

**REPORT OF THE
DEPARTMENT OF GAME AND INLAND FISHERIES**

**Study on the Administration
of the State's Boat Registration
and Titling Program**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



HOUSE DOCUMENT NO. 68

**COMMONWEALTH OF VIRGINIA
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PREFACE

House Joint Resolution 443 of the 1993 Session of the General Assembly directed the Department of Motor Vehicles (DMV) and the Department of Game and Inland Fisheries (DGIF) to conduct a study of motorboat registration and titling services. The resolution specified the options to be considered and the questions to be addressed in the agencies' analysis of those options.

A study team was assembled by the directors of the two agencies and represented all aspects of the agencies' respective registration and titling operations, including administration, customer service, and information systems. The members of the study team were:

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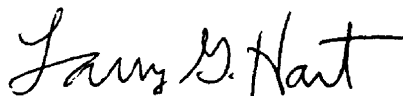
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This report is the culmination of the study team's efforts and is being submitted jointly by both agencies.



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November 1, 1993

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Introduction

In its 1992 Session, the General Assembly passed HJR 191 which, among other things, directed the Auditor of Public Accounts to conduct a management study of the Department of Game and Inland Fisheries (DGIF). One of the recommendations contained in the Auditor's final report was for the General Assembly to consider having the DMV and DGIF conduct a follow-up study of the state's boat registration and titling function. This recommendation was accepted by the General Assembly in the 1993 Session with the adoption of House Joint Resolution 443.

HJR 443 called for DMV and DGIF to study whether DMV should administer the registration and titling program. The two agencies were charged with reviewing four specific options:

1. That DMV would process all boat registrations and titles;
2. That DMV and DGIF would both process boat registrations and titles;
3. That DMV would process watercraft dealer licenses and oversee enforcement of [watercraft] dealer rules and regulations; and
4. That DGIF would retain the administration of boat registration and titling [and] for watercraft dealer licensing.

The two agencies were further charged with reviewing four specific questions in conducting their analysis:

1. What costs will be required to change the program(s)?
2. What program or fee structure changes will be necessary to make the boat program compatible with programs administered by DMV?
3. What changes will be required in the Code of Virginia?
4. What benefits or detriments would there be, if any, to boaters or watercraft dealers?

A study committee was formed by the agency directors comprising representatives of the two agencies. These representatives reflected all aspects of the agencies' respective registration and titling operations, including administration, customer service, and information systems. A three-step approach to the study was adopted:

- Step 1: a detailed review of the systems, processes, and procedures used by both agencies -- essentially an analysis of current systems and requirements.
- Step 2: an itemization of the commonalities of and differences between the existing systems.

EXECUTIVE SUMMARY - continued

Introduction - continued:

- Step 3: an analysis of the actions that would be required to address the system differences and the costs and benefits associated with those actions.

Over a period of four and one-half months, representatives of the two agencies met more than a dozen times, including small group, single-issue meetings.

Discussion

The similarity between registering and titling motor vehicles and registering and titling motorboats is not as great as is commonly thought. Issues which have to be addressed for motorboats do not occur in motor vehicles and vice versa. For example, all motor vehicles operated on the roads in Virginia must be registered and titled. On the other hand, some motorboats must be registered but do not have to be titled, some have to be both registered and titled, and some can be titled but not registered. In addition, Virginia law allows a boat owner to register and title a nonpowered boat -- the equivalent of DMV issuing a registration and title for a bicycle.

The differences between the programs extend to other states as well. Across the country, motor vehicle registration and titling laws and requirements are all but identical. The same is not true for boating. For example, some states require all boats (powered and non-powered) to be registered but not titled, some require all boats to be registered and titled, and some states require all motorboats to be registered and titled, but have no requirements for non-powered boats. Differences also exist in the scope of services provided by the two agencies.

There are approximately 210,000 registered motorboats in Virginia, approximately 167,000 of which are titled. In contrast, there are approximately 5.1 million registered and titled motor vehicles in the state, of which 4,278,000 are renewed either annually or biannually.

In Virginia, passenger motor vehicles are required to be registered either annually or biannually at a cost of either \$26.50 or \$31.50 per year, depending upon the weight of the vehicle. Motorboats are registered for a three-year period at a cost ranging from \$18.00 to \$36.00 (or \$6.00 to \$12.00 per year), depending on the length of the boat. The titling fee for motor vehicles is \$10.00. The titling fee for watercraft is \$7.00. In both cases, the titling fee is required only when ownership of the motor vehicle or boat changes.

EXECUTIVE SUMMARY - continued

Discussion - continued:

DMV processes approximately 2.1 million centralized vehicle registration renewals per year, and performs over 10 million revenue transactions per year. On the other hand, DGIF processes about 100,000 transactions in a typical year. Of these, approximately half are routine renewals. The remaining half is comprised primarily of sales between individuals, purchases of new boats (primarily small boats for which a title is not required), and post-expiration renewals.

Although not specifically mentioned in HJR 443, a concern expressed in recent years has been the relative availability of walk-in services provided to motor vehicle customers by DMV compared to the walk-in services provided to boating customers by DGIF. Currently, 50% of DMV's vehicle renewals are processed by mail. DGIF historically reaches approximately 93% of all boating customers by mail. Studies conducted by DGIF indicate that of the 7,000 boating customers who come into the Richmond office, only 35% (2,550 customers) have transactions which require a visit to the office. The remaining 65% (4,550 customers) come to the office to conduct their business because they choose to, not because the visit was required.

