

**IT Project Proposal Report - Detail**  
**Agency: 024 - DEPT OF MOTOR VEHICLES**  
**Budget Cycle: 2015-2017 Biennium**                      **Version: AF - AGENCY FINAL REQUEST**

**IT Project : Nebraska Systems Update and Modification (NSUM)**

**General Section**

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<b>City :</b> Lincoln		<b>NITC Score :</b>
<b>State :</b> Nebraska	<b>Zip :</b> 68509	

**Expenditures**

IT Project Costs	Total	Prior Exp	FY14 Appr/Reappr	FY16 Request	FY17 Request	Future Add
<b>Contractual Services</b>						
Design	0	0	0	0	0	0
Programming	0	0	0	0	0	0
Project Management	1,677,806	127,500	0	383,000	385,848	781,458
Data Conversion	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Subtotal Contractual Services</b>	<b>1,677,806</b>	<b>127,500</b>	<b>0</b>	<b>383,000</b>	<b>385,848</b>	<b>781,458</b>
<b>Telecommunications</b>						
Data	0	0	0	0	0	0
Video	0	0	0	0	0	0
Voice	0	0	0	0	0	0
Wireless	0	0	0	0	0	0
<b>Subtotal Telecommunications</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Training</b>						
Technical Staff	0	0	0	0	0	0
End-user Staff	0	0	0	0	0	0
<b>Subtotal Training</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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**Expenditures**

<b>IT Project Costs</b>	<b>Total</b>	<b>Prior Exp</b>	<b>FY14 Appr/Reappr</b>	<b>FY16 Request</b>	<b>FY17 Request</b>	<b>Future Add</b>
<b>Other Operating Costs</b>						
Personnel Cost	875,032	132,418	0	180,530	184,592	377,492
Supplies & Materials	8,500	2,500	0	3,500	2,500	0
Travel	44,890	8,710	0	16,745	10,835	8,600
Other	0	0	0	0	0	0
<b>Subtotal Other Operating Costs</b>	<b>928,422</b>	<b>143,628</b>	<b>0</b>	<b>200,775</b>	<b>197,927</b>	<b>386,092</b>
<b>Capital Expenditures</b>						
Hardware	0	0	0	0	0	0
Software	0	0	0	0	0	0
Network	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Subtotal Capital Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL PROJECT COST</b>	<b>2,606,228</b>	<b>271,128</b>	<b>0</b>	<b>583,775</b>	<b>583,775</b>	<b>1,167,550</b>

**Funding**

<b>Fund Type</b>	<b>Total</b>	<b>Prior Exp</b>	<b>FY14 Appr/Reappr</b>	<b>FY16 Request</b>	<b>FY17 Request</b>	<b>Future Add</b>
General Fund	0	0	0	0	0	0
Cash Fund	2,606,228	271,128	0	583,775	583,775	1,167,550
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>TOTAL FUNDING</b>	<b>2,606,228</b>	<b>271,128</b>	<b>0</b>	<b>583,775</b>	<b>583,775</b>	<b>1,167,550</b>
<b>VARIANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# IT Project Proposal Report - Detail

## Agency: 024 - DEPT OF MOTOR VEHICLES

Budget Cycle: 2015-2017 Biennium

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### IT Project: Nebraska Systems Update and Modification (NSUM)

#### EXECUTIVE SUMMARY:

The Department of Motor Vehicles (DMV) is beginning the process of developing a single DMV system that will, over time, host all DMV services. The system will be 'customer centric' and be designed to provide a single, fully integrated access point for all customers to conduct business with the DMV.

This project will be approached from the view point of the customer's needs and expectations. Applications and technologies will be built to support redefined and modernized business processes. Although the entire project will span several budget periods, this project phase will focus on the preliminary events required for the recreation of the DMV Vehicle, Title and Registration (VTR) business processes, applications and technologies.

In 2014 LB 905 was passed by the Nebraska Legislature and states; "There is included in the appropriation to this program for FY2014-15 \$271,128 Cash Funds to identify a replacement vehicle title and registration system, associated costs, and financing options."

"The VTR system, now over 20 years old, no longer meets the evolving business requirements of stakeholders and expectations of Nebraska residents. Implementation of a new VTR system should be considered. Revenues to support a new VTR system may be derived from a variety of sources. ... The DMV should move immediately to collaboratively develop a funding model that is supported by key stakeholders. Upon approval, the DMV should create a project structure, conduct a business process analysis, and further refine the analysis with a concept of operations and system requirements. With that information, the DMV and its stakeholders will be positioned to evaluate how it will approach VTR system replacement. .... Upon determination of a direction, a project plan will be further developed and the contracting/tasking of VTR system development and implementation will be undertaken. Based on the experience of other states, VTR system implementation projects typically have taken between 4 to 10 years from initial planning through implementation of the production system." (1)

- (1) *Excerpts from: "2013 DMV VTR Business Case" - Prepared for the Nebraska Department of Motor Vehicles by Nancy Shank, PhD, MBA, Associate Director, University of Nebraska Public Policy Center.*

#### **Attachments:**

LB905.pdf

LB906.pdf

#### **GOALS, OBJECTIVES, AND OUTCOMES (15 PTS):**

The Vision of the DMV is to have quality, accessible, secure services available for all DMV customers. With that as our guide, we are compelled to keep our business process and systems current. The NSUM project is designed to provide the modernization that will allow the DMV to match its vision.

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The initial phase (through FY 2017) of the NSUM project will include the following objectives, goals and deliverables:

- Develop a funding model that is supported by key stakeholders
- A report on the use of the funds and of the progress made in the identification of a new system shall be submitted electronically by the Department of Motor Vehicles to the Legislature on or before July 31, 2015. – Required by LB 905 – **Document Deliverable**
- Create a project structure/team
- Conduct business process analysis – **Document Deliverable**
- Develop a concept of operations and system requirements – **Document Deliverable**
- Evaluate how to approach VTR system replacement
- Issue a Request for Proposal (RFP) for products and services required to complete the project – **Document Deliverable**
- Select vendor(s)/partner(s)
- Develop a detailed project plan – **Document Deliverable**

Updates to this project proposal will be provided to the Nebraska Information Technology Commission (NITC) as milestones are reached.

**PROJECT JUSTIFICATION / BUSINESS CASE (25 PTS):**

The VTR business process model, applications and systems that support the existing system are over 20 years old. As business models and technical systems age they lose the efficiencies they once provided, incur disproportionate expenses to support, run a higher risk of system failure and inhibit future opportunities. The initial phase of the NSUM project will provide the DMV with the necessary information to evaluate how to approach replacement of the VTR system and select the best partners and stakeholders to assist in the project.

In 2013 the DMV contracted with the University of Nebraska to compile a business case for the modernization of the VTR application. In that business case it is stated:

“The current VTR system prevents county treasurers and the DMV from providing services that are customer?]centric, capitalizing on efficiencies available through new technologies, ensuring revenues are collected, operating with full information resources, and flexibly responding to changes and opportunities.” (2)

- (1) *Excerpts from: “2013 DMV VTR Business Case” - Prepared for the Nebraska Department of Motor Vehicles by Nancy Shank, PhD, MBA, Associate Director, University of Nebraska Public Policy Center.*

**Attachments:**

VTR Business Case.pdf

**TECHNICAL IMPACT (20 PTS):**

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The purpose of this modernization project is to re-align the business process with the expectations of the customer, to establish a systems architecture that will provide security, longevity and scalability to establish a single, fully integrated access point for all DMV services.

To accomplish the goals of this project it should be expected that the DMV will migrate to a new hardware platform and utilize current software, software development tools and modern development methodologies. All new systems and applications will conform to the standards and guidelines established by the NITC.

The new platform and applications for the NSUM project is expected to leverage the resources and statewide infrastructure developed and managed by the Office of the CIO. It is expected that the hardware to support the new applications will reside in the secure OCIO facility, utilize backup facilities and redundancy offered within the OCIO infrastructure, utilize the shared communications network and utilize the field hardware and field support services of the Intergovernmental Division of the OCIO.

**PRELIMINARY PLAN FOR IMPLEMENTATION (10 PTS):**

The DMV has created an internal governance team that will guide the project on a DMV enterprise level. The internal governance team includes DMV Division Administrators, plus a Project Manager and an Administrative support position. The two new positions will be filled as part of the project and are accounted for in both the implementation plan and the budget request.

The DMV will create a user/stakeholder team that will provide input to and feedback on the project as it progresses. The exact membership of the user/stakeholder team will be determined in the near future but will include representatives from the Office of the Chief Information Officer, County Officials, State agencies and private industry.

The attached worksheet is a preliminary outline of the steps that will be taken to accomplish the goals of the NSUM project.

**Attachments:**

NSUM Action Plan Prog 70.pdf

**RISK ASSESSMENT (10 PTS):**

For years the DMV has monitored the projects that other jurisdictions have undertaken to modernize their business processes and systems. There have been obvious failures, marginal successes and successes. To minimize the risks and ensure success, the approach that the DMV has planned will be very measured and methodical. The DMV will perform extensive research and produce detailed business process designs and utilize internal and external professional support to accomplish its goals.

The DMV has created an internal governance team that will guide the project on a DMV enterprise level. The DMV will create a user/stakeholder team that will provide input to and feedback on the project as it progresses.

The most obvious challenge will be the development and approval of a funding mechanism to complete the project and provide long term support. LB 906, passed in 2014, provides set-aside funding to initiate the project. A long term and ongoing funding mechanism will be defined and proposed in future legislative sessions.

**FINANCIAL ANALYSIS AND BUDGET (20 PTS):**

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The attached spreadsheet includes the projected, known, expenditures for the NSUM project. The initial phase of this project is defined to be investigative and provide additional details for the project and determine the associated costs. Additional costs to complete the project and provide for the long term maintenance and support will be requested in future legislative and budget requests.

Updates to this project proposal will be provided to the Nebraska Information Technology Commission (NITC) as milestones are reached.

