

**From:** [Sunset Advisory Commission](#)  
**To:** [Brittany Calame](#)  
**Subject:** FW: Public Input Form for Agencies Under Review (Public/After Publication)  
**Date:** Thursday, May 10, 2018 3:13:05 PM

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-----Original Message-----

From: sundrupal@capitol.local [<mailto:sundrupal@capitol.local>]  
Sent: Thursday, May 10, 2018 3:07 PM  
To: Sunset Advisory Commission <[Sunset@sunset.texas.gov](mailto:Sunset@sunset.texas.gov)>  
Subject: Public Input Form for Agencies Under Review (Public/After Publication)

Agency: TEXAS DEPARTMENT MOTOR VEHICLES TDMV

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City: San Antonio

State: Texas

Your Comments About the Staff Report, Including Recommendations Supported or  
Opposed:  
Issue 2

Texas Lacks Basic Safeguards to Identify and Address Vehicle Fraud

Bexar County Response: This heading is quite vague as to which level of government the Sunset Review Commission is referring to. The County Tax Assessor-Collectors do not lack basic safeguards to identify and address vehicle fraud. To the contrary, Tax Assessor-Collectors take their responsibility very seriously and work hard to ensure that there are sufficient safeguards, including extensive training to identify and address vehicle fraud. Additionally, as the only elected officials that are personally liable for any monetary losses, plus the fact that Tax Assessor-Collectors must face re-election every four years, there is no one more interested in safeguards that benefit citizens and ensure the integrity of the Tax Assessor-Collector's Office more than the Tax Assessor-Collectors themselves.

Sunset Staff Key Recommendations (Issue 2 – recommendation 1 of 5)

- When outsourcing state services to full-service deputies, require counties to follow standard contracting practices.

Bexar County Response: Counties are already required to be in compliance with bidding standards according to State and County laws and guidelines.  
More importantly, an open bid is not required for services according to State and County laws, including the State Purchasing Act. Furthermore, the cost to close and open businesses is expensive and would essentially wipe out the Full-Service Title Companies in Texas and/or at a minimum, reduce the quality of their work.

Contracts with full-service, limited-service (HEBs, etc.) deputies, and dealers are written and reviewed by the District Attorney or County Attorney's Office, which represents the Tax Assessor-Collector and the County. These contracts must be approved by Commissioner's Court, whose members are elected to represent the Citizens of their County. These contracts are regularly monitored and enforced by the County Tax Assessor-Collector, who has the authority to close down full-service title companies within 24 hours for non-compliance.

TxDMV already requires that a TxDMV promulgated addendum be part of every contract between Counties and full-service deputies. Contracts between County Government and the private sector companies are done all the time with no interference from the State or Federal Government.

TxDMV and the TxDMV Board also agreed that they should not be a third party to contracts between Counties and Full-Service Deputies in the June 26, 2016 Board Meeting.

Bexar County Recommendation: Do not require counties to follow a standard contracting practice but instead allow Tax Assessor-Collectors to continue to operate within their county guidelines. TxDMV and the TxDMV Board had already decided they should not be a third party to any contracts between Counties and Full-Service Deputies plus a TxDMV promulgated addendum is part of every contract between Counties and full-service deputies.

Sunset Staff Key Recommendations (Issue 2 – recommendation 2 of 5)

- Clarify the department's authority to control access to the registration and title system.

Bexar County Recommendation: TxDMV should implement controls into their current Registration Titling System (RTS) that allow the Tax Assessor-Collector to limit access or the ability to perform certain functions by Full-Service Title Companies. More controls could be placed into RTS to perform a hard/soft stop that prevents a deputy from continuing with transactions that are prohibited by the Tax Assessor-Collector for that County. This would allow the Tax Assessor Collector to limit a Deputy to perform only authorized services. The department should not be allowed to use the access of RTS as a weapon to threaten organizations, by revoking access away at any time without due diligence. There should be a better process in place for organizations to dispute any accusations, which may threaten their use of RTS. The authority to access RTS should remain with the Tax Assessor-Collector.

Sunset Staff Key Recommendations (Issue 2 – recommendation 3 of 5)

- Implement mandatory fraud training for all persons processing state registration or title transactions.

Bexar County Recommendation: Bexar County has implemented mandatory training of current county deputies and Full-Service Deputies with the goal of improving the quality of all transactions and minimizing mistakes and fraud. Bexar County welcomes mandatory fraud training as long as the proper resources are provided to counties. One such resource lacking is RTS training machines that allow practice transactions to be done without entering into the live RTS system. TxDMV agrees that these are needed, but they are not available at this time.

Sunset Staff Key Recommendations (Issue 2 – recommendation 4 of 5)

- Require the department to implement a proactive, risk-based approach to monitoring fraud.