Another factor which needed to be addressed was a comparison of the cost per transaction for registering and titling motor vehicles versus the cost per transaction for registering and titling motorboats. The final HJR 191 report included a table comparing the relative cost per transaction rates of the two agencies. This comparison table indicated that the cost per transaction for DMV was about 20% lower than the cost per transaction for DGIF, as shown below:

	AVE. COST
<u>Registration</u>	
Motor Vehicles	\$ 6.41
Game & Inland Fisheries	8.20
<u>Titling</u>	
Motor Vehicles	\$ 6.76
Game & Inland Fisheries	8.20
<u>Dealer Licensing</u>	
Motor Vehicles	\$25.33
Game & Inland Fisheries	8.20

EXECUTIVE SUMMARY - continued

Discussion - continued:

These numbers are not necessarily true reflections of the average cost to process an individual transaction. The numbers shown for DMV, for example, were taken from DMV's cost allocation plan. The cost allocation plan is designed to distribute the agency's indirect costs and overhead across the agency's operational functions and reflects the need for immediate on-line access to vehicle records by law enforcement agencies, as well as the complexity and detail required of those records. It is not designed to calculate the average cost of each individual transaction.

The figures given for DGIF also include overhead costs which are normally allocated through a cost allocation plan. More importantly, what is not shown is that the \$8.20 figure represents the total cost of boat registration and titling and dealer licensing. It is an inclusive figure. The operational constraints of the two agencies preclude the type of comparison implied in the HJR 191 report.

In responding to the HJR 443 study request, therefore, the two agencies focused on how best to address the needs of the boating public, both in terms of cost and convenience. Two primary concerns were shared by both agencies. The first was the impact any proposed change would have on the cost of registration and titling for the vast majority of boating customers whose needs are currently being met. The second was the impact any proposed change would have on the ability of the Department of Game and Inland Fisheries to maintain its level of funding for boating law enforcement, boating safety education, and boating access programs. Of importance as well was the effect an increase in boating-related walk-in traffic might have on DMV branch office operations, especially in regions with high concentrations of registered boats (Tidewater, Northern Virginia, and Roanoke-Lynchburg).

Findings

As directed by HJR 443, the agencies studied four specific options. A summary of the findings for each of the options is presented here. Detailed information on each option included in the resolution is presented in the "Consideration of Options" section of this report, which begins on page 14.

EXECUTIVE SUMMARY - continued

Option #1. DMV would process all boat registrations and titles.

Motor vehicle registration and titling services provided by DMV are decentralized and thus are dependent on a highly sophisticated computer system which ties all of DMV's operations together in an on-line mode. Transferring any part of boat registration and titling from DGIF to DMV would require modifications to DMV's computer system. If the intent of this option is to provide the same level of walk-in service for motorboats as is currently provided for motor vehicles, implementation of this option would require approximately eighteen months of effort, approximately \$3 million in one-time costs, and an ongoing cost of approximately \$500,000 annually (as compared to the current annual cost of approximately \$400,000). These costs would necessitate an increase in the registration and titling fees currently being charged boat owners. Due to its highly decentralized construct, this option is the "top of the line" alternative. It represents the greatest level of customer convenience and requires the greatest level of investment. A detailed discussion of Option #1 can be found on pp. 14-18.

Option #2. DMV and DGIF would both process boat registrations and titles.

Implementation of this option would also require modifications to DMV's computer system, although not to the degree required in Option #1. The ongoing operational costs would also be less than required in Option #1, but they would be higher than are presently being incurred through DGIF's centralized system. Having both agencies process boat registrations and titles would require a combined one-time expenditure of approximately \$400,000 and an increase in ongoing operational costs of approximately \$141,000 over the current program. An increase in the registration and titling fees charge boat owners would also be required by this option. A detailed discussion of Option #2 can be found on pp. 19-21.

Option #3. DMV would process watercraft dealer licenses and oversee enforcement of [watercraft] dealer rules and regulations.

Since most watercraft dealers issue temporary certificates of registration to new owners and assign registration numbers, transferring watercraft dealer licensing to DMV would require watercraft dealers to work with two state agencies for boat transactions, rather than one. Operating costs associated with watercraft dealers would increase, as DGIF would have to hire replacement personnel to process boat titling and registration transactions sent to them by watercraft dealers (assuming present personnel who handle these functions would be transferred to DMV).

EXECUTIVE SUMMARY - continued

Option #3 - continued:

It is estimated that the implementation of this option would require a combined one-time expenditure of approximately \$122,000 and would increase current ongoing operational costs by approximately \$133,000 per year. Watercraft dealer licensing fees would also have to be increased. A detailed discussion of Option #3 can be found on pp. 22-24.

Option #4. DGIF would retain the administration of boat registration and titling [and] for watercraft dealer licensing.

This option represents no change over the current centralized processing of boat registration and titling, and would require no additional expenditures or increases in the registration and titling fees paid by boat owners. Nor does it represent any increase in service convenience. To that end, the agencies evaluated the feasibility of creating a Temporary Operating Certificate (TOC).