**Attachments:**

NSUM Financial Worksheet.xls

Program No. 614 - Professional Practices Commission

	<u>FY2013-14</u>	<u>FY2014-15</u>
<u>CASH FUND</u>	<u>39,381</u>	<u>-0-</u>
<u>PROGRAM TOTAL</u>	<u>39,381</u>	<u>-0-</u>
<u>SALARY LIMIT</u>	<u>35,870</u>	<u>-0-</u>

Sec. 21. AGENCY NO. 14 - PUBLIC SERVICE COMMISSIONProgram No. 686 - Nebraska Telecommunications Universal Service Fund

	<u>FY2013-14</u>	<u>FY2014-15</u>
<u>CASH FUND</u>	<u>-0-</u>	<u>-0-</u>
<u>PROGRAM TOTAL</u>	<u>-0-</u>	<u>-0-</u>
<u>SALARY LIMIT</u>	<u>-0-</u>	<u>-0-</u>

Sec. 22. AGENCY NO. 16 - DEPARTMENT OF REVENUEProgram No. 13 - Tax Commissioner

	<u>FY2013-14</u>	<u>FY2014-15</u>
<u>SALARY LIMIT</u>	<u>16,500</u>	<u>-0-</u>

Sec. 23. AGENCY NO. 16 - DEPARTMENT OF REVENUEProgram No. 132 - Property Tax Credit Program

	<u>FY2013-14</u>	<u>FY2014-15</u>
<u>CASH FUND</u>	<u>-0-</u>	<u>25,000,000</u>
<u>PROGRAM TOTAL</u>	<u>-0-</u>	<u>25,000,000</u>

There is included in the appropriation to this program for FY2014-15 \$25,000,000 Cash Funds for state aid, which shall only be used for such purpose.

Sec. 24. AGENCY NO. 19 - DEPARTMENT OF BANKING AND FINANCEProgram No. 66 - Enforcement of Standards - Securities

	<u>FY2013-14</u>	<u>FY2014-15</u>
<u>CASH FUND</u>	<u>200,000</u>	<u>-0-</u>
<u>PROGRAM TOTAL</u>	<u>200,000</u>	<u>-0-</u>
<u>SALARY LIMIT</u>	<u>-0-</u>	<u>-0-</u>

Sec. 25. AGENCY NO. 24 - DEPARTMENT OF MOTOR VEHICLESProgram No. 70 - Enforcement of Standards - Motor Vehicles/Motor Vehicle Drivers

	<u>FY2013-14</u>	<u>FY2014-15</u>
<u>CASH FUND</u>	<u>-0-</u>	<u>271,128</u>
<u>PROGRAM TOTAL</u>	<u>-0-</u>	<u>271,128</u>
<u>SALARY LIMIT</u>	<u>-0-</u>	<u>94,584</u>

The unexpended Cash Fund appropriation balance existing on June 30, 2015, from the appropriation made in this section, is hereby reappropriated.

There is included in the appropriation to this program for FY2014-15 \$271,128 Cash Funds to identify a replacement vehicle title and registration system, associated costs, and financing options. A report on the use of the funds and of the progress made in the identification of a new system shall be submitted electronically by the Department of Motor Vehicles to the Legislature on or before July 31, 2015.

Sec. 26. AGENCY NO. 25 - DEPARTMENT OF HEALTH AND HUMAN SERVICESProgram No. 33 - Administration

## LEGISLATIVE BILL 906

Approved by the Governor March 29, 2014, with line-item  
vetoes overridden April 1, 2014.

(CORRECTED)

Introduced by Speaker Adams, 24; at the request of the Governor.

FOR AN ACT relating to appropriations; to amend sections 2-1588, 2-1592, 2-3225, 2-3226.05, and 81-1204, Reissue Revised Statutes of Nebraska, sections 24-205, 24-227.01, 39-1390, 48-622.01, 58-708, and 81-1205, Revised Statutes Cumulative Supplement, 2012, and sections 71-7611 and 81-2516, Revised Statutes Supplement, 2013; to provide for transfers of funds; to create and eliminate funds; to change provisions relating to the source of revenue and use of funds in the Nebraska Resources Development Fund, for water and related land resources, by natural resources districts, for judges' education and retirement, for Supreme Court automation, for employment security settlements, from the Affordable Housing Trust Fund, from the Nebraska Health Care Cash Fund, and for job training grants; to require reports; to harmonize provisions; to repeal the original sections; to outright repeal sections 2-3226.06, 2-3226.07, 2-3226.08, and 2-3226.09, Reissue Revised Statutes of Nebraska; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. The State Treasurer shall transfer six million eight hundred thousand dollars from the Health and Human Services Cash Fund to the General Fund on or before July 15, 2014, on such date as directed by the budget administrator of the budget division of the Department of Administrative Services.

Sec. 2. The Vehicle Title and Registration System Replacement and Maintenance Cash Fund is hereby created. The fund shall be administered by the Department of Motor Vehicles. The fund shall be used by the department to pay for costs associated with the acquisition, implementation, maintenance, support, upgrades, and replacement of the vehicle titling and registration computer system. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 3. The State Treasurer shall transfer twelve million five hundred thousand dollars from the Department of Motor Vehicles Cash Fund to the Vehicle Title and Registration System Replacement and Maintenance Cash Fund on July 1, 2014, or as soon thereafter as administratively possible.

Sec. 4. The Game and Parks State Park Improvement and Maintenance Fund is created. The fund shall consist of transfers made by the Legislature and any gifts, grants, bequests, or donations to the fund. Money in the fund shall be used to build, repair, renovate, rehabilitate, restore, modify, or improve any infrastructure in the state park system. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 5. The State Treasurer, at the direction of the budget administrator of the budget division of the Department of Administrative Services, shall transfer fifteen million dollars from the General Fund to the Game and Parks State Park Improvement and Maintenance Fund on or before July 31, 2014.

Sec. 6. The State Treasurer, at the direction of the budget administrator of the budget division of the Department of Administrative Services, shall transfer two million five hundred thousand dollars from the State Recreation Road Fund to the Game and Parks State Park Improvement and Maintenance Fund on or before July 31, 2014.

Sec. 7. The Water Sustainability Fund is created in the Department of Natural Resources. The fund shall be used in accordance with the provisions established in Legislative Bill 1098, One Hundred Third Legislature, Second Session, 2014, and for costs directly related to the administration of the fund.

The fund shall consist of money transferred to the fund by the Legislature, other funds as appropriated by the Legislature, and money donated as gifts, bequests, or other contributions from public or private entities. Funds made available by any department or agency of the United States may also



be credited to the fund if so directed by such department or agency. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act. Investment earnings from investment of money in the fund shall be credited to the fund.

It is the intent of the Legislature that twenty-one million dollars be transferred from the General Fund to the Water Sustainability Fund in fiscal year 2014-15 and that eleven million dollars be transferred from the General Fund to the Water Sustainability Fund each fiscal year beginning in fiscal year 2015-16.

Sec. 8. The State Treasurer shall transfer twenty-one million dollars from the General Fund to the Water Sustainability Fund no later than July 15, 2014, on such date as directed by the budget administrator of the budget division of the Department of Administrative Services.

Sec. 9. Section 2-1588, Reissue Revised Statutes of Nebraska, is amended to read:

2-1588 (1) Any money in the Nebraska Resources Development Fund may be allocated by the commission in accordance with sections 2-1586 to 2-1595 for utilization by the department, by any state office, agency, board, or commission, or by any political subdivision of the state which has the authority to develop the state's water and related land resources. Such money No money in the Nebraska Resources Development Fund may be reallocated by the commission in accordance with sections 2-1586 to 2-1595 for utilization by the department, by any state office, agency, board, or commission, or by any political subdivision of the state which has the authority to develop the state's water and related land resources after the effective date of this act. The commission may commit appropriated funds to projects approved as of the effective date of this act, not to exceed amounts specifically allocated to such projects prior to the effective date of this act. Prior to the effective date of this act, the fund may be allocated in the form of grants or loans or for acquiring state interests in water and related land resources programs and projects undertaken within the state. The allocation of funds to a program or project in one form shall not of itself preclude additional allocations in the same or any other form to the same program or project. Funds may also be allocated to assist natural resources districts in the preparation of management plans as provided in section 46-709. Funds so allocated shall not be subject to sections 2-1589 to 2-1595.

(2) No project, including all related phases, segments, parts, or divisions, shall receive more than ten million dollars from the fund. On July 1 of each year after 1993, the director shall adjust the project cost and payment limitation of this subsection by an amount equal to the average percentage change in a readily available construction cost index for the prior three years.

(3) Prior to September 1 of each even-numbered year, a biennial report shall be made to the Governor and the Clerk of the Legislature describing the work accomplished by the use of such development fund during the immediately preceding two-year period. The report submitted to the Clerk of the Legislature shall be submitted electronically. The report shall include a complete financial statement. Each member of the Legislature shall receive an electronic copy of such report upon making a request to the director.

Sec. 10. Section 2-1592, Reissue Revised Statutes of Nebraska, is amended to read:

2-1592 (1) Any organization qualified to apply for and receive funds from the Nebraska Resources Development Fund may file an application with the department for a grant or loan from such fund. Applications for grants to the department itself shall be filed by the department. Each application shall be filed in such manner and form and be accompanied by such information as may be prescribed by the director and the commission. No applications may be made to receive funds by grant or loan from the Nebraska Resources Development Fund after the effective date of this act.

(2) Any such application shall:

(a) Describe the nature and purpose of the proposed program or project;

(b) Set forth or be accompanied by a plan for development of the proposed program or project, together with engineering, economic, and financial feasibility data and information, and such estimated costs of construction or implementation as may be required by the director and the commission;

(c) State whether money other than that for which the application is made will be used to help in meeting program or project costs and whether such money is available or has been sought for this purpose;

(d) When appropriate, state that the applicant holds or can acquire

title to all lands or has the necessary easements and rights-of-way for the project and related lands and has or may acquire all water rights necessary for the proposed project;

(e) Show that the applicant possesses all necessary authority to undertake or participate in the proposed program or project; and

(f) Demonstrate the probable environmental and ecological consequences that may result from such proposed program or project.

(3) Upon receipt of an application, the director shall evaluate and investigate all aspects of the proposed program or project and the proposed schedule for development and completion of such program or project, determine the eligibility of the program or project for funding, and make appropriate recommendations to the commission pursuant to sections 2-1586 to 2-1595. As a part of his or her investigation, the director shall consider whether the plan for development of the program or project is satisfactory. If the director determines that the plan is unsatisfactory or that the application does not contain adequate information upon which to make determinations, the director shall return the application to the applicant and may make such recommendations to the applicant as are considered necessary to make the plan or the application satisfactory.

