neb. Rev. Stat. §37-1275 through §37-1291 et seq.

#### Statutory Changes:

- Update §60-152(4) to mandate all certificates of title and supporting records be filed in the manner prescribed by the State DMV.
- Update §60-3,161 to mandate all registrations and supporting records be filed in the manner prescribed by the State DMV.
- Update §37-1279(3) to mandate all motorboat certificates of title and supporting records be filed in the manner prescribed by the State DMV.
- Update §60-151 to authorize the collection and preservation of a digital signature as part of any application or supporting document required for the issuance of a certificate of title.
- Update §60-386 to authorize the collection and preservation of a digital signature as part of any application or supporting document required for the issuance of a registration.
- Update §37-1278 to authorize the collection and preservation of a digital signature as part of any application or supporting document required for the issuance of a certificate of title.

### 2.1.11 Dealer Access to Motor Vehicle Records

**Problem:** Lack of access to motor vehicle records regarding status of the title, registration, insurance coverage, lien, etc., can delay or restrict a Dealer's ability to conduct business.

**Solution:** We recommend the new VTR system have the flexibility to provide access to partners such as dealers, fleets, or ELT providers.

**Priority of Recommendation:** Medium Priority

#### Reference:

- County Treasurer Stakeholder Meetings
- Private Sector Partners Stakeholder Meetings
- Current Environment Report:
  - Section 3.4.3
  - Table 3.8

#### Relevant Rules, Regulations, or Statutory Changes:

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

#### Regulatory Changes:

- Update Nebraska Administrative Code Title 247, Chapter 15, Section 005.06, Rules, and Regulations Governing the Motor Vehicle Insurance Data Base to authorize access to insurance data base information.

- Update Nebraska Administrative Code Title 250, Chapter 2, Rules and Regulations Governing Requests for and Release of Personal Information Contained in Motor Vehicle Records Pursuant to the Uniform Motor Vehicle Records Disclosure Act, Neb. Rev. Stat. §60-2901 through §60-2912.

#### Statutory Changes:

- Update the Uniform Motor Vehicle Records Disclosure Act, particularly §60-2907, with the addition of an authorized purpose specific to licensed dealers.

### 2.1.12 Assumption of Motor Vehicle Industry Licensing Board Duties

**Problem:** Licensing and enforcement of dealer regulations is managed by the Motor Vehicle Industry Licensing Board (MVILB) in a stand-alone state agency separate from the State DMV.

The current structure requires duplicative resources and management, in addition to the following inefficiencies:

- Dealers are required to work with and under the guidance of two separate motor vehicle state government agencies.
- State DMV has no real-time interactive access to dealer license data.
- The MVILB has limited resources to invest in current technology, limiting their ability to streamline operations and share data with the State DMV.

**Solution:** We recommend the State of Nebraska further investigate the merger of the MVILB and its core duties of licensing and regulating motor vehicle dealers with the State DMV.

**Priority of Recommendation:** Low Priority

#### Reference:

- State DMV Management Team Stakeholder Meetings

#### Relevant Rules, Regulations, or Statutory Changes:

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

#### Regulatory Changes:

- None Identified

#### Statutory Changes:

- Update the Motor Vehicle Industry Regulation Act (specifically §60-1404) to identify the State DMV as the office which carries out the Act and works with the Board.

## 2.2 Vehicle Registration

### 2.2.1 Original Registration

Original registration is the process of registering a vehicle for the first time in Nebraska. For those vehicles, requiring a registration for operation on public roads, issuance of a title specific

to the county where the vehicle has situs (if applicable), assessment, and payment of fees and taxes, and proof of liability insurance must occur before a registration is issued. After all prerequisites are satisfied, and fees and taxes paid, a registration will be issued in paper form for the operator to keep, along with issuance of license plates and registration decals.

### 2.2.1.1 Statewide View of Registrations

**Problem:** The current VTR system allows each county treasurer to access the registration history in their county only. In addition, only the most recent registration transaction is available on the State Mainframe.

**Solution:** We recommend the new VTR system have a single statewide title and registration database which provides the ability for all county treasurers and the State DMV to conduct business.

A statewide view of registrations decreases the likelihood of fraud, and resolves several specific problems identified during our analysis.

**Priority of Recommendation:** High Priority

#### Reference:

- County Treasurers Stakeholder Meetings
- State DMV Management Team Stakeholder Meetings
- Current Environment Report:
  - Table 2.10
    - S.3
  - Section 2.1.4
  - Section 3.3.1
  - Table 3.2

#### Relevant Rules, Regulations, or Statutory Changes:

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

#### Regulatory Changes:

- Update Nebraska Administrative Code Title 246, Chapter 1, Rules and Regulations Creating Alphanumeric Distinctions on License Plates Based upon the Registration of the Motor Vehicle Pursuant to Neb. Rev. Stat. §60-370.

#### Statutory Changes:

- Update §60-144(3)(a) to eliminate the mandate for title issuance in the county where the vehicle has situs.
- Update §60-385 to eliminate the mandate for registration issuance in the county where the vehicle has situs.
- Update §60-370 and §60-3,104 to mandate issuance of alphanumeric plates statewide.