Used by a number of other states, the TOC would be available through a number of outlets, including DGIF and DMV local offices, selected watercraft dealers, and selected DGIF license agents. For a nominal fee (\$10 is recommended), the TOC would enable a boat owner who does not have ready access to walk-in services to use his boat for thirty days while waiting for the permanent title and registration to be processed. This service could be implemented fairly quickly with minimal costs, and its effectiveness could be determined with some degree of accuracy within one boating season. A detailed discussion of Option #4 and the TOC Option can be found on pp. 25-27.

Conclusion

Analysis of the state's boating registration and titling program indicates that the central issue is centralization versus decentralization of registration and titling services. DGIF's boat titling and registration system is centralized. While this offers the least amount of customer service, it is also the most economical to operate.

DMV's motor vehicle titling and registration system is decentralized. While this offers the greatest degree of customer service, it is also more costly. However, because DMV's transaction levels are so much higher than DGIF's, the higher costs of maintaining such a system is spread out over a larger number of transactions. Due to economies of scale, these transaction costs appear at first glance to be acceptable, but are not transferrable to lower transaction volumes such as those experienced by DGIF.

EXECUTIVE SUMMARY - continued

Recommendation

If the desire of the General Assembly is to provide the greatest degree of customer service, decentralization of the program would be appropriate. Depending on the level of services to be provided, decentralization would require increases in the titling and registration fees paid by boat owners.

If, on the other hand, the desire of the General Assembly is to provide boat registration and titling services at the lowest possible cost, continuation of the current centralized system with implementation of the Temporary Operating Certificate would be appropriate.

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INTRODUCTION - continued:

Step 3: an analysis of the actions that would be required to address the system differences and the costs and benefits associated with those actions.

Over a period of four and one-half months, representatives of the two agencies met more than a dozen times, including small group, single-issue meetings. The results of the committee's actions are documented in this report.

The committee recognized early on that the conclusion should balance convenient access to boating services without making them prohibitively expensive. Two primary concerns were shared by both agencies.

The first was the impact any proposed change would have on the cost of registration and titling for the vast majority of boating customers whose needs are currently being met. The second was the impact any proposed change would have on the ability of DGIF to maintain its level of funding for boating law enforcement, boating safety education, and boating access programs. Of importance as well was the effect an increase in boating-related walk-in traffic might have on DMV branch office operations, especially in regions with high concentrations of registered boats (Tidewater, Northern Virginia and Roanoke-Lynchburg).

Although not specifically mentioned in HJR 443, a concern expressed in recent years has been the relative availability of walk-in services provided to motor vehicle customers by DMV compared to the walk-in services provided to boating customers by DGIF. This study also addresses that concern.

Another factor which needed to be addressed was a comparison of the cost per transaction for registering and titling motor vehicles versus the cost per transaction for registering and titling motorboats. The final HJR 191 report included a table comparing the relative cost per transaction rates of the two agencies. This comparison table indicated that the cost per transaction for DMV was about 20% lower than the cost per transaction for DGIF, as shown on the next page:

INTRODUCTION - continued:

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AGENCY COMPARISONS

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DMV

Structure

In FY 1992, DMV employed approximately 1,950 employees in seventy full-service branch offices (including the Richmond Headquarters building), three express offices, two satellite offices and two mobile licensing units. These employees process motor vehicle and trailer registration and titling transactions, issue and renew motor vehicle operator licenses, and license motor vehicle dealers and salesmen, in addition to other responsibilities. The agency also has thirty-five "license agents" who process vehicle-related transactions under contract with DMV.

Technology

Motor vehicle registration and titling services provided by DMV are dependent on a highly sophisticated computer system which ties all of DMV's operations together in an on-line mode. The agency uses the Department of Information Technology's (DIT's) mainframe computer to process most of its workload. There is an IBM Series 1 minicomputer at each branch office, and each one is part of a network that is connected to a smaller mainframe computer at the DMV Headquarters. To provide for consistency and accuracy throughout its offices and to reduce the number of processing decisions which have to be made by staff, DMV's information system is very large in scope and its design provides for menu-driven applications at each teller window. Every attempt is made to obtain information from the source document so that further processing is kept to a minimum.

Motor vehicle dealer records are kept on a separate computer system at DMV Headquarters, and all dealer licensing transactions are processed on this system by the Headquarters staff. Approximately 6,000 active dealer records and 23,000 active salesperson records currently reside on this system.

Processing

In FY 1992, DMV branch offices served 4.6 million licensed drivers and renewed registrations for 4.3 million vehicles of the 5.1 million vehicles that are registered. Daily processing averages approximately 35,000 transactions and over \$4.8 million dollars in collections. All transactions are processed in an on-line, real-time mode in which the computer files are updated immediately. Currently, 50% of DMV's vehicle registration renewals are processed by mail.

AGENCY COMPARISONS - continued:

DGIF

Structure

DGIF currently employs approximately 400 employees who work throughout the state. Fourteen of these employees provide boat registration and titling and watercraft dealer licensing services. All of these services are provided from the Richmond headquarters office.