(4) Requests for utilization of the Nebraska Resources Development Fund for state participation in any water and related land-water resources projects through acquisition of a state interest therein shall also be filed with the department for the director's evaluation, investigation, and recommendations. Such requests shall be filed in the manner and form and be accompanied by such information as shall be prescribed by the department and the commission.

Sec. 11. Section 2-3225, Reissue Revised Statutes of Nebraska, is amended to read:

2-3225 (1)(a) Each district shall have the power and authority to levy a tax of not to exceed four and one-half cents on each one hundred dollars of taxable valuation annually on all of the taxable property within such district unless a higher levy is authorized pursuant to section 77-3444.

(b) Each district shall also have the power and authority to levy a tax equal to the dollar amount by which its restricted funds budgeted to administer and implement ground water management activities and integrated management activities under the Nebraska Ground Water Management and Protection Act exceed its restricted funds budgeted to administer and implement ground water management activities and integrated management activities for FY2003-04, not to exceed one cent on each one hundred dollars of taxable valuation annually on all of the taxable property within the district.

(c) In addition to the power and authority granted in subdivisions (1)(a) and (b) of this section, each district located in a river basin, subbasin, or reach that has been determined to be fully appropriated pursuant to section 46-714 or designated overappropriated pursuant to section 46-713 by the Department of Natural Resources shall also have the power and authority to levy a tax equal to the dollar amount by which its restricted funds budgeted to administer and implement ground water management activities and integrated management activities under the Nebraska Ground Water Management and Protection Act exceed its restricted funds budgeted to administer and implement ground water management activities and integrated management activities for FY2005-06, not to exceed three cents on each one hundred dollars of taxable valuation on all of the taxable property within the district for fiscal year 2006-07 and each fiscal year thereafter through fiscal year 2017-18.

(d) In addition to the power and authority granted in subdivisions (a) through (c) of this subsection, a district with jurisdiction that includes a river subject to an interstate compact among three or more states and that also includes one or more irrigation districts within the compact river basin may annually levy a tax not to exceed ten cents per one hundred dollars of taxable valuation of all taxable property in the district. The proceeds of such tax may be used for the payment of principal and interest on bonds and refunding bonds issued pursuant to section 2-3226.01 ~~or for the repayment of financial assistance received by the district pursuant to section 2-3226.07.~~ Such levy is not includable in the computation of other limitations upon the district's tax levy.

(2) The proceeds of the tax levies authorized in subdivisions (1)(a) through (c) of this section shall be used, together with any other funds which the district may receive from any source, for the operation of the district. When adopted by the board, the tax levies authorized in subdivisions (1)(a) through (d) of this section shall be certified by the secretary to the county clerk of each county which in whole or in part is included within the

district. Such levy shall be handled by the counties in the same manner as other levies, and proceeds shall be remitted to the district treasurer. Such levy shall not be considered a part of the general county levy and shall not be considered in connection with any limitation on levies of such counties.

Sec. 12. Section 2-3226.05, Reissue Revised Statutes of Nebraska, is amended to read:

2-3226.05 (1) A district with an integrated management plan as described in subsection (1) of section 2-3226.01 may levy an occupation tax upon the activity of irrigation of agricultural lands within such district on an annual basis, not to exceed ten dollars per irrigated acre, the proceeds of which may be used for (a) repaying principal and interest on any bonds or refunding bonds issued pursuant to section 2-3226.01 for one or more projects under section 2-3226.04, ~~(b) the repayment of financial assistance received by the district pursuant to section 2-3226.07, or (c) or (b) payment of all~~ or any part of the costs and expenses of one or more qualified projects described in section 2-3226.04. If such district has more than one river basin as described in section 2-1504 within its jurisdiction, such district shall confine such occupation tax authorized in this section to the geographic area affected by an integrated management plan adopted in accordance with section 46-715.

(2) (a) Acres classified by the county assessor as irrigated shall be subject to such district's occupation tax unless on or before March 1 in each year the record owner certifies to the district the nonirrigation status of such acres.

(b) A district may exempt from the occupation tax acres that are enrolled in local, state, or federal temporary irrigation retirement programs that prohibit the application of irrigation water in the year for which the tax is levied.

(c) Except as provided in subdivisions (2) (a) and (b) of this section, a district is prohibited from providing an exemption from, or allowing a request for a local refund of, an occupation tax on irrigated acres regardless of the irrigation source while the record owner maintains irrigated status on such acres in the year for which the tax is levied.

(d) Notwithstanding subdivisions (2) (b) and (c) of this section, the record owner may present evidence of the nonirrigation status of the acres subject to the tax within twelve months after the date the tax was levied and the district may refund amounts collected upon such acres if an occupation tax was not levied by the district the previous year and the district had not adopted an integrated management plan as described in subsection (1) of section 2-3226.01 by March 1 in the current year. Subdivision (2) (d) of this section terminates on October 1, 2012.

(3) Any such occupation tax shall remain in effect so long as the natural resources district has bonds outstanding which have been issued stating such occupation tax as an available source for payment and for the purpose of paying all or any part of the costs and expenses of one or more projects authorized pursuant to section 2-3226.04.

(4) Such occupation taxes shall be certified to, collected by, and accounted for by the county treasurer at the same time and in the same manner as general real estate taxes, and such occupation taxes shall be and remain a perpetual lien against such real estate until paid. Such occupation taxes shall become delinquent at the same time and in the same manner as general real property taxes. The county treasurer shall publish and post a list of delinquent occupation taxes with the list of real property subject to sale for delinquent property taxes provided for in section 77-1804. In addition, the list shall be provided to natural resources districts which levied the delinquent occupation taxes. The list shall include the record owner's name, the parcel identification number, and the amount of delinquent occupation tax. For services rendered in the collection of the occupation tax, the county treasurer shall receive the fee provided for collection of general natural resources district money under section 33-114.

(5) Such lien shall be inferior only to general taxes levied by political subdivisions of the state. When such occupation taxes have become delinquent and the real property on which the irrigation took place has not been offered at any tax sale, the district may proceed in district court in the county in which the real estate is situated to foreclose in its own name the lien in the same manner and with like effect as a foreclosure of a real estate mortgage, except that sections 77-1903 to 77-1917 shall govern when applicable.

Sec. 13. Section 24-205, Revised Statutes Cumulative Supplement, 2012, is amended to read:

24-205 The Supreme Court Education Fund is created. The State Court Administrator shall administer the fund. The fund shall consist of money

remitted pursuant to section 33-154. ~~Except as otherwise directed by the Supreme Court during the period from November 21, 2009, until June 30, 2013,~~ the The fund shall only be used to aid in supporting the mandatory training and education program for judges and employees of the Supreme Court, Court of Appeals, district courts, separate juvenile courts, county courts, and Nebraska Probation System as enacted by rule of the Supreme Court.

On July 1, 2014, or as soon thereafter as administratively possible, the State Treasurer shall transfer one hundred nine thousand three hundred eighty-three dollars from the Supreme Court Education Fund to the Nebraska Retirement Fund for Judges as an offset to the increase in the state's contribution to the Nebraska Judges Retirement System.

Any money in the ~~fund~~ Supreme Court Education Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 14. Section 24-227.01, Revised Statutes Cumulative Supplement, 2012, is amended to read:

24-227.01 The Supreme Court Automation Cash Fund is created. The State Court Administrator shall administer the fund. ~~Except as otherwise directed by the Supreme Court during the period from November 21, 2009, until June 30, 2013,~~ the The fund shall only be used to support automation expenses of the Supreme Court, Court of Appeals, district courts, separate juvenile courts, county courts, and Nebraska Probation System from the computer automation budget program, ~~except that the State Treasurer shall, on or before June 30, 2011, on such date as directed by the budget administrator of the budget division of the Department of Administrative Services, transfer the amount set forth in Laws 2009, LB1, One Hundred First Legislature, First Special Session.~~

On July 1, 2014, or as soon thereafter as administratively possible, the State Treasurer shall transfer six hundred thousand dollars from the Supreme Court Automation Cash Fund to the Nebraska Retirement Fund for Judges as an offset to the increase in the state's contribution to the Nebraska Judges Retirement System.

Any money in the Supreme Court Automation Cash Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 15. Section 39-1390, Revised Statutes Cumulative Supplement, 2012, is amended to read:

39-1390 The State Recreation Road Fund is created. The money in the fund shall be transferred by the State Treasurer, on the first day of each month, to the Department of Roads and shall be expended by the Director-State Engineer with the approval of the Governor for construction and maintenance of dustless-surface roads to be designated as state recreation roads as provided in this section, except that transfers may be made from the fund to the General Fund Game and Parks State Park Improvement and Maintenance Fund at the direction of the Legislature through ~~June 30, 2011.~~ July 31, 2014. Except as to roads under contract as of March 15, 1972, those roads, excluding state highways, giving direct and immediate access to or located within state parks, state recreation areas, or other recreational or historical areas, shall be eligible for designation as state recreation roads. Such eligibility shall be determined by the Game and Parks Commission and certified to the Director-State Engineer, who shall, after receiving such certification, be authorized to commence construction on such recreation roads as funds are available. In addition, those roads, excluding state highways, giving direct and immediate access to a state veteran cemetery are state recreation roads. After construction of such roads they shall be shown on the map provided by section 39-1311. Preference in construction shall be based on existing or potential traffic use by other than local residents. Unless the State Highway Commission otherwise recommends, such roads upon completion of construction shall be incorporated into the state highway system. If such a road is not incorporated into the state highway system, the Department of Roads and the county within which such road is located shall enter into a maintenance agreement establishing the responsibility for maintenance of the road, the maintenance standards to be met, and the responsibility for maintenance costs. Any money in the State Recreation Road Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 16. Section 48-622.01, Revised Statutes Cumulative Supplement, 2012, is amended to read:

48-622.01 (1) There is hereby created in the state treasury a special fund to be known as the State Unemployment Insurance Trust Fund. All state unemployment insurance tax collected under sections 48-648 to 48-661, less refunds, shall be paid into the fund. Such money shall be held in

trust for payment of unemployment insurance benefits. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act, except that interest earned on money in the fund shall be credited to the Nebraska Training and Support Trust Fund at the end of each calendar quarter.