- Update §60-3,186 to modify distribution of the motor vehicle tax proceeds. Modification is necessary to eliminate distribution from all 93 county treasurers to all 286 Nebraska school districts, 530 cities, and 93 counties. A recommended alternative is to remit all collections to the State Treasurer for a single distribution to each of the 909 local government entities.

### 2.2.1.2 Specific Business Process for Boat Registrations

**Problem:** The current VTR system lacks a specific process for registering boats. Boats are currently registered utilizing the same programs and screens used for registering vehicles. Detailed data elements for boats are stored in vehicle specific fields, complicating search capabilities.

**Solution:** We recommend the new VTR system provide processes and data storage unique to boats.

Unique processes and data storage will facilitate user-friendly solutions including, but not limited to the following:

- Specific field for boat number
- Electronic process for validating a Hull Identification Number (HIN)

**Priority of Recommendation:** High Priority

**Reference:**

- State Agency Stakeholder Meetings
- County Treasurers Stakeholder Meetings

**Relevant Rules, Regulations, or Statutory Changes:** None identified

### 2.2.1.3 In-Transit/Temporary Tag Process at Dealerships

**Problem:** The current VTR system does not include temporary tag information or processes. Currently, Nebraska utilizes an in-transit document issued by dealerships to identify newly purchased vehicles. In-transit documents are hand-completed with no reporting or tracking requirements. No information about the vehicle or owner is available to law enforcement until the title and registration transactions are completed, which could be as long as 30 days after purchase.

**Solution:** We recommend implementation of a full temporary tag program, requiring dealerships to electronically report issuance of temporary tags to the State DMV through the VTR system.

**Priority of Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- Treasurers Association Motor Vehicle Committee; NACO Stakeholder Meetings
- Law Enforcement and Criminal Investigations Stakeholder Meetings

- Private Sector Partners Stakeholder Meetings
- State DMV Management Team Stakeholder Meetings
- State Technology Partners Stakeholder Meetings
- Current Environment Report:
  - Section 3.3.4

**Relevant Rules, Regulations, or Statutory Changes:**

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

Regulatory Changes:

- None Identified

Statutory Changes:

- Update §60-376 to create a temporary tag program and mandate participation by all licensed dealers.

**2.2.1.4 Create a Unique Identifier for Vehicles without a VIN**

**Problem:** Untitled trailers are not required to have a VIN nor, when present on the trailer, is the VIN required to be provided by the owner for issuance of a registration.

Currently, the only unique identifier is the plate number assigned at time of registration. When ownership is transferred, the unique identifier is lost because the plate number is no longer associated with the trailer. The lack of a unique identifier negatively impacts the ability to distinctly identify untitled trailers for owners, law enforcement, county treasurers, and the State DMV.

**Solution:** We recommend use of serial numbers, or similar permanent unique identifiers, to be assigned to untitled trailers with no VIN.

**Priority of Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- Current Environment Report:
  - Table 3.2

**Relevant Rules, Regulations, or Statutory Changes:**

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

Regulatory Changes:

- None Identified

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### Statutory Changes:

- Update the Motor Vehicle Registration Act to mandate application for serial numbers, identify process specific information, and require collection of fees at time of registration.
- Update §60-386 to require the serial number to be part of the application for registration.

## 2.2.2 Registration Renewals (Including Notices of Renewal)

The annual registration renewal process is a high-volume activity for county treasurers and produces substantial revenue collections. County treasurers and private sector partners identified several areas for enhancement.

### 2.2.2.1 Streamline Multiple Vehicle Renewal

**Problem:** The current VTR system lacks a customer-centric structure, requiring individual renewal of each vehicle owned by the same customer.

**Solution:** We recommend the new VTR system utilize a customer-centric approach, tying all vehicles owned by the same customer to a single master record.

A customer-centric approach will provide customer-friendly services such as renewal of multiple vehicles in a single online transaction and numerous fleet renewal options.

**Priority of Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- County Treasurers Association Motor Vehicle Committee; NACO Stakeholder Meetings
- State DMV Management Team Stakeholder Meetings
- Private Sector Partners Stakeholder Meetings
- State Technology Partners Meetings
- Current Environment Report:
  - Table 3.3

**Relevant Rules, Regulations, or Statutory Changes:** None identified

## 2.2.3 Change, Correct, or Duplicate Registration

Registration data may need to be corrected, modified, or replaced prior to the next annual renewal activity.

### 2.2.3.1 Updated Address on Registration at Time Other Than Renewal

**Problem:** The current registration process requires an address change to be completed in person at the county treasurer at time of renewal only.

The problem is twofold: (1) a change of address (for situs purposes) can only be done at renewal, and (2) if the owner has a change of address to report, the mail and online service channels cannot be used.

**Solution:** We recommend the new VTR system provide a mechanism to replace the current manual process of assigning a tax district for a new address. In addition, a process for changing an address mid-registration period should be incorporated.

Authorization for mid-registration period address changes requires a change to state law.

**Priority of Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- Law Enforcement and Criminal Investigations Stakeholder Meetings
- Current Environment Report:
  - Table 3.3
- 2013 DMV VTR Business Case, Old Technology Section, page 17

**Relevant Rules, Regulations, or Statutory Changes:**

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

**Regulatory Changes:**

- None Identified

**Statutory Changes:**

- Update the Motor Vehicle Registration Act by adding a section similar to §60-394 which identifies the process and fee for an address change independent of registration renewal.