Technology

A master file of boat registration and title records is maintained on an IBM System 36 computer at the DGIF Headquarters in Richmond. There are approximately 320,000 complete boat records on file. Although the volume of boating-related data does not necessitate the services of DIT's large mainframe computer, DGIF is connected to the Virginia State Information Network (VSIN) and the National Crime Information Center (NCIC) systems for law enforcement and provides direct access to the boat files to the local Commissioners of Revenue.

DGIF is in the process of reviewing and upgrading its computer system. Although no decision has been made as to specific configurations, whatever system is selected to replace the current system must have the ability to incorporate current software programs with minimal conversion effort. It is anticipated, therefore, that DGIF will be able to provide even more services to the boating public once its current computer system is upgraded at no significant increase in costs.

Processing

There are approximately 210,000 registered motorboats in Virginia, approximately 167,000 of which are titled. Presently, all boat registration and titling transactions are handled in DGIF's headquarters office in Richmond. In a typical year, DGIF processes about 100,000 transactions, of which half are routine renewals. The remaining half are comprised primarily of sales between individuals, purchases of new boats (mostly small boats for which a title is not required), and post-expiration renewals. These transaction volumes are seasonal -- they increase dramatically during the summer months and fall off during the winter. Also, unlike motor vehicle titling and registration, boat titling and registration requirements vary widely from state to state, so the staff must receive intensive training in order to determine acceptable documentation from other states.

AGENCY COMPARISONS - continued:

DGIF - continued

Historically, 93% of all boating customers transact their business through the mail. The rest, or 7,000 customers, come into DGIF's Richmond headquarters office to conduct their boating business. Studies done by DGIF indicate that of the 7,000 customers who come into the office, only 35% (2,550 customers) have transactions which require a visit to the office. Most of these people have allowed their registrations to lapse or have just purchased a small motorboat and want to use their boats quickly. The remainder are individuals who have atypical documentation needs which are difficult to process through the mail, such as proof of ownership following a family death or divorce or for a homemade boat. The remaining 65% of those customers who visit the office to conduct their boating business do so because they choose to come in, not because the visit was required.

CONSIDERATION OF OPTIONS

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Option #1

DMV becomes solely responsible for the registration and titling of boats and DGIF retains watercraft dealer licensing, boating safety education, and boating law enforcement functions.

In approaching this option, it was assumed that the boating customer would be afforded the same level of service for his boat that is available for his motor vehicle. Analysis of this option was based on the assumption that DMV would, therefore, offer complete, "one-stop" boating services at each of its branch offices. A customer would be able to get all ownership documents, decals and registration cards at any DMV location, including the mobile licensing units (MLUs), just like motor vehicle owners. This is the most costly option, but it provides the greatest level of service.

1. What costs will be required to change the program(s)?

Table A

Item	DMV		DGIF	
	1 Time	Ongoing	1 Time	Ongoing
Computer:				
Personnel time	\$ 551,795			
Pgrm. develop.	\$ 98,359			
Add'l printers	\$1,700,000			
Staffing & Training	\$ 385,371 \$ 11,300	\$ 385,371	\$ -285,371	
Office Space	\$ 7,040	\$ 7,040		
Equipment & Furniture	\$ 30,763			
MLU Modifications & printers	\$ 6,000			
Forms & Procedures	\$ 52,590 \$ 2,000	\$ 52,590	\$ -52,590	
Public Relations	\$ 40,950			
Mailing	\$ 74,276	\$ 74,276	\$ -74,276	
Totals:	\$2,960,444	\$ 519,277	\$ -412,237	

CONSIDERATION OF OPTIONS - continued:

Option #1 - continued

Due to the size of its database, the wide geographic distribution of its offices, and the need to assure continuity and consistency of transactions between offices, DMV has developed a complex computer system for motor vehicle titling and registration transactions. Significant differences in the nature of boat titling and registration requirements and those of motor vehicles, as well as significant variations in boat registration and titling requirements between states would require DMV to rewrite many of the titling and registration computer programs and purchase additional computer equipment for each of its branch offices in order to provide "one-stop shopping" for boating customers. Preliminary estimates indicate that it would require approximately 16,625 hours of staff time over an eighteen month period at a cost of almost \$3 million to complete the project.

In addition, annual costs for DMV to operate the boat registration and titling program are expected to run at least \$100,000 more per year than is currently being incurred by DGIF. The primary cause of this increase is the anticipated need for additional staff in the DMV branch offices serving the areas of the state with high concentrations of registered boats, namely the Tidewater, Northern Virginia, and Roanoke-Lynchburg areas. Each additional staff person will add approximately \$20,000 in salaries and fringe benefits per year to DMV's operational costs. It is anticipated that initially five offices will require one additional staff person each to accommodate the increase in walk-in traffic associated with boating transactions.

The figures shown in Table A do not include the following items:

- ◆ Costs associated with completion and tallying of boat activity time accounting sheets which would be required of all DMV personnel involved in the processing of boat registration and titling transactions under the Recreational Boating Safety Program (federal matching funds);
- ◆ An undetermined number of branch office staff which might be needed in addition to the five identified in Table A to accommodate processing boat titles and registrations in branch offices in other parts of the state; and
- ◆ Ongoing costs for computer program maintenance and processing expenditures.