(2) The commissioner shall have authority to determine when and in what amounts withdrawals from the State Unemployment Insurance Trust Fund for payment of benefits are necessary. Amounts withdrawn for payment of benefits shall be immediately forwarded to the Secretary of the Treasury of the United States of America to the credit of the state's account in the Unemployment Trust Fund, provisions of law in this state relating to the deposit, administration, release, or disbursement of money in the possession or custody of this state to the contrary notwithstanding.

(3) If and when the state unemployment insurance tax ceases to exist as determined by the Governor, all money then in the State Unemployment Insurance Trust Fund less accrued interest shall be immediately transferred to the credit of the state's account in the Unemployment Trust Fund, provisions of law in this state relating to the deposit, administration, release, or disbursement of money in the possession or custody of this state to the contrary notwithstanding. The determination to eliminate the state unemployment insurance tax shall be based on the solvency of the state's account in the Unemployment Trust Fund and the need for training of Nebraska workers. Accrued interest in the State Unemployment Insurance Trust Fund shall be credited to the Nebraska Training and Support Trust Fund.

(4) Upon certification from the commissioner that disallowed costs by the United States Department of Labor for FY2007-08, FY2008-09, and FY2009-10, or any one of them, have been reduced to an amount certain by way of settlement or final judgment, the State Treasurer shall transfer the amount of such settlement or final judgment from the State Unemployment Insurance Trust Fund to the Employment Security Special Contingent Fund. The total amount of such transfers shall not exceed \$2,816,345. The amount of the reappropriation of Federal Funds appropriated in FY2004-05 under section 903(d) of the federal Social Security Act shall be reduced by the amount transferred.

(5) Upon certification from the commissioner that the amount needed to settle pending class action litigation and terminate the contributory retirement system established pursuant to section 48-609 has been reduced to an amount certain, the State Treasurer shall transfer the amount certified by the commissioner as needed to effectuate the settlement from the State Unemployment Insurance Trust Fund to the Employment Security Special Contingent Fund. The amount transferred pursuant to this subsection shall not exceed two million seven hundred seventy-three thousand dollars.

Sec. 17. Section 58-708, Revised Statutes Cumulative Supplement, 2012, is amended to read:

58-708 (1) During each calendar year in which funds are available from the Affordable Housing Trust Fund for use by the Department of Economic Development, the department shall allocate a specific amount of funds, not less than ~~twenty-five~~ thirty percent, to each congressional district. ~~Entitlement area funds allocated under this section that are not awarded to an eligible project from within the entitlement area within one year shall be made available for distribution to eligible projects elsewhere in the state.~~ The department shall announce a grant and loan application period of at least ninety days duration for all ~~nonentitlement areas.~~ projects. In selecting projects to receive trust fund assistance, the department shall develop a qualified allocation plan and give first priority to financially viable projects that serve the lowest income occupants for the longest period of time. The qualified allocation plan shall:

(a) Set forth selection criteria to be used to determine housing priorities of the housing trust fund which are appropriate to local conditions, including the community's immediate need for affordable housing, proposed increases in home ownership, private dollars leveraged, level of local government support and participation, and repayment, in part or in whole, of financial assistance awarded by the fund; and

(b) Give first priority in allocating trust fund assistance among selected projects to those projects which serve the lowest income occupant and are obligated to serve qualified occupants for the longest period of time.

(2) The department shall fund in order of priority as many applications as will utilize available funds less actual administrative costs of the department in administering the program. In administering the program the department may contract for services or directly provide funds to other governmental entities or instrumentalities.

(3) The department may recapture any funds which were allocated to a qualified recipient for an eligible project through an award agreement if such funds were not utilized for eligible costs within the time of performance under the agreement and are therefor no longer obligated to the project. The recaptured funds shall be credited to the Industrial Recovery Fund except as provided in section 81-1213.

Sec. 18. Section 71-7611, Revised Statutes Supplement, 2013, is amended to read:

71-7611 (1) The Nebraska Health Care Cash Fund is created. The State Treasurer shall transfer (a) fifty-six million one hundred thousand dollars no later than July 15, 2009, ~~and~~ (b) fifty-nine million one hundred thousand dollars on or before July 15, 2010, July 15, 2011, ~~and~~ July 15, 2012, and July 15, 2013, and (c) sixty million one hundred thousand dollars on or before July 15, 2014, and on or before every July 15 thereafter from the Nebraska Medicaid Intergovernmental Trust Fund and the Nebraska Tobacco Settlement Trust Fund to the Nebraska Health Care Cash Fund, except that such amount shall be reduced by the amount of the unobligated balance in the Nebraska Health Care Cash Fund at the time the transfer is made. The state investment officer upon consultation with the Nebraska Investment Council shall advise the State Treasurer on the amounts to be transferred from the Nebraska Medicaid Intergovernmental Trust Fund and from the Nebraska Tobacco Settlement Trust Fund under this section in order to sustain such transfers in perpetuity. The state investment officer shall report electronically to the Legislature on or before October 1 of every even-numbered year on the sustainability of such transfers. Except as otherwise provided by law, no more than the amount specified in this subsection may be appropriated or transferred from the Nebraska Health Care Cash Fund in any fiscal year.

It is the intent of the Legislature that no additional programs are funded through the Nebraska Health Care Cash Fund until funding for all programs with an appropriation from the fund during FY2012-13 are restored to their FY2012-13 levels.

(2) Any money in the Nebraska Health Care Cash Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(3) The University of Nebraska and postsecondary educational institutions having colleges of medicine in Nebraska and their affiliated research hospitals in Nebraska, as a condition of receiving any funds appropriated or transferred from the Nebraska Health Care Cash Fund, shall not discriminate against any person on the basis of sexual orientation.

Sec. 19. Section 81-1204, Reissue Revised Statutes of Nebraska, is amended to read:

81-1204 (1) Except as otherwise provided in subsection (2) of this section, the Department of Economic Development shall not approve a job training grant (a) which exceeds an average expenditure of five thousand dollars per job created if the proposed wage levels do not exceed thirty thousand dollars per year, (b) ~~ex~~ which exceeds an average expenditure of ten thousand dollars per job if the proposed wage levels exceed thirty thousand dollars per year but do not exceed fifty thousand dollars per year, or (c) which exceeds an average expenditure of twenty thousand dollars per job if the proposed wage levels exceed fifty thousand dollars per year or if the jobs created are located in a high-poverty area as defined in section 81-1203.

The (2) If the application is approved with provisions described in subsection (3) of section 81-1203, the Department of Economic Development may approve a job training grant (a) up to ten thousand dollars per job created if the proposed wage levels do not exceed thirty thousand dollars per year, (b) ~~ex~~ a job training grant up to fifteen thousand dollars per job if the proposed wage levels exceed thirty thousand dollars per year, if the application is approved with provisions described in subsection (3) of section 81-1203, but do not exceed fifty thousand dollars per year, or (c) up to twenty-five thousand dollars per job if the proposed wage levels exceed fifty thousand dollars per year or if the jobs created are located in a high-poverty area as defined in section 81-1203.

Sec. 20. Section 81-1205, Revised Statutes Cumulative Supplement, 2012, is amended to read:

81-1205 A business which is awarded a job training grant or a training grant shall provide annual performance reports to the Department of Economic Development and a final performance report upon the completion of the project. The department shall ~~include information relating to such grants in the department's annual status report under section 81-1201.11.~~ provide a status report to the Appropriations Committee of the Legislature on July 1 of each year. The status report shall include information on each active grant, including specific information regarding the number of positions to be

trained, whether new or existing employees are to be trained, the length of time that the project has been active, the amount of funding committed to the project, the amount of funding paid out to date, and the projected completion date. The status report shall also provide information on grants closed during the reporting year, including the total number of employees trained, whether new or existing employees were trained, total project expenditures, and the duration time of the project. The status report shall also provide information summarizing the use of community college areas to provide training services and list specific projects where a community college area is providing all or a component of the training services. If private or inhouse training services are used, the status report shall provide information regarding the name of the private or inhouse training service and the qualifications of the training service. The report submitted to the Appropriations Committee shall be submitted electronically.

Sec. 21. Section 81-2516, Revised Statutes Supplement, 2013, is amended to read:

81-2516 The Commission on Indian Affairs Cash Fund is created. The fund shall be administered by the Commission on Indian Affairs. The fund shall consist of money received by the state in the form of from contracts, fees, grants, or gifts from nonfederal sources received by the state and any investment income earned on the fund. The fund may be used to support the commission's operations pursuant to sections 81-2501 to 81-2508. The Department of Administrative Services may for accounting purposes create subfunds of the fund to segregate awards or allocations received. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 22. Original sections 2-1588, 2-1592, 2-3225, 2-3226.05, and 81-1204, Reissue Revised Statutes of Nebraska, sections 24-205, 24-227.01, 39-1390, 48-622.01, 58-708, and 81-1205, Revised Statutes Cumulative Supplement, 2012, and sections 71-7611 and 81-2516, Revised Statutes Supplement, 2013, are repealed.

Sec. 23. The following sections are outright repealed: Sections 2-3226.06, 2-3226.07, 2-3226.08, and 2-3226.09, Reissue Revised Statutes of Nebraska.

Sec. 24. Since an emergency exists, this act takes effect when passed and approved according to law.

# 2013

## DMV VTR BUSINESS CASE



Prepared for the Nebraska  
Department of Motor  
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## Executive Summary

The Nebraska Department of Motor Vehicles (DMV) collects nearly \$600,000,000 annually through its Vehicle Titling and Registration (VTR) system. Most of the revenues are not kept by the DMV, but rather are distributed to a variety of local and state agencies and organizations. In Nebraska, county treasurers and the DMV have primary responsibility for vehicle titles and registrations; however, a large number of local, state, and federal agencies rely on the information collected through the VTR system.

The VTR system, now over 20 years old, no longer meets the evolving business requirements of stakeholders and expectations of Nebraska residents. Implementation of a new VTR system should be considered. Revenues to support a new VTR system may be derived from a variety of sources. At this early exploratory point in the process, it is difficult to estimate how much a new VTR system may cost; other states have expended between \$13 and \$50 + million.

The DMV should move immediately to collaboratively develop a funding model that is supported by key stakeholders. Upon approval, the DMV should create a project structure, conduct a business process analysis, and further refine the analysis with a concept of operations and system requirements. With that information, the DMV and its stakeholders will be positioned to evaluate how it will approach VTR system replacement (i.e., contracted customized development, in house customized development, modified off the shelf product purchase, commercial off the shelf product purchase, or some combination). Upon determination of a direction, a project plan will be further developed and the contracting/tasking of VTR system development and implementation will be undertaken. Based on the experience of other states, VTR system implementation projects typically have taken between 4 to 10 years from initial planning through implementation of the production system.