### 2.2.3.2 Automated Refund Calculation

**Problem:** In the current VTR system, the refund process requires manual calculation and alteration of refund amounts in situations where multiple registration activity has occurred during the most recent registration period, which increases the possibility for error and fraud.

**Solution:** We recommend the modernized VTR system provide fully functional refund mechanisms capable of electronically managing all refund scenarios. The system should include business rules covering the refund of both vehicles and boats, thoroughly calculate the refund, and debit the appropriate funds.

**Priority of Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- County Treasurers Association Motor Vehicle Committee; NACO Stakeholder Meetings
- State Agency Stakeholder Meetings
- Current Environment Report:
  - Section 3.6.3
  - Table 3.22

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**Relevant Rules, Regulations or Statutory Changes:** None Identified

## 2.2.4 Issue Permits

Permits are issued for a variety of vehicles and special situations outside of the standard registration process.

### 2.2.4.1 Permit Issuance Workflow

**Problem:** The current VTR system does not have dedicated permit issuance workflow for those permits electronically processed. In addition, some permits continue to be processed manually.

**Solution:** We recommend the VTR system provide the ability for dedicated processes for all credentials.

**Priority of Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- Current Environment Report:
  - Table 3.5

**Relevant Rules, Regulations, or Statutory Changes:** None identified

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## 2.3 Vehicle Title

### 2.3.1 Original Title (New to Nebraska)

Original titles are processed by the county treasurer in the county where the vehicle has situs. The process includes reviewing the application and supporting documents to establish ownership and secured interest, if applicable.

#### 2.3.1.1 Adoption of Electronic Titling (e-title)

**Problem:** The existing VTR system does not support e-titling.

The e-titling concept is based on utilizing electronic records to track a vehicle from its initial manufacture through all title transfers until its death.

**Solution:** We recommend the new VTR system have the flexibility for adoption of e-title processes.

**Priority of Recommendation:** Medium Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- State Technology Partners Stakeholder Meetings
- 2013 DMV VTR Business Case, Emerging VTR System Practices Section, page 21

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**Relevant Rules, Regulations, or Statutory Changes:** The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

**Regulatory Changes:**

- Update Title 248, Nebraska Administrative Code, Chapter 6 Nebraska Department of Motor Vehicles Rules and Regulations Governing Motorboat Titles, Neb. Rev. Stat. §37-1275 through §37-1291 et seq.

**Statutory Changes:**

- Update and add new sections of law to the Certificate of Title Act, particularly §60-149, §60-152, and §60-190 through §60-196, setting forth the parameters of such a process.
- Update and add new sections of law to the State Boat Act, particularly §37-1278 and §37-1279, setting forth the parameters of such a process.

Note: Current federal truth-in-mileage regulations require a written certification of the odometer reading at the time of transfer by the buyer and seller. Regulatory changes are being pursued by the American Association of Motor Vehicle Administrators (AAMVA) and the states; if successful, revised rules may permit an electronic odometer reporting process enabling Nebraska to more easily adopt e-titling legislation.

### 2.3.2 Junk and Salvage (Including Owner-Retained Salvage)

Titles for vehicles permanently removed from the roadways are surrendered to the county treasurers. The titles are mailed to the State DMV where title records are updated with a junk vehicle status. For salvaged vehicles, a new salvage title is issued when the previous title is surrendered to a county treasurer.

#### 2.3.2.1 Electronic Processing of Junk and Salvage

**Problem:** The current processes for designating a vehicle as junk or salvage require manual and duplicative steps which increases the possibility for error and fraud.

Titles for vehicles permanently removed from the roadways are surrendered to the county treasurers. The titles are mailed to the State DMV where title records are updated with a junk vehicle status. County registration records are not updated allowing erroneous registration renewal for junked vehicles.

Insurance companies notify the State DMV when an owner retains a salvaged vehicle. The State DMV manually updates the title record and relies on the owner to deliver the title to the county treasurer for reissuance.

Insurance companies and recyclers separately submit reports to NMVTIS for the same vehicles previously reported to the State DMV as junk or salvage.

**Solution:** We recommend the new VTR system:

- Provide a single statewide integrated title and registration database which enables all county treasurers and the State DMV to more thoroughly and easily conduct business.

- Provide processes for insurance companies and recyclers to electronically report junk and salvage transactions to the State DMV.
- Provide a mechanism for auto recyclers to meet the NMVTIS reporting requirements.

**Priority of Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- Law Enforcement and Criminal Investigations Stakeholder Meetings
- Private Sector Partners Stakeholder Meetings
- Current Environment Report:
  - Section 3.4.2
  - Table 3.7

**Relevant Rules, Regulations, or Statutory Changes:**

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

**Regulatory Changes:**

- Update Title 248, Nebraska Administrative Code, Chapter 6 Nebraska Department of Motor Vehicles Rules and Regulations Governing Motorboat Titles, Neb. Rev. Stat. §37-1275 through §37-1291 et seq.

**Statutory Changes:**

- Update to §60-169, §60-173(2), §37-1285, and §37-1293 to create an electronic reporting process.
- Add new sections of law to the Certificate of Title Act creating an electronic reporting process and providing for collection of fees from auto scrap metal recyclers to offset costs and fees.