CONSIDERATION OF OPTIONS - continued:

Option #1 - continued

2. What program or fee structure changes will be necessary to make the boat program compatible with programs administered by DMV?

If DMV were given responsibility for boat titling and registration, the agency would seek to make the following changes to the boat titling and registration program during implementation:

- Require all motorboats be titled to make titling uniform. Currently, boats are required to have a title only if they are over fifteen feet in length and have a motor in excess of 25 horsepower, unless they are sailboats, in which case they must be titled if they are over eighteen feet in length. (Any boat may be titled voluntarily, irrespective of length or nature of propulsion.)
- Increase the watercraft title fee to \$10.00, which would be used by DMV to offset computer system development costs.
- Issue separate titles for boats and motors. Unlike motor vehicles, it is not unusual for a boat owner to change the boat's motor. If the owner buys a new motor and sells the old one, the motor information on the title is no longer correct and a new title must be issued.

This would enable DMV to track the motor in the event of sale or theft. Currently, all boats with a motor are required to be registered, but DGIF tracks only those motors over 25 horsepower. The motor vehicle title form would be modified for use as boat or motor titles as well.

- Revise the registration cycle to two years to coincide with the cycle for boat trailers.

CONSIDERATION OF OPTIONS - continued:

Option #1 - continued

- Change the registration fee to a flat amount per year, rather than the staggered scale based on length currently in use. A suggested amount for this flat fee has yet to be determined, but some increase in the boat registration fee would be necessary. This increase would be used by DMV to help fund computer system development costs and to help offset the decrease in funding that would be experienced by DGIF if DMV were to administer the boat titling and registration program.

3. What changes will be required to the Code of Virginia?

DMV would need to receive statutory authority to issue boat titles and registrations. This would be accomplished by moving §§ 29.1-700 through 29.1-733.1 (Chapter 7, "Boating Laws") from Title 29.1 to Title 46.2 of the Code of Virginia. Additional amendments to a number of these sections would also be needed to accommodate the boat titling and registration program as outlined above.

4. What benefits or detriments would there be, if any, to boat owners?

Benefits

- Boat owners would be able to take advantage of "one-stop shopping" for all of their boating service needs during DMV branch office hours.
- Enhanced access to boating records would be available to boat owners, law enforcement officials and local Commissioners of Revenue due to the on-line processing capability of DMV's computer system.

NOTE: Increased availability of information has not been identified as a need or an issue to be addressed by this study. The Commissioners of Revenue currently have access to DGIF's boat records through a dial-up mode via personal computer.

CONSIDERATION OF OPTIONS - continued:

Option #1 - continued

Detriments

- Implementation of this option would require an increase in the boat titling fee to \$10, and the boat registration fee by an amount yet to be determined.
- DMV's branch offices may realize an increase in walk-in traffic as a result of boating transactions, especially in those offices located in areas with high concentrations of registered boats. This in turn may result in a need for additional staff in those offices.

Presently, DMV serves the majority of its customers in person. If the same percentage of individuals who prefer to use a branch office for motor vehicle transactions also prefer to use a DMV branch office to conduct their boating business, the workload for some of DMV's branch offices could significantly increase.

In Table A, for example, the additional \$100,000 per year in operating costs was based on the assumption that five FTEs will have to be added to DMV's branch offices to handle the increase in walk-in traffic associated with boating transactions. Each additional staff person will increase DMV's operating costs by approximately \$20,000 per year in salary and fringe benefit costs.

- The assignment of boat titling and registration transactions to DMV would decrease the funds available to DGIF if implementation and operational costs were paid from boating revenues. This redirection of funding would have detrimental effects on the boating-related functions that would continue to be performed by DGIF, namely boating law enforcement, boating safety education, and boating access construction and maintenance.

CONSIDERATION OF OPTIONS - continued:

Option #2

DMV & DGIF would both process boat registrations & titles.

To reduce the need to engage in extensive reprogramming of DMV's computer system, the interpretation of the committee with regard to this option was that DMV branch office personnel would act as "handling agents" on behalf of DGIF. That is, DMV would accept any fee payments, would assign registration numbers, and would issue the boating customer a temporary registration that would be valid for sixty days, but the actual processing of registrations and titles would be accomplished by DGIF. (It should be noted that in this context, "temporary registration" implies the assignment of a registration number and a certificate of registration. A temporary certificate of registration is accepted as proof of ownership by other states and if not carefully administered can increase the problems associated with the detection of stolen boats.)

1. What costs will be required to change the program(s)?

Table B

Item	DMV		DGIF	
	1 Time	Ongoing	1 Time	Ongoing
Computer:				
Personnel time	\$ 225,585		\$ 19,200	
Pgrm develop.	\$ 22,558			
Hardware			\$ 6,405	
Voice Processing	\$ 1,000			
Staffing	\$ 100,000	\$ 100,000		
Training	\$ 11,300			
Forms			\$ 15,440	
Procedures	\$ 1,000			
Mailing				
Totals:	\$ 361,443	\$ 100,000	\$ 41,045	

CONSIDERATION OF OPTIONS - continued:

Option #2 - continued

As with Option 1, it is anticipated that additional staffing costs for DMV will be need to accommodate the increased walk-in traffic in the branch offices associated with boating transactions. In Table B, five FTEs have been added to the present staff in DMV's branch offices to handle an increase in walk-in traffic expected with the addition of boat transactions. Each staff person added will increase DMV's operating costs by approximately \$20,000 per year in salary and fringe benefit costs alone.