# Vehicle Titling and Registration Background

## *VTR System Usage and Volumes*

The Department of Motor Vehicles (DMV) Vehicle Titling and Registration system (VTR) is 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. In 2012, well over 3 million transactions were processed through the VTR system (Table 1).

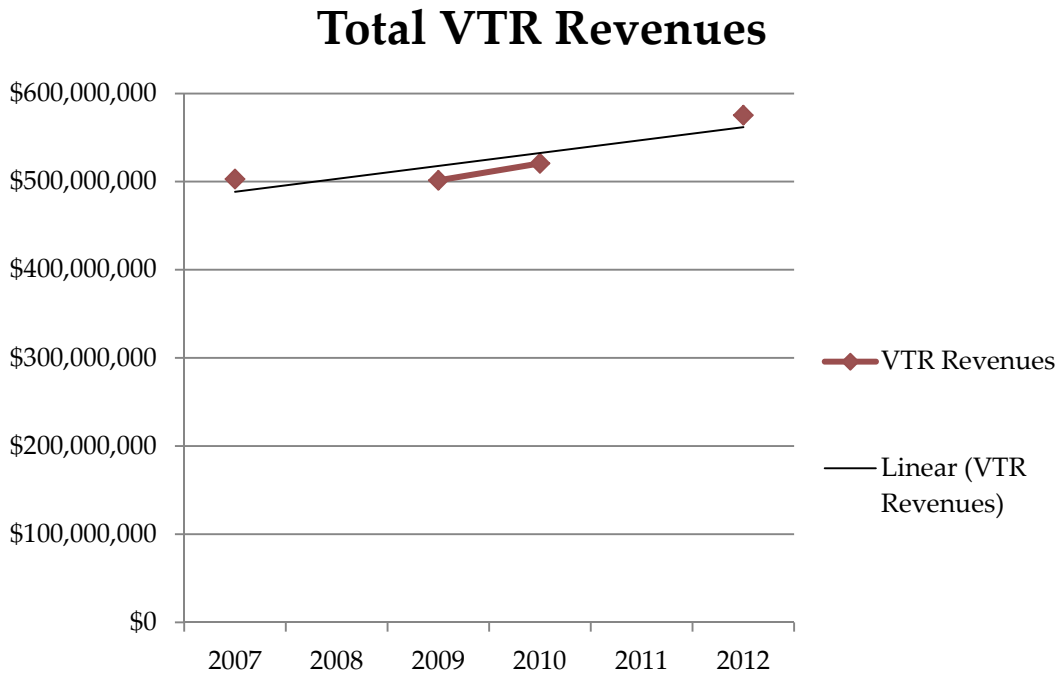
<b>Table 1. 2012 Vehicle and Motorboat VTR System Transactions</b>	
	<b>Number of Transactions</b>
Titles (vehicles and motorboats)	747,719
Liens noted	226,570
Registrations - vehicles	2,291,182
Registrations - motorboats <sup>1</sup>	28,749

Nebraska and local statutes set fees and taxes for all VTR-related fees and taxes (*Appendix A*). In 2012, revenues collected through the VTR system totaled \$575,272,893. Over the past several years, revenues processed through the VTR system have been steadily rising. Figure 1 displays actual revenues collected through the VTR system for years 2007, 2009, 2010, and 2012 (data is not available for years 2008 and 2011), and a linear trend of revenue growth over the period.

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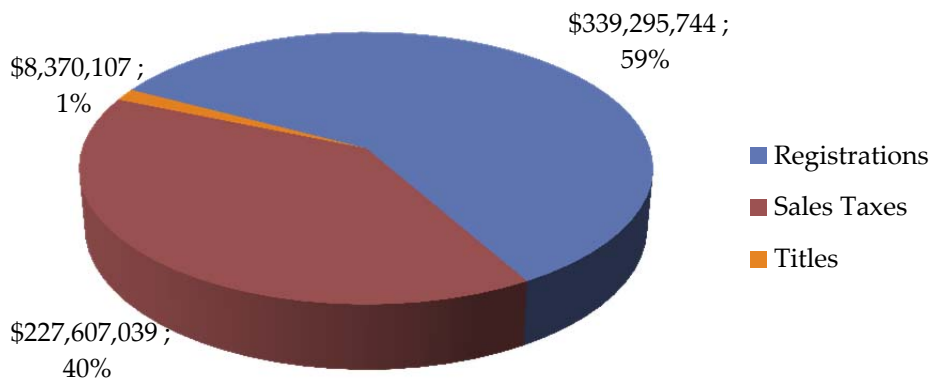
<sup>1</sup> The number of motorboat registrations is based on a rolling three year average.

**Figure 1. Actual and Trend of Revenues Collected through VTR System**



Most revenues collected through the VTR system are the result of vehicle registrations (\$339,295,744; 59% of revenues), followed by sales tax (\$227,607,039; 40% of revenues) and titles (\$8,370,107; 1%) (Figure 2).

**Figure 2. VTR System Receipted Revenues by Type**



Revenues receipted through VTR system transactions are allocated to a variety of local and state funds (Table 2).

<b>Table 2. Receipts to Funds through VTR System</b>	
<b>Revenue Fund</b>	<b>2012 Revenues</b>
State of Nebraska General Fund	\$199,042,131
City and County Funds	\$180,145,531
School Districts	\$125,026,522
Highway Trust Fund	\$54,113,100
DMV Cash Fund	\$8,991,807
Department of Roads	\$3,456,555
Emergency Management Services Fund (HHS)	\$1,146,129
Game & Parks (Boats)	\$1,124,599
Spirit Plate Funds	\$1,055,495
Tire Tax (DEQ)	\$458,459
State Patrol	\$264,678
Motor Carrier Services Cash Fund	\$256,701
Consumer Protection (AG)	\$117,342
Dealer Board	\$58,014
Veteran's Cemetery	\$15,830
<b>Grand Total</b>	<b>\$575,272,893</b>

The DMV also uses the current VTR system to title and note liens for *apportioned vehicles* (i.e., generally these are large commercial vehicles for interstate transport). For apportioned vehicles, the current VTR system is not used to collect sales tax, to register vehicles, or collect registration fees. However, since apportioned vehicles **may** be included in a future VTR system, the volume and revenue data are provided in Tables 3 and 4.

<b>Table 3. 2012 Apportioned Vehicle Transactions</b>	
	<b>Number of Transactions</b>
Titles*	18,551
Liens Noted	7,268
Registrations	110,281

*\*Apportioned vehicle titling uses current VTR system*

Apportioned registration and vehicle titling transactions total approximately \$76 million annually. Revenues are shared with other states, as well as allocated to a variety of Nebraska funds (Table 4).

<b>Table 4. 2012 Distributions of Apportioned Vehicles Titling and Registration Revenues*</b>	
<b>Registration Revenues</b>	<b>Amount</b>
Other States	\$45,927,984
Nebraska Funds	\$30,476,311
Nebraska Department of Roads' Highway Trust Fund and Highway Cash Fund	\$21,333,418
Motor Vehicle Tax Fund (Cities and Counties)	\$8,868,606
Department of Revenue Property Assessment Division Cash Fund	\$274,287
<b>Sales Tax Revenues</b>	
State Tax	\$1,457,103
City Tax	\$243,164
Tire Fee	\$105,913
County Tax	\$4,080

\*Apportioned vehicles are not registered using the current VTR system. Revenue figures are included since a future VTR system may include this option.

### ***VTR Statutory Roles and Responsibilities***

Nebraska statute defines the roles and responsibilities for vehicle titling and registration (*Appendix B* contains the major statutes concerning these responsibilities). Vehicles include those that are non-apportioned, those that are apportioned, and also those that operate on the water. Non-apportioned vehicles are vehicles used on highways and roads that are generally not used for interstate commercial transportation. These would include personal cars and trucks and business cars and trucks not transporting goods between states. Apportioned vehicles are generally large commercial trucks that are used for interstate transportation of goods and are covered by the International Registration Plan for distributing fees to multiple states. Water vehicles are generally vessels powered by any mechanical device capable of propelling the vessel over any public or private waters of Nebraska.

## **Non-apportioned Vehicles**

Nebraska's 93 county treasurers use the VTR system in their primary role of non-apportioned vehicle titling and registration. In this role, county treasurers are responsible for issuing titles, noting liens, collecting title and registration fees, assessing and collecting sales taxes, assigning plate numbers and issuing plates, managing inventories and placing orders to the DMV for plates, distributing decals, creating renewal notice data, printing hard copy documentation for owners, and allocating fees due to the variety of Nebraska funds.

For certain cases of non-apportioned vehicles, the DMV, rather than county treasurers, performs title issuance and registration.<sup>2</sup> For these cases, the DMV uses the VTR to fulfill these responsibilities.

## **Apportioned Vehicles**

The DMV has primary responsibility for titling and registering apportioned vehicles. These responsibilities include issuing titles, noting liens, collecting title and registration fees, assessing and collecting sales taxes, assigning plate numbers and issuing plates, managing license plate inventories, creating and mailing renewal notices, printing hard copy documentation for owners, and allocating fees due to Nebraska funds and to other states and provinces. The DMV uses the current VTR system only to title and note liens for apportioned vehicles. Another computer system is used to collect sales tax, to register vehicles, and collect registration fees.

## **Water Vehicles**

The DMV is responsible for oversight of motorboat titling. The Nebraska Game and Parks Commission is responsible for oversight of boat registrations. Through an agreement between the DMV and Game and Parks, county treasurers use the VTR system for issuing motorboat registrations and collecting associated fees and taxes.

## **Other Responsibilities**

The DMV is responsible for prescribing the vehicle titling and registration computer system (i.e., the VTR system), maintaining and updating the system, and providing training and support to the county treasurers.

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<sup>2</sup> For example, DMV issues bonded titles, titles and registers state-owned vehicles and historical vehicles, and issues transporter plates, boat-dealer trailer plates, and repossession plates.



Starting October 1, 2013, the DMV will be responsible for printing and mailing vehicle registration renewal notices, which had previously been the responsibility of counties.