### 2.3.3 Used Vehicle Title Transfer

The used vehicle title transfer process involves the transfer of an existing Nebraska title from one person or entity to another.

#### 2.3.3.1 Proactive Update of a Title Record

**Problem:** There is no current mechanism in place for a seller to declare loss of possession of a vehicle when the purchaser fails to make application for a new certificate of title. The purchaser's failure to properly title may cause legal issues for the seller, such as accrual of parking violations, criminal investigations, and ineligibility for some benefits.

**Solution:** We recommend the State DMV be granted the authority to update a title record when the seller presents evidence of loss of possession of a vehicle or motorboat.

**Priority of Recommendation:** High Priority

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**Reference:**

- County Treasurer Stakeholder Meetings
- Law Enforcement and Criminal Investigations Stakeholder Meetings

**Relevant Rules, Regulations, or Statutory Changes:**

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

**Regulatory Changes:**

- Update Title 248, Nebraska Administrative Code, Chapter 6 Nebraska Department of Motor Vehicles Rules and Regulations Governing Motorboat Titles, Neb. Rev. Stat. §37-1275 through §37-1291 et seq.

**Statutory Changes:**

- Add new sections of law to the Certificate of Title Act and the State Boat Act setting forth the parameters of such a process.

### 2.3.4 Correct or Duplicate Title

When a title needs to be replaced or corrected, the county treasurer or State DMV processes the transaction and prints a new title.

#### 2.3.4.1 Synchronizing Registration and Title Files

**Problem:** The current VTR system lacks the necessary connection between the title and registration records requiring a new registration to be generated upon issuance of a corrected or duplicate title.

**Solution:** We recommend the new VTR system have a single statewide integrated title and registration database.

**Priority of Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- Private Sector Partners Stakeholder Meetings
- State DMV Management Team Stakeholder Meetings
- Current Environment Report:
  - Section 3.4.4
  - Table 3.9

**Relevant Rules, Regulations, or Statutory Changes:** None identified

### 2.3.5 Lien Processing (Including Electronic Lien and Title [ELT])

Lien processing involves the transactions to record, modify, or release the security interest on a vehicle. The ability to record liens on vehicles is a primary consumer protection function of the titling process and involves many different types of private sector partners. To accommodate the

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high volume of lien activity and enable a faster turnaround of transactions, the State DMV has implemented an Electronic Lien and Title (ELT) capability.

### 2.3.5.1 Required ELT

**Problem:** The current processes for managing lien related transactions require manual and duplicative steps which increases the possibility for error and fraud.

Currently, ELT is not mandatory in Nebraska, requiring both manual and electronic processes. The manual processes are time-consuming and costly. The current process to enable lenders for ELT participation is manual and requires multiple steps by State DMV, including email notification of enrollment to the lenders and ELT providers. The enrollment process does not provide the ability to cleanly associate branch offices of the same lender or sub-lenders with a master lender.

**Solution:** We recommend the new VTR system have workflow capabilities to streamline ELT enrollment processes. In addition, we recommend all lenders be required to fully participate in the Nebraska ELT program.

**Priority of Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- State DMV Management Team Stakeholder Meetings
- Private Sector Partners Stakeholder Meetings
- Current Environment Report:
  - Section 3.4.5
  - Table 3.10

**Relevant Rules, Regulations, or Statutory Changes:**

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

**Regulatory Changes:**

- Update Title 248, Nebraska Administrative Code, Chapter 6 Nebraska Department of Motor Vehicles Rules and Regulations Governing Motorboat Titles, Neb. Rev. Stat. §37-1275 through §37-1291 et seq.

**Statutory Changes:**

- Update §60-164 and §37-1282 to mandate participation in the Nebraska ELT program for all commercial lenders.

### 2.3.5.2 Eliminate Need for Application for Paper Titles by ELT Lenders

**Problem:** The existing ELT process requires a printed title for all title changes (e.g. a name change, adding/removing owner name, repossession, and owner-retained salvage). Requiring a

paper title is a –time-consuming and costly process reducing the intended efficiencies of the ELT program.

**Solution:** We recommend the new VTR system have the flexibility to process title changes when a title record is in either an electronic or printed status. In addition, we recommend legislative action to allow application for a title change without presentation of a paper title.

**Priority of Recommendation:** High Priority

**Reference:**

- Private Sector Partners Stakeholder Meetings

**Relevant Rules, Regulations, or Statutory Changes:**

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

**Regulatory Changes:**

- Update Title 248, Nebraska Administrative Code, Chapter 6 Nebraska Department of Motor Vehicles Rules and Regulations Governing Motorboat Titles, Neb. Rev. Stat. §37-1275 through §37-1291 et seq.

**Statutory Changes:**

- Modify §60-166 and §37-1283 to provide for acceptance of an electronic title record as acceptable documentation, in lieu of surrender of a paper title for a repossession transfer of title.
- Add new section of law to the Certificate of Title Act which sets forth the parameters necessary for a change of name or removal of one owner name from a Certificate of Title. The section should provide for acceptance of an electronic title record as acceptable documentation in lieu of surrender of a paper title.
- Add new section of law to the State Boat Act setting forth the parameters necessary for a change of name or removal of one owner name from a motorboat certificate of title. The section should provide for acceptance of an electronic title record as acceptable documentation in lieu of surrender of a paper title.
- Update §60-192 to address odometer disclosure requirements for a repossession process.