The figures in Table B do not include the following items:

- ◆ An undetermined number of branch office staff which might be needed in addition to the five identified in Table B to accommodate processing boat titles and registrations in branch offices in other parts of the state;
- ◆ Ongoing costs for computer programs and related processing in both agencies; or
- ◆ Costs of mailing documents from DMV branch offices to DGIF headquarters.

The \$41,045 expenditure figure shown in Table B for DGIF would be in addition to the amount currently being spent processing boat transactions.

2. What program or fee structure changes will be necessary to make the boat program compatible with programs administered by DMV?

Initially, no program or fee structure changes would be necessary -- boat titling and registration would be accomplished using the current methods. However, some fee adjustments may be needed in the future to address the increased costs incurred by DMV.

3. What changes will be required to the Code of Virginia?

No changes would be required, as § 29.1-706 of the Code of Virginia gives the Director of the Department of Game and Inland Fisheries the authority to appoint agents for the issuance of boat registrations.

CONSIDERATION OF OPTIONS - continued:

Option #2 - continued

4. What benefits or detriments would there be, if any, to boat owners?

Benefits

- Boat owners would be able to take advantage of DMV branch office locations and hours in order to obtain temporary certificates of registration.

Detriments

- Implementation of this option would increase the cost of boat titling and registration services.
- Additional boating-related walk-in traffic in DMV's branch offices might adversely affect branch office transaction time.
- The assignment of funds currently received from boat titling and registration transactions to DMV would decrease the funds available to DGIF for boating law enforcement, boating safety education, and boating access programs.
- Under the majority of state motor vehicle laws, a temporary registration is not sufficient proof of ownership in order to sell a motor vehicle. This is not the case, however, for temporary boat registrations. In many states, a temporary registration is sufficient documentation to permit the transfer of a boat to another party. Unless caution is exercised in the issuance of temporary certificates of registration, Virginia could become a target state for boat thieves seeking documentation in order to sell a stolen boat in another state.

CONSIDERATION OF OPTIONS - continued:

Option #3

DMV becomes solely responsible for licensing watercraft dealers, and DGIF retains the rest of their current functions, including boat titling and registration, boating safety education, law enforcement (except dealer law enforcement) and boating access construction and maintenance.

1. What costs will be required to change the program(s)?

Table C

Item	DMV		DGIF	
	1 Time	Ongoing	1 Time	Ongoing
Computer	\$ 35,428			
Staffing	\$ 61,179	\$ 61,179		\$ 61,179
Training	\$ 1,254			
Office Space	\$ 1,408	\$ 1,408		
Equipment & Furniture	\$ 14,021			
Forms	\$ 542	\$ 542	\$ -542	
Procedures	\$ 1,000			
Public Relations	\$ 7,950			
Mailing	\$ 8,253	\$ 8,253	\$ -8,253	
Totals:	\$ 131,035	\$ 71,382	\$ - 8,795	\$ 61,179

The cost figures in Table C do not include ongoing costs for computer programs and processing.

2. What program or fee structure changes will be necessary to make the dealer program compatible with programs administered by DMV?

DMV would adopt the watercraft dealer program as it is currently run by DGIF, and would seek to increase the fees associated with this program to amounts as yet undetermined.

CONSIDERATION OF OPTIONS - continued:

Option #3 - continued

It is important to note that DGIF would not realize any savings should the dealer licensing function be transferred to DMV. The majority of watercraft dealers are authorized by DGIF to issue temporary certificates of registration, much as motor vehicle dealers are authorized to issue temporary license plates for cars. All of the registration processing work associated with watercraft dealers is handled by the Watercraft Dealer Licensing unit.

The workload associated with temporary registrations issued by watercraft dealers has steadily increased over the last several years. The 1993 volume was so high that staff in other areas of the Boat Section had to be assigned to processing temporary registrations issued by watercraft dealers. This was in addition to the hiring of a wage employee in the Dealer Licensing Unit. If the current personnel who work in the Dealer Licensing Unit at DGIF were transferred to DMV, DGIF would need to hire two FTEs to replace them. This is reflected in the "Staffing" cost figures for this option.

3. What changes will be required to the Code of Virginia?

DMV would need to receive statutory authority to license watercraft dealers and enforce dealer laws. This would be accomplished by moving Chapter 8, "Watercraft Dealer Licensing Act" (§§ 29.1-800 through 29.1-827) from Title 29.1 to Title 46.2 of the Code of Virginia.

4. What benefits or detriments would there be, if any, to watercraft dealers?

Benefits - None.

Detriments

- Since most watercraft dealers are authorized by DGIF to issue temporary certificates of registration to new owners and to assign registration numbers, transferring watercraft dealer licensing to DMV would require watercraft dealers to work with two state agencies for boat transactions, rather than one. Watercraft dealers would still process certificates of registration and titles for new boat owners through DGIF.

