

3rd Party Registration Services & Nevada DMV Partnership

Thank you, Madam Chair and members of the committee, for the opportunity to present the DMV and 3rd Party Registration Services Industry Situation.

Overview

The Registration Services industry has over 140 small businesses in the Reno/Carson and Las Vegas areas. This is a group of mostly minority/women owned businesses that has almost doubled in size since 2019. We are currently licensed as Document Preparers by NV SOS which requires a \$100 Document Preparation license fee, a background check that requires fingerprints, a \$50k bond, a state business License from NVSOS and a local jurisdictional license meaning a city/county license. We process DMV transactions on behalf of customers. Think of it as DoorDash, but for DMV instead of food.

Who We Service

We help Nevada working families with their DMV transactions, we help Nevadans with language barriers, single parents who can't take a day off to go to DMV, Nevadans who are concerned with their immigration status in a government building, Business to business transactions, military personnel etc.

Current Challenges for Nevadans

As an everyday Nevadan, there are several challenges that are faced when trying to process DMV transactions, such as trying to book an appointment while trying to meet deadlines for expiration dates or trying to fit appointments into work schedules. For some Nevadans there are many transactions that require multiple trips to complete. Though online services are being offered, the time it takes from processing a registration or Plate online to the time it takes to have the physical paperwork or plates in hand is another obstacle to overcome. These are only a few of the reasons that Nevadans choose to get help from a 3rd Party Registration Service.

DMV Challenges

While the DMV has only 6 employees in their call center answering DMV questions for the entire state, the industry has over 170 people per day answering DMV questions, not including the in-person customer service we provide for free, for Nevadans coming into our offices asking about their transactions at no cost to the state. The industry provides millions of dollars in value to the state for very little cost.

The DMV has maintained a minimal number of locations all while our state population keeps growing. The state's population in 2001 was 1.375 million compared to this year's at 2.953 million.

In Clark County despite the population growth, there are still only 4 branches for non-commercial services. The DMV started construction on a new building in the Silverado Ranch area, that will combine the Commercial focused Donovan office and the Henderson office at a

cost of \$96.6 million dollars. However, this will come at the expense of the Donovan branch closing and the Henderson Branch seeing a reduction in staff size. Leaving Nevadans in the Henderson area (which is one of the fastest growing areas in the valley) with limited options to process their transactions.

Over the Last 10 years DMV has asked the Legislature for hundreds of millions of dollars to solve their processing and wait time issues. In 2018 DMV canceled a \$75 million dollar contract with a foreign company, Tech Mahindra and lost \$26 million dollars. In 2021 The DMV was awarded another \$125 million dollars to upgrade their system over the next 4 years. This project is still underway, and DMV is exploring options to complete the project as promised to the legislature.

DMV's Relationship with 3rd Party Registration Services Industry

Each DMV office in Clark County had 2 windows to serve 3rd Party Registration Services and help them process transactions. In the North, the Carson City office and the Reno office each had one window to service the industry. In 2017 the DMV cut the industry's access and eliminated all service windows for the industry in the North and cut the windows in the south from 2 windows per office to one. The industry attempted to create a community partnership with DMV in 2019 by drafting AB288 to license authorized third party DMV services. This bill was modeled after the current partnership program in place in Arizona since 1993. This attempt was met with fierce opposition from DMV and a \$4.5 million-dollar fiscal note that essentially killed the bill. This was a surprise to the industry as DMV currently had and still has a partnership contract with AAA of California, to process DMV transactions in some of their offices. This contract states it costs zero dollars to the state.

The industry was able to salvage the bill through a compromise made possible by the great efforts of Assemblywoman Monroe -Moreno (The committee chair) and Assemblywoman Ellen Spiegel (the bill sponsor). The compromise reestablished one window per office in the north and two windows per office in the south for the industry to process transactions.

The industry has been in constant struggle with DMV since October of last year. The DMV tried to completely change how they work with the industry with only 2 weeks' notice. These changes were going to completely destroy the majority of industry members. We appreciate the help from the Latin Chamber of Commerce that provided us with an opportunity to be heard by both the governor's office and DMV leadership. We appreciate the governor's office working with the Latin Chamber to attempt to solve issues between government and the private sector. Due to these efforts, we were able to push back that change and several other deadlines on new procedures that the DMV proposed over the last 10 months.