The DMV receives license plate requests from county treasurers, approves the requests, and places orders with the Department of Corrections.

## Current VTR System

### *History*

The current VTR system application has been operating for more than 20 years (*Appendix C* shows key milestones). After several years of planning and design, the application development started in January 1991 and took 18 months to complete. State Central Data Processing division employees (now the Office of the Chief Information Officer-OCIO) and contract staff wrote the application using COBOL (Common Business-Oriented language).<sup>3</sup> Implementation throughout Nebraska's 93 counties took five years and was completed in June 1997.

The application was built in three distinct components that reflected the business processes of that era: county clerks issued titles, county assessors valued and taxed vehicles, and county treasurers registered vehicles and collected taxes. Over the years, legislative changes have consolidated this workflow under the aegis of the county treasurers' offices.<sup>4</sup> Unfortunately, the VTR system's structure is immutable and continues to reflect the original tri-partite division of responsibilities. The DMV has created user sequences to mimic the county treasurer process, but this and other changes by a succession of programmers (*Appendix C*) have resulted in increasingly confusing and complicated coding.

The information flows similarly reflect former visions of information sharing needs. There is no comprehensive information source for VTR data. Rather, the counties maintain current and historical information about registrations (the state only has information about the latest registration for a vehicle), the state maintains current and historical data about titles (counties retain only the latest title transaction for a vehicle), only counties have any information about fees and taxes and transaction type for county actions, and none of the VTR system information is interfaced with driver's license data.

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<sup>3</sup> VTR has in excess of 170 files/tables/databases and more than 3,400 fields.

<sup>4</sup> Two major initiatives have dramatically impacted the business process performed by county officials. In 1998, the ad valorem tax assessment process was replaced by an assessment based on the manufacturer's suggested retail price and age of a vehicle. This change removed the need for the county assessors to participate in the process of titling and registering vehicles. In 2009, all counties were converted to a one-stop business model, removing the county clerks from the process. The changes to the business processes were made to improve the flow of the process, minimize costs and to better meet the needs of the customers.

## ***VTR System Architecture***

### **Architecture**

The VTR system application was designed to operate within a distributed processing architecture. The distributed architecture for the VTR system application comprises a replication of the VTR application software and database for each of Nebraska's 93 county treasurers<sup>5</sup> and one for Game and Parks (Figure 3). The DMV also has a replication and database (AS400) it uses for titling and registration along with other related applications to fulfill its VTR responsibilities.

### **Communications**

The physical communications network used by the VTR system is sublet from the wide area network (WAN) administered by the Intergovernmental Data Services Division (IDSD) within OCIO. The network is configured using both private and public (encrypted) DSL connections<sup>6</sup> with available bandwidths ranging from 1 to 10 Mbps.<sup>7</sup> The WAN is currently used primarily by the DMV and the Court Administrators Office.

### **Hardware and Software**

The county VTR applications are physically located in either the county office or on a consolidated AS400 in the OCIO offices.<sup>8</sup> At each county treasurer's office, the DMV provides thin client computers for access to the VTR application. Counties also have the option to use their own computers. The DMV provides the counties with sophisticated laser printers to print out VTR forms. The DMV, through a contract with OCIO, provides hardware and communications support to all county treasurers.

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<sup>5</sup> The counties and DMV have been migrating to a "regional" approach in which the VTR software and data is maintained for each county on a computer that holds software and data from adjacent regions. The 93 instances of the county databases, therefore, represent both physical, as well as virtual replications.

<sup>6</sup> Digital Subscriber Line (DSL) is a type of high speed Internet access.

<sup>7</sup> Network transmissions are generally measured in megabits per second (Mbps). A megabit is just over one million bits, so "Mbps" indicates the transfer of one million bits of data each second.

<sup>8</sup> By fall 2013, 60 of the 93 county databases will have been moved to an OCIO computer, from the county locations. The remaining counties will be moved by December 2014.

The AS400 has the DMV Central Office-generated VTR data. The DMV Central Office uses desktop PCs to access the VTR application. As at the counties, laser printers are used to produce print output. The DMV Central Office VTR application (AS400) is hosted by the OCIO.

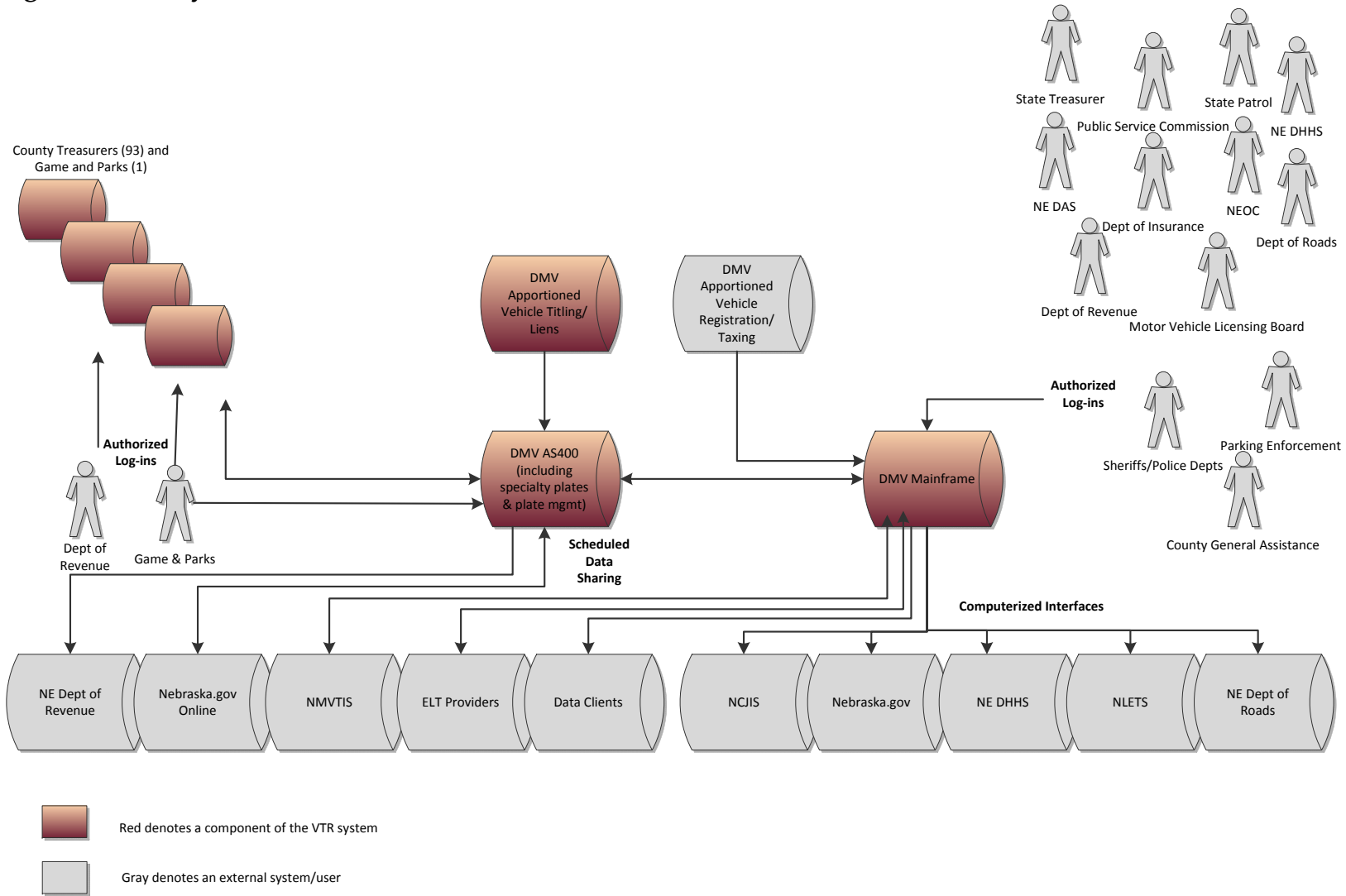
The DMV Mainframe is the repository for a subset of VTR information from the counties and the AS400. It is hosted by the OCIO.

### ***VTR System Users***

The DMV, county treasurers, and Game and Parks, use the VTR system to fulfill their responsibilities for vehicle titling and registration, and related responsibilities. Although each of the replications of the application are essentially the same, some county treasurers use additional functionality through VTR system menu options that offer a variety of options, such as creating accounting ledger data extracts and creating interfaces that aggregate all transactions to simplify payments.

Along with the DMV, county treasurers, and Game and Parks, there are multiple other users of the VTR system and functions it provides (Figure 3). Visibility into VTR system data is provided by the DMV through scheduled data sharing, programmed interfaces with other computer systems, and authorized log-ins.

**Figure 3. VTR System Users**



## **Authorized Log-ins to the County Treasurers' Databases**

Nebraska Department of Revenue staff have access to each of the county databases to view specific record and report information.

Game and Parks staff have access to each of the county database to view specific record and report information.

## **Scheduled Data Sharing with DMV AS400 and DMV Mainframe**

Game and Parks staff use the VTR system for issuing motorboat registrations and collecting associated fees and taxes.

Nebraska Department of Revenue receives a nightly file from the VTR system containing all transactions that were subject to the sales tax requirements.

Nebraska.gov Online provides the Internet "face" to the public for web-based vehicle registrations and specialty plate applications.<sup>9</sup> The VTR system sends and receives the data from Nebraska.gov Online and then processes the requests.

National Motor Vehicle Title Information System (NMVTIS) receives daily updates from the VTR system about titling activity in Nebraska. NMVTIS notes and returns to the VTR system when Nebraska titles have been surrendered to another state. Information about surrendered titles is also sent back to counties.

ELT (Electronic Lien and Title) Providers receive daily updates from VTR of lien activity that is used by their lender customers. The providers also return to VTR daily updates to lien records.

Data Clients are entities that provide payment to the DMV for selected VTR system data. Current clients include e-470 (toll road billing in Colorado), Experian (weekly and monthly – national vehicle databases) and Polk (weekly-national vehicle databases).

## **Computerized Interfaces with DMV Mainframe**

Nebraska Criminal Justice Information System (NCJIS) is Nebraska's consolidated data source for law enforcement that exchanges information with the DMV Mainframe regarding vehicle and owner information.

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<sup>9</sup> Nebraska.gov Online also provides the Internet face for Driver's License renewals. Currently there is no connection between the VTR and drivers licensing data.