### 2.3.6 National Motor Vehicle Title Information System (NMVTIS)

The State DMV and county treasurers, as required by federal mandate, utilize NMVTIS for title transactions. NMVTIS improves the quality of title information and is a key fraud prevention resource.

#### 2.3.6.1 Fully Integrated NMVTIS

**Problem:** NMVTIS is not integrated into the current VTR system which requires county treasurers and State DMV staff to perform manual inquiries in a separate web-based system. In addition, a batch file exchange process is utilized each evening for transfer of data between

NMVTIS and the VTR system. The separate NMVTIS access and file exchange delays updates, is time consuming, requires manual oversight, and relies on manual decision making processes increasing the possibility for error and fraud.

**Solution:** We recommend the new VTR system be fully integrated with NMVTIS, providing queries and real time updates from within title related processes.

**Priority of Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- State DMV Management Team Stakeholder Meetings
- Private Sector Partners Stakeholder Meetings
- Current Environment Report:
  - Section 3.4.5
  - Table 3.10

**Relevant Rules, Regulations, or Statutory Changes:** None identified

## 2.4 Fees and Taxes

### 2.4.1 Calculate Fees and Taxes

The VTR system calculates fees and taxes based on the business rules coded in the system. The tax structure includes flat fees, transaction fees, MSRP/GVWR based taxes, and local taxes. For example, if new plates are being issued, a plate fee is assessed; if it is a new vehicle, there may be a tire recycling fee; and depending on the city of residence there may also be a city wheel tax.

The registration process is also used as a means to collect fees for other funds not directly related to the operation of a vehicle, such as the Emergency Medical System Operation Fund. The primary revenue generators are the Motor Vehicle Tax and Motor Vehicle Fee. The MSRP/GVWR based Motor Vehicle Tax is distributed to schools and local government agencies, while the Motor Vehicle Fee goes to a State fund for local road maintenance.

#### 2.4.1.1 Flexibility to Identify Tax Districts to Distribute Taxes

**Problem:** The current process to identify tax districts is a manual function and relies on local knowledge and maps for correct assignment and tax updates, when applicable. There are approximately 1,800 tax districts utilized statewide.

**Solution:** We recommend the VTR system provide flexible functionality for one of the following three options:

- Determine appropriate distribution based on a series of questions answered as part of the registration process. Examples of questions are city of situs, inside or outside of city limits, and school district.

- If available, utilize statewide GIS data collected by state and local governments to programmatically determine appropriate tax district.
- Legislatively change the motor vehicle tax distribution to a state-managed process which distributes the collected taxes to schools and local government agencies based on formulas in existence for other programs.

**Priority of Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- State Agency Stakeholder Meetings
- County Treasurers Association Motor Vehicle Committee; NACO Stakeholder Meetings
- State DMV Management Team Stakeholder Meetings
- Current Environment Report:
  - Section 3.5.1
  - Table 3.16
  - Figure 4

**Relevant Rules, Regulations or Statutory Changes:** None Identified

#### 2.4.1.2 Sale Tax Avoidance

**Problem:** The current system and processes for collecting sales tax provides opportunities for error and fraud which negatively impacts amounts collected.

**Solution:** We recommend the new VTR system have enhanced workflow and data capture capabilities to augment sales tax collection.

Examples include:

- Dealer automated services (see Section 2.1.8).
- Electronic transfer of data from dealerships to VTR system (see Section 2.2.1.3).
- Notification process for non-payment.
- Entry of vehicle lease end date as part of a new registration transaction, when applicable.
- Flexible sales tax collection options.

**Priority of Recommendation:** High Priority

**References:**

- County Treasurer Stakeholder Meetings
- State Agency Stakeholder Meetings
- County Treasurers Association Motor Vehicle Committee; NACO Stakeholder Meetings
- State DMV Management Team Stakeholder Meetings
- Private Sector Partners Stakeholder Meetings
  - Current Environment Report:
    - Section 3.5.1

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## Relevant Rules, Regulations, or Statutory Changes:

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

### Regulatory Changes:

- Update Nebraska Administrative Code Title 250, Chapter 2, Rules and Regulations Governing Requests for and Release of Personal Information Contained in Motor Vehicle Records Pursuant to the Uniform Motor Vehicle Records Disclosure Act, Neb. Rev. Stat. §60-2901 through §60-2912.