Current Registration Services Situation

The issue in question is one of supply and demand. The demand for the industry's services is extremely high.

During the Covid 19 pandemic the 3rd Party Registration Services were a critical tool for Nevadans trying to get their DMV transactions done after a 3-month shut down. The industry more than doubled in size during this time. According to Director Laney, there are now over 140 businesses in the south alone. The department has reached its capacity with the current resources allocated for processing industry transactions, yet the number of new industry members continues to rise. This led to a reworking of the current DMV policy to try and accommodate newer members of the industry.

The DMV cut access for longstanding businesses and redistributed it to newer businesses. This was to help address safety concerns of industry members sleeping in DMV parking lots waiting for a turn to process transactions. This policy change, also came with a promise of ending the industry's ability to process any transaction at a DMV window, that could be done online, starting on July 1st, 2025. This would effectively destroy the industry and shut down these Nevada family run businesses.

Community Partnership Proposal

The industry would like to work on becoming licensed community partners in the same way that driving schools, auto dealerships and even AAA of California are currently being offered.

DMV is creating a public private partnership with driving schools to allow Nevadans to take their drive exams at these schools. Auto dealerships are now currently processing their own titles in partnership with DMV to reduce title backlog in Carson City. Since 2017, AAA of California has been in partnership with DMV processing transactions in-house at some of their offices.

The emission testing program is a great example of how a public private partnership can be beneficial for all parties. There are only 25-30 State employees that are directly involved with the emissions program, but they are responsible for overseeing over 400 emissions stations state wide. There are over 2 million vehicles that are tested each year bringing in over \$12 million in revenue to the state.

Many states including California and Arizona license 3rd Party Registration Services and allow them to process transactions in house. This creates a voluntary, alternative solution for people to process their DMV transactions. It has been an extremely successful program and has saved the state of Arizona hundreds of millions of dollars. They haven't had the need to build a new DMV building in 30 years in the Phoenix metro area. We believe with a path to process transactions in-house in the future, the industry can play a major part in helping solve the DMV issues for Nevadans.

Benefits

Establishing an official partnership with the 3rd Party Registration Services Industry will benefit our great state in the following ways:

- Multiple processing outlets – Nevadans will have other viable processing locations that are not restricted by appointments and have the opportunity of being serviced at their earliest convenience. Business locations operate on their own hours of operation, allowing customers to have service after DMV working hours.
- In-person service. Many constituents prefer having in-person service due to transaction questions or discrepancies and the ability to have 100% completed transaction with plates in their hand that day.
- Net positive/revenue generator through a ~\$6 per transaction charge to pay for compliance enforcement, licensing, equipment, and training.
- Savings of taxpayers' dollars in moving all services online and the construction of new buildings.
- Preservation of countless jobs and businesses and a workforce that has been in existence for the last two decades.
- For the DMV staff, a tremendous reduction in workload.

Costs

We estimate this partnership costs to be low/non-existent since the DMV has already created and is currently implementing a partnership with AAA of California. Creating credentials for additional partnerships should have a minimal cost if any.

The industry will pay for the training, the industry will pay for the equipment, the industry will pay for the licensing and the industry will pay for the enforcement.

We currently estimate the industry processes over 200K transactions a year, at \$6 each, over \$1.2 million dollars of revenue could be generated.

This is a great opportunity for the state to partner with Nevada family run businesses and offer alternative solutions to Nevadans processing transactions at DMV. We now have a bipartisan effort led by Senator Flores and Assemblywoman Gallant to form a working group with DMV and work on the details of this proposal in the near future.

Committee members, we have a great opportunity to pass legislation to resolve the issues our state faces when dealing with DMV services, to help Nevadans process their DMV transactions in a timely and efficient manner, preserving Nevada family run businesses and jobs. On behalf of the industry, and myself, Thank you for your time and attention.