Nebraska.gov is the payment portal for all online DMV transactions, provides online services for title lookup to any user, and provides vehicle title and registration look up services to subscribers.

Nebraska Department of Health and Human Services (DHHS) accesses the VTR system to obtain vehicle owner information that is used for some social service programs.

Nlets (an interstate justice and public safety network) uses the VTR system to look up license plate numbers and vehicle identification numbers.

Nebraska Department of Roads pulls vehicle information for accident records from the VTR system.

### **Authorized Log-ins to the DMV Mainframe**

State Treasurer accesses information for unclaimed property.

Public Service Commission uses the VTR system to access vehicle information for regulating taxis, grain elevators, and party vehicles.

State Patrol accesses vehicle information for investigations and road stops from the VTR system.

DHHS uses the VTR system to access vehicle owner information for child support enforcement.

Department of Administrative Services/Transportation Services Bureau uses the VTR system for State of Nebraska fleet management.

Department of Insurance uses the VTR system for investigations.

Nebraska Equal Opportunity Commission uses the VTR system for investigations.

Department of Revenue uses the VTR system for investigations.

Department of Roads uses the VTR system in accident reporting.

Motor Vehicle Industry Licensing Board uses the VTR system for investigations of vehicle dealers.

Sheriffs and Police Departments throughout the state access the VTR system for vehicle information for investigations and road stops.

Parking Enforcement personnel from a variety of organizations (municipalities, Nebraska State College System, University of Nebraska campuses) use the VTR system for enforcing organizational parking policies.

County General Assistance programs access the VTR system for vehicle owner information.

## *Support Personnel*

Both the DMV and OCIO have staff provide maintenance and support for VTR system operations (Table 5). At the DMV, 12.25 FTE<sup>10</sup> are devoted to VTR system programming, training, and help desk functions. The DMV contracts with a 1.0 FTE programmer at OCIO for DMV Mainframe operations.

<b>Table 5. VTR System Personnel</b>	
<i>DMV Personnel</i>	<b>FTE</b>
Senior programmer	1.0
Programmer (unfilled)	1.0
Business analyst	1.25
Help desk	9.0
<i>OCIO Contractual Personnel</i>	
Mainframe programmer	1.0
<b>Total</b>	<b>13.25</b>

## *Costs of Current VTR System Operations*

Operations and support of the VTR system in 2012 totaled \$1,684,694 (Table 6).<sup>11</sup> This figure excludes apportioned title and vehicle registration costs since those functions are not currently executed using the current VTR.

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<sup>10</sup> Full-time equivalent (FTE) is a unit that indicates the workload of an employee that makes time commitments comparable across contexts. In this report, an FTE of 1.0 means that total person hours are equivalent to a full-time worker (40 hours a week, or 2,080 hours annually). The responsibilities may be fulfilled, however, by more than one person. Similarly, an FTE of 1.25 signals that the person hours would total 50 hours a week, or 2,600 hours annually; this indicates that the role is almost certainly fulfilled by more than one individual.

<sup>11</sup> DMV's assumption of registration notices, starting October 1, 2013, will increase VTR-related cost an additional \$1,021,966 (printing, supplies, postage, etc.).



<b>Table 6. 2012 VTR System Costs</b>	
	<b>Total</b>
<i>Personnel</i>	\$854,922
<i>Operating Costs</i>	
AS/400 Retainer	\$423,272
County Treasurer Equipment	\$278,000
Communications Lines	<u>\$128,500</u>
<i>Subtotal Operational Costs</i>	\$829,772
<b>Annual VTR System Costs</b>	<b>\$1,684,694</b>

## Limitations of the Current VTR System and Desired Future

The current VTR system prevents county treasurers and the DMV from providing services that are customer-centric, capitalizing on efficiencies available through new technologies, ensuring revenues are collected, operating with full information resources, and flexibly responding to changes and opportunities. Other states are facing similar issues with their aging VTR systems. Two recent surveys (2011 & 2012) conducted by the American Association of Motor Vehicle Administrators (AAMVA) identified 36 states that are in process of, or have recently completed, implementation of new VTR systems. Many of these states are moving from legacy systems from the 1980s and 1990s to overcome limitations from those systems and to take advantage of opportunities available from new technologies and business process improvements.

### *Vehicle-centric Structure*

The current VTR system has a vehicle-centered structure that does not have the capability to link vehicles to drivers or households. In the past, many states have used vehicle-centric models, as well. But many states are moving to a customer-centric model in which customers are linked to multiple vehicles to improve identification, notification, and payment.

The vehicle-centric model results in a wide variety of inefficiencies for customers, county treasurers, and state agencies. For example, customers (including individuals and businesses) receive separate notifications and have unique renewal months for each vehicle. County treasurers must receipt each as a separate transaction. While this may only be an inconvenience for individuals, it is time-consuming for businesses with fleets of vehicles.<sup>12</sup> Numerous businesses in Nebraska have fleet vehicles (e.g., large organizations that maintain “company cars,” automobile rental companies, agricultural producers). In a recent Lincoln Journal Star article, Lancaster County officials estimated that there are more than 150 businesses that have 10 or more vehicles and that it takes approximately one hour to process 10 vehicles. The current VTR makes it difficult for DMV and the

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<sup>12</sup> Pascale, J. (2013, August 17). Farmers get DMV ‘fleet’ desk. *Lincoln Journal Star*.

county treasurers to efficiently issue and manage registrations for these organizations.

The vehicle-centric nature of the VTR system also presents difficulties for law enforcement and other government agencies, in determining all vehicles owned by an individual or household. For example, knowing all the vehicles owned by an individual can be crucial for law enforcement in apprehending suspects.

The vehicle-centric VTR system also poses difficulties as the DMV attempts to support court orders. According to state law, all vehicles owned by a person convicted of a second or subsequent DUI violation are immobilized.<sup>13</sup> Immobilization means revocation or suspension of the registration of motor vehicle(s), including the license plates. The current VTR system is unable to identify all vehicles, is hampered in identifying the authoritative registration, and is unable to apply a time-limited brand/status on the record to prevent transfer of ownership.

### *Old Technology*

When the VTR system was developed, the Internet was only just emerging as a means for information, communication, and business transactions. The VTR system is unable to efficiently provide on-line functionality. Although the DMV does have several on-line services, they are silo-ed systems that require manual intervention and are not integrated into the current VTR system.

The public increasingly demands web-based information and services that are impracticable with the current VTR system. A new VTR system, native to web-based services, could allow users (individuals or businesses) to create a “myDMV” account from which they identify what channel of notifications/alerts they prefer, update addresses, register vehicles, authorize electronic payments, print copies of past transactions, and synchronize expirations. These types of on-line services would reduce supplies, printing, and postage costs and may ultimately reduce personnel costs.

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<sup>13</sup> The court determines the period, from not less than five days and not more than eight months.

## *Unrealized Revenues*

The original partitioned structure makes it possible for residents to circumvent paying fees and taxes. Three examples illustrate how this is possible given the current structure of the VTR system. In the first example, it is possible for an individual to register a lesser-valued vehicle they no longer own in place of a more expensive vehicle, which would allow them to pay less in taxes but appear to have valid plates and registration. An individual could also register the same vehicle in multiple counties, in error or for fraudulent purposes. A second example is the case of “leased to buy” vehicles. When a “leased to buy” vehicle is purchased, the purchaser must be aware of and understand how to pay the outstanding sales tax. The purchaser receives no invoicing or other notice because the VTR system is unable to identify the need to pay because it lacks the necessary link between titling to registration data. A third example of missed revenues is the lack of tracking of dealer-issued in-transit stickers. When dealers sell vehicles, they may issue in-transit stickers that give the owner a single thirty (30) day period to title and register the vehicle. However, there is no tracking of in-transit stickers, meaning that some owners have illegally gained access to additional in-transit stickers to extend the grace period for titling and registration.

A new VTR system could provide improved fraud prevention. Although it is not possible to know who is perpetrating fraud or how much in revenue is being lost, it is known that limitations of the current system have allowed the evasion of payment.

## *Incomplete Analytics*

The current VTR system lacks a central, comprehensive source of past and current information. This has made it difficult for the DMV to monitor trends and provide complete information about current operations. For example, the DMV has struggled to provide to state senators the projected impacts of alternative fee structures because there is no single source of annual statewide registrations.

A new VTR system could provide more logical and comprehensive data management so that information for analytics would be readily available.

## *Inefficient Operations*

County treasurers and the DMV must use inefficient processes in order to work around the VTR system's limitations. County treasurers must dual-entry data that already exists elsewhere in the system, but is not importable. For example, county treasurers must re-enter previous owner name on title and sales tax forms. A new VTR system could re-use existing data to logically populate fields.

County treasurers, the DMV, and other users are currently keying information into the system that may be available through other systems. For example, Treasurers Offices must assign tax districts even though there are other databases that could automatically search and assign them. Current programs are able to more easily interface with external databases to send and receive information. A new VTR system would be expected to take advantage of information available from external sources.

The distributed architecture of the current VTR system means there are nearly 100 replications of the application. This makes application maintenance difficult because each replication may have a unique opportunity for failure. A new VTR system could have a single source that serves the application. This would streamline upgrades, bug fixes, and patches.

## *Changes are Difficult and Time-intensive*

Changes to the application are difficult and time-intensive because much of the system is hard-coded, rather than modular or tabular. The result has been characterized as a "confusing mass of programming code that no one completely understands. Changing one line of code can result in a failure in another seemingly unrelated area of the VTR system."<sup>14</sup> As changes continue to be needed to the system, DMV administrators and programmers believe the risk of catastrophic failure increases.

Because COBOL is the VTR system's programming language, there are concerns about the state's ability to maintain it. Across the IT world, many believe COBOL is an outdated language, pointing to the fact that many universities no longer teach courses on COBOL. However, many businesses and governmental agencies

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<sup>14</sup> Quote from a DMV systems administrator.

continue to run COBOL applications (though it is true that COBOL-based applications are systematically being replaced with those using newer languages). The combination of fewer workers learning COBOL and its continued legacy use in older applications and large platforms has made it increasingly difficult for the State, and DMV, to locate and hire developers who are trained and willing to work in the COBOL environment.<sup>15</sup> Some local Associate's level institutions in Nebraska still teach COBOL, but often students have already been hired by other companies, prior to graduation. The State has difficulty competing in the information technology workforce marketplace, particularly in the scarce COBOL labor force. At this time the DMV only has one developer that supports the VTR system application.