### Statutory Changes:

- Update §60-144 to provide authorization for licensed dealers to offer the option of electronically submitting certificate of title applications to county treasurers or State DMV.
- Update §60-154 and §60-155 to authorize licensed dealers to collect title and lien fees on behalf of and remit to the appropriate county treasurer or State DMV.
- Update §60-164 to authorize licensed dealers to electronically submit security agreements or similar instruments to the appropriate county treasurer or State DMV.
- Add new sections of law to the Certificate of Title Act covering topics such as State DMV oversight, licensed dealer reporting requirements, licensed dealer qualifications, etc.
- Update §60-386 to provide authorization for licensed dealers to offer the option of electronically submitting registration applications to the county treasurers or State DMV.
- Update §60-3,140 and §60-3,141 to authorize licensed dealers to collect registration fees and taxes on behalf of and remit to the appropriate county treasurer or State DMV.
- Add new sections of law to the Certificate of Registration Act covering topics such as State DMV oversight, licensed dealer reporting requirements, licensed dealer qualifications, etc.
- Update §13-910(4), Political Subdivisions Tort Claims Act, to limit the liability placed on the county treasurers when a title or registration application is filed electronically by a licensed dealer.
- Update §77-2703(1)(i), §77-2703(1)(j)(i), and §77-2703(1)(k)(i) to authorize licensed dealers to collect state sales tax on behalf of and remit to the appropriate county treasurer or State DMV.
- Update §77-2703 to authorize the use of data submitted by licensed dealers for the collection of sales tax in lieu of a Department of Revenue Form 6.
- Update §77-2703 to require pursuit of sales tax not paid in a timely manner based on the data submitted by licensed dealers.
- Update the Uniform Motor Vehicle Records Disclosure Act to extend protections to the additional data elements collected and stored as part of the motor vehicle record.
- Update the Motor Vehicle Industry Regulation Act (§60-1401 et. al.) and Motor Vehicle Registration Act to mandate the electronic submission of customer, vehicle, and transaction specific data for all vehicle sales by licensed dealers.

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## 2.4.2 Point-of-Sale (POS) Collection

The County VTR or State VTR system records fees and taxes based on the fund name and the total amount received, as well as by cashier, office, and the county in which the office is located. Once recorded, the County VTR system provides reports and data extracts, which outline the distribution of these funds.

### 2.4.2.1 Consolidated POS Collection

**Problem:** The current VTR system lacks the capability for a consolidated point of collection when processing multiple transactions for the same customer or when collecting taxes owed by car rental agencies. In addition, payment types are limited to cash and check.

**Solution:** We recommend the new VTR system have a fully integrated POS component providing the ability for a single collection of multiple transactions and collection of taxes outside of registration issuance processes. The POS should also provide capability for processing all forms of payment, including electronic funds transfer (EFT), PayPal, ApplePay, etc.

**Priority of Recommendation:** High Priority

**References:**

- County Treasurer Stakeholder Meetings
- County Treasurers Association Motor Vehicle Committee; NACO Stakeholder Meetings
- Current Environment Report:
  - Section 3.5.2
  - Table 3.17

**Relevant Rules, Regulations, or Statutory Changes:** None identified

### 2.4.2.2 Credit Card and Other Online Payment Merchant Fees

**Problem:** The current method for funding debit or credit card merchant fees is the payment of a convenience fee by those customers who choose to make electronic payments. In many cases, the convenience fee may be quite costly.

The additional fee prohibits some customers from benefiting from the convenience of State DMV Online services.

**Solution:** We recommend the creation of a funding source and authorization for annual appropriation in the State DMV budget for reimbursement of merchant and processing fees for Online services.

**Priority of Recommendation:** Medium Priority

**References:**

- County Treasurer Stakeholder Meetings
- County Treasurers Association Motor Vehicle Committee; NACO Stakeholder Meetings
- Private Sector Partners Stakeholders Meeting

- Current Environment Report:
  - Section 3.5.3
  - Table 3.17

### **Relevant Rules, Regulations, or Statutory Changes:**

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

#### Regulatory Changes:

- None Identified

#### Statutory Changes:

- Update §60-3,156 to assess an additional fee on all registration transactions to be remitted to the State Treasurer for credit to the Department of Motor Vehicles Cash Fund.
- Increase the State DMV annual budget appropriation by an amount equal to the anticipated debit or credit card merchant fees.

## **2.4.3 Fee and Tax Accounting and Distribution**

Within the Fees and Taxes functional area, the concluding business process is Fee and Tax Accounting and Distribution. The County VTR or State VTR system provides reports and data extracts, which are used for balancing and distribution of funds.

### **2.4.3.1 Improved Accounting and Distribution of Fees and Taxes**

**Problem:** The current VTR system provides accounting reports, however the data must be extracted for manual or electronic entry into other state and county treasurer systems.

Currently there are differing reporting requirements for title and registration fees. Title fees are required to be remitted to the State Treasurer by the 15<sup>th</sup> of each month and registration fees by the 25<sup>th</sup>.

**Solution:** We recommend the new VTR system provide modern, automated accounting tools with the ability to interface with other state and county treasurer systems (e.g. State Treasurer Deposit Document).

In addition, we recommend legislative action to consolidate the reporting dates to eliminate multiple reporting processes.

**Priority of Recommendation:** High Priority

#### **References:**

- County Treasurer Stakeholder Meetings
- County Treasurers Association Motor Vehicle Committee; NACO Stakeholder Meetings
- State DMV Management Team Stakeholder Meetings
- Current Environment Report:

- Section 3.5.4
- Table 3.19

### **Relevant Rules, Regulations, or Statutory Changes:**

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

#### Regulatory Changes:

- None Identified

#### Statutory Changes:

- Modify the reporting dates in §60-3,141, §60-161 and §37-1287.