Bexar County Response: Currently under this administration, Bexar County has worked hard to ensure that the quality of work performed by Full-Service and Limited-Service Title Companies, as well as Dealers, is at the same level as the work performed by the Tax Assessor-Collector's Office. Bexar County also partnered with TxDMV to initiate webDEALER and NMVITIS for the State of Texas and also loaned employees, on two occasions, to TxDMV to help develop programs in Austin. Bexar County has fought hard against title and registration fraud and made this fight one of its top priorities. We are continuously looking for

ways to curtail fraud of any sort, which is why we formed our own SIU (Special Investigative Unit) and partnered with TxDMV while helping to implement NMVITIS. We have also made it very clear to our full-service title companies, in the presence of TxDMV, that Bexar County contractually has the authority to close down full-service title companies within 24 hours for non-compliance or questionable activity.

Bexar County has Full-Service Title Companies that have been in operation for over 30 years. This private/public partnership is a business model that was inherited by the current administration and has worked well for many years. Bexar County's 21 Full-Service Title Companies do 40% of Bexar County's title transfers and 20% of Bexar County's registrations. Without the partnership of these full-service title companies Bexar County would be required to hire at least 85 new County employees and the opening of at least four additional County substation locations. The initial capital outlay cost would be at least 3 to 4 million dollars with an additional yearly operational cost of at least 4 to 5 million dollars.

The major fraud problem occurring in Texas is with "Runners" and "Title Companies that do not have access to TxDMV's RTS", not Full-Service Title Companies. "Runners" and "Title Companies that do not have access to TxDMV's RTS" have been known to charge in excess of \$400 for simple transactions and are not allowed in Bexar County, and have also received minimal oversight from TxDMV. There are also out of state online companies conducting vehicle registrations without any oversight. These online companies have disguised themselves as TxDMV agents.

As mentioned earlier, many "Runners", "Title Companies that do not have access to TxDMV's RTS", and out-of-state online companies do not have contracts and are not being audited or investigated for fraud, despite concerns raised by Tax Assessor-Collectors. These out of state online companies continue to process vehicle registrations without any TxDMV oversight or regulation and are charging more than a Full-Service Deputy is allowed per rule. These online companies appear to mislead the public as an agent of TxDMV, do not have contracts, and have circumvented the Tax Assessor-Collector's ability to monitor them by using the TxDMV's online registration – especially now that Xerox is performing the function of online vehicle registration.

Bexar County formed its SIU (Special Investigative Unit) in 2014. In 2016, we made a calculated decision to take this unit to the next level and increased the number of personnel assigned to our SIU and purchased a new vehicle for the unit. The SIU was tasked with increasing the amount of training for all Full-Service title company employees, as well as increasing the number of audits and reviews of these companies. The SIU was also formed to combat fraud, increase oversight, and improve the quality of work done by Full-Service and Limited-Service Title Companies and Dealers. The Bexar County Tax Assessor-Collector, together with the District Attorney, the Sheriff's Office, and the San Antonio Police Department, already work hard to combat fraud and protect the public they serve, as this is their legal and moral responsibility.

Bexar County Recommendation: It's important to make the distinction here between Full-Service Title Companies that have access to RTS in Bexar County and the "Runners" and "Title Companies that do not have access to TxDMV's RTS", which are not allowed in Bexar County but are operating in other Counties in the State. These "Runners" and "Title Companies that do not have access to TxDMV's RTS" have been known to charge in excess of

\$400 for simple transactions and have received minimal oversight from TxDMV.

There are also out of state online companies conducting vehicle registrations without any oversight who have taken advantage of the shift in internet transactions to Xerox. These online companies have also disguised themselves as TxDMV agents.

On the other hand, Full-Service Title Companies that have access to RTS in Bexar County have been in operation for over 30 years. This private/public partnership is a business model that was inherited by the current administration and has worked well for many years. Bexar County's 21 Full-Service Title Companies do 40% of Bexar County's title transfers and 20% of Bexar County's registrations. Without the partnership of these full-service title companies Bexar County would be required to hire at least

85 new County employees and open at least four additional County substation locations. The initial capital outlay cost would be at least 3 to 4 million dollars with an additional yearly operational cost of at least 4 to 5 million dollars.

TxDMV should continue to partner with Counties to implement best practices to perform fraud training, fraud

detection, and fraud audits. Bexar County has been proactive and has formed its own SIU to combat fraud. The important issue is for both the TxDMV and the Tax Assessor-Collector to be fully informed of what is available to them.

#### Sunset Staff Key Recommendations (Issue 2 – recommendation 5 of 5)

- Authorize the department to audit or perform a compliance review of any entity providing registration and title services and access records needed to conduct audits or fraud investigations.