CONSIDERATION OF OPTIONS - continued:

Option #3 - continued

- Operating costs for the watercraft dealer licensing program would increase, as DGIF would have to hire replacement personnel to process boat titling and registration transactions sent to them by watercraft dealers. This function is currently being handled by DGIF's watercraft dealer licensing unit in addition to their licensing responsibilities.

CONSIDERATION OF OPTIONS - continued:

Option #4

DGIF would retain the administration of boat registration and titling, and watercraft dealer licensing.

1. What costs will be required to change the program(s)?

No new costs would be incurred under this option.

2. What program or fee structure changes will be necessary to make the boat program compatible with programs administered by DMV?

No program or fee structure changes would be necessary, as DGIF would retain responsibility for the programs.

3. What changes will be required to the Code of Virginia?

No changes would be required to the Code of Virginia.

4. What benefits or detriments would there be, if any, to boat owners or watercraft dealers?

Benefits

- Boat owners and watercraft dealers would not encounter any confusion regarding which agency was responsible for processing their transactions.
- No increase in registration or titling fees would be required.
- There would be no impact on DMV's branch office operations.
- There would be no decrease in funding available to DGIF for law enforcement, boating safety education, or boating access construction and maintenance programs.

Detriments

- This option does not address the need for additional convenient access to registration and titling services, especially for customers who are not located in the greater Richmond area. Other actions, therefore, are being recommended as outlined in the next section.

CONSIDERATION OF OPTIONS - continued:

Temporary Operating Certificate Option

As was indicated in the Introduction section of this report, the committee recognized early on the need to address issues related to providing more convenient access to boating services. While the vast majority of boating customers are able to obtain the services they desire through the mail, there is a need to increase access to boating services to customers throughout the state, especially for owners of new small motorboats who want to be able to use their boats quickly but do not have ready access to Richmond.

As a mechanism to increase the convenience of registration and titling services for those who need it without increasing the cost of registration and titling fees for those customers whose needs are currently being met, the committee investigated the implementation of a new service to the boating public, the issuance of a "Temporary Operating Certificate" (TOC).

Used by a number of other states, a boat owner with minimal identification and proof of ownership would be able to go to any authorized outlet and for a nominal fee obtain a Temporary Operating Certificate. This would enable the boat owner to operate his boat in Virginia waters for a period of thirty days while waiting for the permanent registration and title to be processed. Distribution points for the TOC would include DGIF field offices, DMV branch offices, selected watercraft dealers, and selected DGIF license agents.

The fee for the TOC would be set high enough to discourage individuals from repeatedly using the TOC rather than obtaining the full registration, but not so high as to make the TOC a burden. (Initial discussions of the fee have been at the \$10.00 level.) Plus, the TOC would not be valid for transferring ownership of the boat, thus significantly reducing potential problems associated with trafficking in stolen boats.

1. What costs will be required to change the program(s)?

Minimal costs would be incurred under this option, primarily for printing and distributing the certificates, and could be offset by the fee charged for issuance of the TOC.

CONSIDERATION OF OPTIONS - continued:

Temporary Operating Certificate Option - continued

2. What program or fee structure changes will be necessary to make the boat program compatible with programs administered by DMV?

No program or fee structure changes would be necessary, as DGIF would retain responsibility for the programs as they are currently operated.

3. What changes will be required to the Code of Virginia?

Legislation would be required to authorize DGIF to issue a Temporary Operating Certificate. Amendments to §§ 29.1-710 and 29.1-717 of the Code of Virginia would also be required to exempt motorboats for which a Temporary Operating Certificate has been issued from the requirement that registration numbers be displayed on the hull, and the requirement that watercraft must be titled before operation.

4. What benefits or detriments would there be, if any, to boat owners or watercraft dealers?

Benefits

- Boat owners would have the added convenience of being able to visit literally dozens of locations, including DGIF and DMV branch offices, selected DGIF license agents, and selected watercraft dealers to obtain authorization to operate their vessel immediately while their permanent paperwork was being processed.
- Convenient access to registration services would be provided to those customers who need it -- particularly the individual who has allowed his registration to lapse, or the purchaser of a new small boat who wants to use his boat immediately -- without increasing the cost of registration and titling fees to those boat owners whose needs are currently being met via the mail-in service operated by DGIF.
- There would be no loss of funding to DGIF for its boating law enforcement, boating safety education, or boating access programs.

Detriments - None.

CONCLUSION

CONCLUSION

There are significant differences between registering and titling motorboats and registering and titling motor vehicles. As a result, both the Department of Motor Vehicles and the Department of Game and Inland Fisheries have over a period of many years refined their registration and titling functions to address their respective program needs. For example, all motor vehicles operated on the roads in Virginia must be registered and titled. On the other hand, some motorboats must be registered but do not have to be titled, some have to be both registered and titled, and some can be titled but not registered.

The differences between the programs extend to other states as well. Across the country, motor vehicle registration and titling laws and requirements are all but identical. The same is not true for boating. For example, some states require all boats (powered and non-powered) to be registered but not titled, some require all boats to be registered and titled, and some states require all motorboats to be registered and titled, but have no requirements for non-powered boats. In responding to the HJR 443 study request, therefore, the two agencies focused on how best to address the needs of the boating public, both in terms of cost and convenience.