## **2.5 Inventory Management (Plates and Decals)**

### **2.5.1 Issue Plate and Decal**

The issuance of license plates occurs in the registration process. The county treasurer manually selects the appropriate plate from the office inventory. The license plate number is manually entered into the registration record on the County VTR system. Plate Reissuance occurs on a legislatively mandated six-year cycle. In those years, new license plates are issued at renewal, in addition to new validation decals.

License plate validation decals are not numbered or controlled; the inventory function is simply to provide and monitor supplies to accommodate the registration activity for each county treasurer.

#### **2.5.1.1 Plate Type and Plate Number Entry**

**Problem:** The current VTR system requires manual entry of license plate number and type providing opportunity for error and fraud.

**Solution:** We recommend a new VTR system provide intuitive and flexible opportunities including:

- A business rules process to electronically assign plate numbers
- Literal descriptions and/or pictures to facilitate correct plate type assignment
- Workstations equipped with readers to scan plate barcodes

**Priority of Recommendation:** High Priority

#### **Reference:**

- Current Environment Report:
  - Section 3.6.1
  - Table 3.20
- County Treasurer Stakeholder Meetings
- County Treasurers Association Motor Vehicle Committee; NACO Stakeholder Meeting
- State Agency Stakeholders Meeting

- State DMV Management Team Stakeholder Meeting

**Relevant Rules, Regulations or Statutory Changes:** None Identified

### 2.5.1.2 Validation Decal Inventory Management

**Problem:** Validation decals do not contain serial numbers, are not tracked within the VTR system, and are not tied to the license plate to which they are assigned, providing opportunities for error and fraud.

**Solution:** We recommend the new VTR system provide a fully integrated print-on-demand decal production process, including inventory management and tracking capabilities.

**Priority of Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- County Treasurers Association Motor Vehicle Committee; NACO Stakeholder Meeting
- State Agency Stakeholders Meeting
- State DMV Management Team Stakeholder Meeting
- Current Environment Report:
  - Section 3.6
  - Section 3.6.1
  - Table 3.20

**Relevant Rules, Regulations, or Statutory Changes:**

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

**Regulatory Changes:**

- None Identified

**Statutory Changes:**

- Increase the maximum plate fee provided for in §60-3,102 to fund print-on-demand decals.

### 2.5.1.3 County Specific License Plates

**Problem:** License plate configurations containing a county-specific designation are used in all but three of the most populous counties. In the 90 counties with specific number prefixes, the following deficiencies are present:

- Customers moving from one county to another must surrender their county plate and have new plates assigned.
- Plate numbers are duplicated on different plate types.
- Maintaining adequate, but not excessive, inventory in all counties is time consuming and costly.

In addition, the current practice to reissue returned plates to a different owner for an original registration transaction may result in toll collection or law enforcement action directed towards the incorrect owner.

**Solution:** We recommend statewide implementation of alphanumeric plate numbering. Furthermore, we recommend the practice of reissuing used plates be discontinued statewide.

**Priority of Recommendation:** Medium Priority

**Reference:**

- Current Environment Report:
  - Section 3.6.2
  - Table 3.21
- County Treasurer Stakeholder Meetings
- County Treasurers Association Motor Vehicle Committee; NACO Stakeholder Meetings
- State Agency Stakeholder Meetings
- State DMV Management Team Stakeholder Meetings

**Relevant Rules, Regulations, or Statutory Changes:**

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

**Regulatory Changes:**

- Update Nebraska Administrative Code Title 246, Chapter 1, Rules and Regulations Creating Alphanumeric Distinctions on License Plates Based upon the Registration of the Motor Vehicle Pursuant to Neb. Rev. Stat. § 60-370.

**Statutory Changes:**

- Update §60-370 and §60-3,104 to mandate issuance of alphanumeric plates statewide.

## 2.5.2 Plate Surrender/Refund

When the vehicle is no longer owned or operated, the registered owner can surrender the plates and receive a refund of the unused fees.

### 2.5.2.1 Automated Inventory Management

**Problem:** The current VTR system requires manual updates to plate inventory status during the refund process; manual updates increase the possibility of asynchronous physical and system inventories.

**Solution:** We recommend the new VTR system provide a fully functional inventory management process which relies less on manual updates.

Business rules, system validation, and the use of bar code scanning technology would enable increased accuracy and ease of managing these inventory management issues around returned plates.

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**Priority of Recommendation:** High Priority**Reference:**

- County Treasurer Stakeholder Meetings
- County Treasurers Association Motor Vehicle Committee; NACO Stakeholder Meetings
- State Agency Stakeholder Meetings
- Current Environment Report:
  - Section 3.6.3
  - Table 3.22

**Relevant Rules, Regulations or Statutory Changes:** None Identified

### 2.5.3 Order Specialty Plates (Fee Distribution and Online Service Order)

Owners requesting plates with a special design or message are processed at the State DMV separately from the standard county-based inventory process in the VTR system.

#### 2.5.3.1 Specialty Plate Inventory and Tracking

**Problem:** Specialty plate production status is not available to the State DMV, county treasurers, or customers.

**Solution:** We recommend the new VTR system be fully integrated with the license plate production system providing for fully visible order status online and direct mailing to the customer.