Bexar County Response: All Tax Assessor-Collectors and TxDMV already work to combat fraud and protect the public they serve, as this is their legal, ethical, and moral responsibility. TxDMV and County Tax Assessor-Collectors already have the right to audit or perform a compliance review of any Full-Service Title Companies with access to RTS, Limited Service Deputies, or Dealers providing registration and title services, and they both also have the right to access records needed to conduct audits or fraud investigations.

As mentioned earlier, TxDMV has already required that their addendum be incorporated into every contract between Counties and full-service deputies to further ensure their ability to audit or perform a compliance review.

Bexar County Recommendation: No changes are required as TxDMV and the Tax Assessor-Collectors already have the authority to perform compliance reviews and conduct audits or fraud investigations. In addition, the Bexar County Tax Assessor-Collector has informed the Full-Service Title Companies that he has the right to close down their operation within 24 hours for non-compliance.

#### Issue 5

Texas Has a Continuing Need for the Texas Department of Motor Vehicles, but Opportunities Exist to Better Leverage State IT Investments.

Bexar County Response: Bexar County continuously pursues opportunities to save Taxpayers money by increasing efficiency and consolidating when possible, and also agrees that TxDMV has opportunities to better leverage State IT Investments, as long as customer service isn't compromised. Bexar County created the only 10-Month Payment Plan for property taxes for Senior Citizens, Disabled Citizens, and Disabled Veterans in the State of Texas and has received numerous awards for proactive changes, including awards from the National Association of Counties (NACo), the Texas Association of Counties (TAC), and the League of United Latin American Citizens (LULAC).

#### Sunset Staff Key Recommendations (Issue 5 – recommendation 1 of 4)

- Continue the Texas Department of Motor Vehicles for 12 years.

Bexar County Recommendation: 8 years

#### Sunset Staff Key Recommendations (Issue 5 – recommendation 2 of 4)

- Require the department to ensure webDEALER is available to automobile dealers in all Texas counties by September 1, 2020.

Bexar County Response: County Tax Assessor-Collectors have the right to determine which automobile dealers have access to webDEALER in their county based on several factors, and it's important that they retain this right, which is paramount to the concept of Local Control. We support that webDEALER be available to automobile dealers in all Texas counties by September 1, 2020, but which dealers have access should be decided by the County Tax Assessor-Collector based on criteria such as history, volume, local control, and any other criteria established by the Tax Assessor-Collector.

Bexar County Recommendation: We agree that the department should ensure that webDEALER is available to automobile dealers in all Texas counties by September 1, 2020; however, the Tax Assessor-Collector should retain the right to determine who is allowed to access webDEALER based on criteria such as history, volume, local control, and any other criteria established by the Tax Assessor-Collector.

Sunset Staff Key Recommendations (Issue 5 – recommendation 3 of 4)

- Direct the department to develop a comprehensive approach to developing, maintaining, and updating its IT infrastructure.

Bexar County Recommendation: Bexar County agrees to a comprehensive approach provided there is no more erosion of local control and no more revenue shifts from the Counties to TxDMV.

Sunset Staff Key Recommendations (Issue 5 – recommendation 4 of 4)

- Direct the department to evaluate and identify further opportunities to consolidate and modernize its customer service functions to improve efficiency and customer experience.

Bexar County Response: The Bexar County Tax Assessor-Collector has directed his staff to continuously evaluate and identify opportunities to consolidate and modernize its customer service functions to improve efficiency and customer experience.

We support consolidation and modernization which is appropriate and cost effective but do not support it where it negatively impacts customer service.

Any consolidation by Texas agencies should not erase Local Control.

Additionally, shifting revenue from local government to State Government is not acceptable, as was done by removing internet transactions from Texas Counties and transferring this process to the Xerox Corporation. This change, along with other changes reduced approximately \$7.6 million annually from Counties statewide. One example where a consolidation was not cost-effective was the two-step one-sticker program implemented by TxDMV, which created an estimated revenue loss of over \$20 million dollars to TxDMV and the State's general fund.

There are also out of state online companies conducting vehicle registrations without any oversight. These online companies have disguised themselves as TxDMV agents. When internet registrations were being handled by County Tax Assessor-Collectors, the Tax Assessor-Collectors were able to monitor and prevent the operation of these online companies. They are now largely unmonitored and unregulated, since the Xerox Corporation took over internet transactions.

Finally, State law requires that consolidation and modernization should not have an adverse effect on small businesses.

Bexar County Recommendation: We support consolidation and modernization which is appropriate and cost effective but do not support it where it negatively impacts customer service. Any consolidation by Texas agencies should not erase Local Control. Additionally, shifting revenue from local government to State Government is not acceptable, as was done by removing internet transactions from Texas Counties and transferring this process to the Xerox Corporation. This change, along with other changes by TxDMV, reduced approximately \$7.6 million annually in revenues from Counties statewide.

Any Alternative or New Recommendations on This Agency: Recommendations are listed above

My Comment Will Be Made Public: I agree