Two primary concerns were shared by both agencies. The first was the impact any proposed change would have on the cost of registration and titling for the majority of boating customers whose needs are currently being met. The second was the impact any proposed change would have on the ability of the Department of Game and Inland Fisheries to maintain its level of funding for boating law enforcement, boating safety education, and boating access programs.

A concept which quickly became central to this study was that of a centralized system versus a decentralized system. DGIF operates a centralized system for boat titling and registrations - that is, all of the processing necessary to produce these documents is performed in a central location. DMV, on the other hand, operates a decentralized system for motor vehicle titling and registration, in which the processing necessary to produce a motor vehicle title or registration document is performed in many different locations.

Motor vehicle registration and titling services provided by DMV are dependent on a highly sophisticated computer system which ties all of DMV's operations together in an on-line mode. Transferring some or all of the boat registration and titling or watercraft dealer licensing functions from DGIF to DMV with the intent of providing the same level of services to the boat owner as are currently provided to motor vehicle owners would require modifications to DMV's computer system. If the optimum level of

service is to be provided, these modifications could cost as much as \$3 million.

In addition, the study determined that providing boat titling and registration services through DMV will cause both the boat title and registration fees to increase. This could negatively impact the funding available to DGIF for boating law enforcement, boating safety education, and boating access programs.

Analysis of the state's boat registration and titling program indicates that the central issue is centralization versus decentralization of registration and titling services. DGIF's boat registration and titling system is centralized. While this offers the least amount of customer service, it is also the most economical to operate.

DMV's motor vehicle titling and registration system is decentralized. While this offers the greatest degree of customer service, it is also more costly to operate. However, because DMV's transaction levels are so much higher than DGIF's, the higher costs of maintaining such a system are spread out over a larger number of transactions. Due to economies of scale, these transaction costs appear at first glance to be acceptable, but are not transferrable to lower transaction volumes such as those experienced by DGIF.

RECOMMENDATION

RECOMMENDATION

If the desire of the General Assembly is to provide the greatest degree of customer service, decentralization of the program would be appropriate. Depending on the level of services to be provided, decentralization would require increases in the titling and registration fees paid by boat owners.

If, on the other hand, the desire of the General Assembly is to provide boat registration and titling services at the lowest possible cost, continuation of the current centralized system with implementation of the Temporary Operating Certificate would be appropriate.

APPENDIX

1993 SESSION

LD9166256

HOUSE JOINT RESOLUTION NO. 443

Offered January 19, 1993

Requesting the Department of Motor Vehicles and the Department of Game and Inland Fisheries to study whether the Department of Motor Vehicles should administer the boat registration and titling program.

Patrons—Guest, Abbitt, Baker, Bloxom, Croshaw, Deeds, Parker, Reid, Thomas and Wagner

Referred to the Committee on Rules

WHEREAS, the 1992 Session of the General Assembly passed House Joint Resolution No. 191, which established a joint subcommittee to study the management structure of the Department of Game and Inland Fisheries (DGIF); and

WHEREAS, the joint subcommittee has been assisted in its work by the Auditor of Public Accounts; and

WHEREAS, the Auditor, as part of his analysis of the operation of DGIF, has found that the average costs of processing titles and registrations for boats is approximately 20 percent greater than the costs of comparable procedures for motor vehicles and boat trailers registered and titled by the Department of Motor Vehicles (DMV); and

WHEREAS, the registration and titling of boats is a costly function for DGIF, which is currently unable to meet its projected needs which are in excess of \$4 million; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That DMV and DGIF be requested to study whether DMV should administer the boat registration and titling program. The agencies shall consider four options: (i) that DMV would process all boat registration and titles, (ii) that DMV and DGIF would both process boat registrations and titles; (iii) that DMV would process watercraft dealer licenses and oversee enforcement of dealer rules and regulations; and (iv) that DGIF would retain the administration of boat registration and titling for watercraft dealer licenses.

In conducting their analysis, the agencies should respond to the following questions:

- 1. What costs will be required to change the program(s)?
2. What program or fee structure changes will be necessary to make the boat program compatible with programs administered by DMV?
3. What changes will be required in the Code of Virginia?
4. What benefits or detriments would there be, if any, to boaters or watercraft dealers?

The Departments shall submit their findings and recommendations to the House Committee on Conservation and Natural Resources by November 1, 1993, and to the Governor and the 1994 Session of the General Assembly as provided in the procedures of the Division of Legislative and Automated Systems for the processing of legislative documents.

Official Use By Clerks
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Date: _____ Date: _____
Clerk of the House of Delegates Clerk of the Senate

COMPARISON OF DMV & DGIF FEES & VOLUMES

Item	DMV Annual Fee	DGIF Annual Fee	DMV FY 92 Volume	DGIF FY 92 Volume
Title	\$ 10.00	\$ 7.00	1,861,951	23,417
Registration	\$ 26.50	*\$ 6.00 - \$ 12.00	4,921,219	78,393
Dealer License	\$ 100.00	\$ 75.00	9,597	241
Salesperson License	\$ 10.00	\$ 15.00	21,216	719

* Watercraft are registered for three years, with the fee based upon a sliding scale from \$6 to \$12 per year, based upon the boat type and length.