**Priority of Recommendation:** Medium Priority

**Reference:**

- Current Environment Report:
  - Section 3.6.4
  - Table 3.23
- County Treasurer Stakeholder Meetings
- County Treasurers Association Motor Vehicle Committee; NACO Stakeholder Meetings
- State DMV Management Team Stakeholder Meetings

**Relevant Rules, Regulations, or Statutory Changes:**

The following rules, regulations, and/or statutory changes are outlined to assist with the above recommendation(s):

**Regulatory Changes:**

- Update Title 249, Nebraska Administrative Code, Chapter 2, Rules and Regulations Governing Specialty License Plates, Neb. Rev. Stat. §60-361, §60-3,104.02 and §60-3,104.02.

**Statutory Changes:**

- Update the following specialty license plate sections by removing the delivery to county treasurer language:

- §60-3,104.01
- §60-3,120
- §60-3,122.02
- §60-3,122.04
- §60-3,128
- §60-3,135.01
- §60-3,224
- Update §83-123 by adding direct delivery to customer authorization.
- Add a new section to the Motor Vehicle Registration Act authorizing direct delivery of specialty plates to the applicant.
- Add a new section to the Motor Vehicle Registration Act authorizing the State DMV to collect fees for and issue registrations to specialty plate applicants.

## 2.5.4 Manage Inventory Assignment

The State DMV orders plates for the county treasurers, using a Plate Management application within the VTR system. In a new plate year, 90 counties receive a full-year supply with the one or two-digit county prefix. The three most populated counties, using alpha-numeric plates, receive monthly shipments. Order quantities are managed by the State DMV based on historical usage and stock on hand.

### 2.5.4.1 Plate Replenishment

**Problem:** The current VTR system does not provide reliable inventory tracking or the capability to establish low inventory notice or automatic reorder; as a result, license plate inventories must be manually tracked and reordered.

**Solution:** We recommend the new VTR system provide fully functioning and integrated license plate inventory management and ordering capabilities.

**Priority of Recommendation:** High Priority

**Reference:**

- County Treasurer Stakeholder Meetings
- County Treasurers Association Motor Vehicle Committee; NACO Stakeholder Meetings
- State DMV Management Team Stakeholder Meetings
- Current Environment Report:
  - Section 3.6.5
  - Table 3.24

**Relevant Rules, Regulations or Statutory Changes:** None Identified

### 3.0 Glossary

This section of the report lists both acronyms and terms that are used throughout the document.

**Table 3.1: Acronyms**

Acronym	Definition
AAMVA	American Association of Motor Vehicle Administrators
DMV	Department of Motor Vehicles
DOC	Department of Correctional Services
EFT	Electronic Funds Transfer
ELT	Electronic Lien and Title
GIS	Graphical Information System
GPC	Games and Park Commission
GVWR	Gross Vehicle Weight Rating
HIN	Hull Identification Number
IRP	International Registration Plan
IT	Information Technology
MVILB	Motor Vehicle Industry Licensing Board
MSO	Manufacturers Statement of Origin
MSRP	Manufacturer’s Suggested Retail Price
NACO	Nebraska Association of County Officials
NHTSA	National Highway Transportation Safety Administration
NLETS	National Law Enforcement Telecommunications Service
NMVTIS	National Motor Vehicle Title Information System
POS	Point of Sale
RFP	Request for Proposals
SOA	Service Oriented Architecture
UMVRDA	Uniform Motor Vehicle Records Disclosure Act
VIN	Vehicle Identification Number
VTR	Vehicle Title and Registration

**Table 3.2: Glossary of Terms**

Term	Definition
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Term	Definition
Electronic Funds Transfer (EFT)	The transfer of money from one account to another involving one or more institutions. This is handled electronically with no direct involvement from the institutions staff.
Electronic Lien and Title (ELT)	Program which allows the State DMV to electronically exchange lien and title information with lienholders in lieu of a paper title.
E-Title	Electronic titles or e-titles are motor vehicle or boat titles held in an electronic form by the State DMV. E-titles prove ownership in the same way a paper title does.
In-transit permit or decal	A credential issued by a dealership allowing a motorist to operate a vehicle on Nebraska roads until a permanent license plate is affixed.
Manufacturer's Suggested Retail Price (MSRP)	The recommended price point provided by manufacturers for retailers to sell a vehicle.
Point of Sale (POS)	The time and physical location of any transaction where the customer provides payment.
Salvage Vehicle	A late-model vehicle that has been wrecked, damaged, or destroyed to the extent the estimated total cost of repair to rebuild or reconstruct the vehicle to its condition immediately before it was damaged and to restore the vehicle to a condition for legal operation meets or exceeds 75% of the retail value of the vehicle at the time it was damaged.
Service Oriented Architecture (SOA)	System architecture which allows separate, unassociated elements of a system to work together regardless of vendor, product, or technology by using a common communications protocol.
Situs	The Tax District where a vehicle is stored or kept for greater portions of the calendar year.
State DMV	Nebraska Department of Motor Vehicles
Temporary Tag	Temporary license plate or placard intended for use until the issuance of a permanent license plate. Temporary tags are not currently issued in Nebraska.
Vehicle Title Registration (VTR) System	System used to issue vehicle and motorboat titles, note liens, collect motor vehicle sales tax, register vehicles, and collect all motor vehicle taxes and registration fees. The system is comprised of the County VTR system, State VTR system, and State Mainframe.