In some cases, the VTR system's limitations have prevented implementation of needed change. For example, the state legislature proposed that previous and current military members be eligible for an initial specialty plate at no cost and an additional specialty plate at full cost. The DMV has no way to link multiple vehicles to an individual, so is unable to proactively offer one free specialty plate and ensure subsequent plates are normally charged.

Many legislative mandates and administratively-driven changes have required programmers to manipulate hard coding for the VTR system.<sup>16</sup> Such changes are difficult and time-consuming given the application's age and structure. Further, this type of hard coding change introduces risks to the viability of the entire application. Since the DMV has scant personnel resources available to implement legislative and only the very highest priority changes to VTR system, most desired business operational changes are simply not achievable.

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<sup>15</sup> This observation was communicated to the report author by a DMV Central Office administrator who, over the years, has been involved in hiring COBOL-skilled individuals.

<sup>16</sup> New approaches to application development minimize this type of time-intensive and risky interference with the original source code, and instead use more modular or tabular approaches to changes in application functionality.

## Emerging VTR System Practices

There are a range of emerging practices, opportunities and possible future mandates, that would directly impact titling and registration practices.<sup>17</sup> Many of these would be impracticable to execute in the current VTR system. Nationally, there are a number of initiatives of note:

1. National Motor Vehicle Title Information System (NMVTIS). Nebraska participates in NMVTIS, but is unable to use the full information sharing functionality possible. A new VTR system would enable Nebraska to verify the validity of all titles prior to issuance (inhibiting title fraud and auto theft) and eliminate the time consuming standalone check of NMVTIS for only a portion of the titles issued.
2. National eTitling initiative. eTitling uses electronic records to track a new vehicle from its manufacturer to its first title issuance and as vehicle titles transfer between states. Electronic title programs are being implemented in Virginia, Texas, and Wisconsin, and South Dakota has passed enabling legislation. It is anticipated that most states will consider electronic titling as they continue to look for ways to reduce cost, enhance efficiency, and reduce fraud.
3. Vehicle Miles Traveled (VMT) fee. Oregon is moving to become the first state to replace state fuel excise tax with a VMT fee. Both the state House and Senate have passed the bill that is awaiting gubernatorial signature. The Congressional Budget Office (2011)<sup>18</sup> and the Government Accountability Office (2012)<sup>19</sup> have named VMT fees as a viable alternative to the gas tax. There have been discussions, at the federal level, that VMT, or some other

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<sup>17</sup> The implementation of some of these opportunities may first require changes to Nebraska statute.

<sup>18</sup> Congressional Budget Office. (2011, March). *Alternative approaches to funding highways*. Washington, DC: Congress of the United States.  
<http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/121xx/doc12101/03-23-highwayfunding.pdf>

<sup>19</sup> Government Accountability Office. (2012, December). *Highway Trust Fund: Pilot program could help determine the viability of mileage fees for certain vehicles*. (Report GAO-13-77). Report to the Subcommittee on Transportation, Housing, and Urban Development, and Related Agencies, Committee on Appropriations, House of Representatives. Washington, DC: Congress of the United States. <http://www.gao.gov/assets/660/650863.pdf>

alternative, is needed to provide long-term solvency for the federal Highway Trust Fund. Any solution, like VMT, that requires sophisticated use of titling and registration data will be difficult for Nebraska to implement using the current VTR.

4. Performance and Registration Information Systems Management (PRISM). This national program, administered by the Federal Motor Carrier Safety Administration, uses state commercial vehicle registration sanctions as an incentive for motor carriers to improve safety. Nebraska participates in PRISM, but due to current VTR system limitations, can only apply PRISM sanctions to apportioned vehicles. PRISM relies on the ability of the state to link a motor carrier's U.S. Department of Transportation (DOT) number to any commercial vehicle associated with that motor carrier. Nebraska is able to link all vehicles to a DOT number for apportioned vehicles – because Nebraska uses a different computer system to perform those functions that enables that crucial association. But Nebraska is unable to do so for non-apportioned vehicles because the current VTR system does not capture DOT numbers and lacks the capability to link multiple vehicles to an individual or organization. The fact that Nebraska can only apply PRISM sanctions to one group of commercial motor vehicles (i.e., interstate) and not another (i.e., intrastate) is problematic.

There are many business process opportunities that have been identified by Nebraska VTR system stakeholders. Some of those opportunities have already been identified elsewhere in the report. Those that have not yet been mentioned, but would offer significant improvements, include:

5. Dealer automated services. Participating auto dealers would use a new VTR system to record vehicle sales, issue titles and registrations, and collect taxes. This would improve the collection of tax monies due, reduce opportunities for fraud, and provide a convenience for the public.
6. In-transit stickers. A special case of Dealer Automated Services is in-transit stickers. A new VTR system could also allow dealers to enter vehicle sales so that in-transits could be monitored immediately. In-transits are not currently monitored: this hampers law enforcement from identifying the current owner of a vehicle, provides opportunities for fraud (e.g., issuing multiple sets of in-transits so that the owner may delay or avoid taxes), and allows for the quick re-sell of a vehicle to avoid payment of sales tax. With in-transit monitoring,



the DMV would have information needed to send sales tax notices to buyers (if not collected by the dealer).

7. Forms technology. Titling and registration, inevitably, require printing out a variety of forms for the public and for agency records. The current VTR system is unable to use forms that are offered by modern software programs (e.g., Adobe Acrobat forms). Instead, Nebraska's VTR system uses set forms that must be installed on printers<sup>20</sup> in order to operate. Thus, the VTR system requires costly printers that have the capability to store and produce forms. When DMV needs to update forms, significant testing must be conducted and the forms must then be installed on all printers in the VTR system. A new VTR system could use more flexible, modern software that could be centrally-generated and that would require "typical," and less costly, printers.
8. On-demand decals. A new VTR system could enable county treasurers to print on-demand validation and tonnage decals. This improvement to the current practice would provide three benefits: 1) county treasurers would not run out of DMV-provided decal supplies that may be depleted based on unusually large volumes of transactions; 2) county treasurers would have improved inventory control, not currently available using hard copy decals, that could prevent and/or identify fraud; and 3) waste of hard copy decals would be eliminated since DMV, to minimize the likelihood the supply of decals will be depleted, currently provides more decals to county treasurers each month than expected to be needed -- meaning that every month there is likely waste at all 94 locations.

Regardless of which specific practices emerge as priorities, it is likely that the DMV will be challenged to continue to evolve its practices and improve its systems to create efficiencies internally and for its partnering organizations.

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<sup>20</sup> There are currently approximately 200 specialized VTR printers in use throughout the state.

## VTR System Alternatives

The DMV has two major courses to choose from in moving forward:

1. Maintain current system. Under this alternative, the current VTR system would continue to operate as the information source for the DMV and county treasurer activities. Through this option, it is expected that no major improvements would be possible, since historically, the availability of resources has limited updates only to those that are legislatively mandated.
2. Implement new system. Under this alternative, the state would replace the current VTR system with a new architecture and application. To achieve this, the state may choose from among several approaches:
  - Contracted Customized Development
  - In House Customized Development
  - Modified Off the Shelf Product Purchase
  - Commercial Off the Shelf Product Purchase
  - Combination of the Above

Should the state determine a new system should be implemented, the above approaches should be carefully evaluated against the specifications, timeline, and costs available. It is both too early in the process as well as beyond the scope of this document to make a recommendation as to the specific direction of a new system.

### *Criteria for Evaluation of Alternatives*

There are many criteria to consider when making a determination whether to maintain the current VTR system or to implement a new one. Some of the most important may be:

1. Service to public and other stakeholders – the DMV and county treasurers use the VTR system to provide frontline interactions with individuals and businesses. Additionally, numerous other agencies and organizations use the VTR system to accomplish their needs.
2. Revenue capture – A significant amount of money flows through the VTR system. These funds support schools, counties, cities, Nebraska agencies,

and also flow to other states. VTR system should efficiently and equitably collect taxes and fees.

3. Availability – because of the significant receipting that occurs through VTR system and the many users of VTR system data, the system should be available when users need it.
4. Satisfy business requirements – the VTR system should be able to meet its users’ workflow and informational needs and be adaptable for inevitable changes in needs.
5. Comprehensive analytics – VTR system-related data should be easily accessible to undertake business analytics, such as identifying trends and making projections.
6. Costs – the VTR system represents an investment by the State of Nebraska; therefore the costs of maintaining the current system should be balanced against the investment in a new system.

### *Comparison of Alternatives Based on Criteria*

The criteria described above are used to compare the two alternatives: maintaining the current system and implementing a new system (Table 7). The current VTR system falls short on all of the criteria except cost. Maintaining the current system, barring a catastrophic failure, will likely require some investment; however, a new system, based on the experience of other states, may cost between \$13 and \$50+ million (AAMVA, 2011 & 2012).

<b>Table 7. Comparison of VTR System Alternatives</b>		
<b>Criteria</b>	<b>Maintain Current System</b>	<b>Implement New System</b>
1. Service to public and other stakeholders	Vehicle-centric model with limited ability to take advantage of new technologies.	Customer-centric with new technologies as a given in the system structure.
2. Revenue capture	Continued difficulty in capturing revenues if resident wants to avoid payment.	Improved abilities to capture revenues.
3. Availability	Continuing risk that changes to program may	A new system should be highly available.

	create catastrophic failure.	However, there is a risk that a new system, during or after implementation, will have downtimes as data is migrated, and the system goes live and is being tuned.
4. Satisfy business requirements (flexibility, scalability, extensibility)	<p>Status quo. Legislative and other highest priority mandates will continue to occupy most resources available for improvements.</p> <p>Continued difficulty in fully-executing desired improvements.</p>	<p>Satisfaction of business requirements would be an expectation of new system.</p> <p>Some changes to the application may still require time-intensive intervention.</p>
5. Comprehensive analytics	<p>Continued difficulty projecting and implementing changes in revenue policies.</p> <p>Continued difficulty in efficiently providing some information to other data users.</p>	<p>Agility in forecasting and implementing changes in revenue policies.</p> <p>Improved ability to efficiently provide useful and timely information to other data users.</p>
6. Costs	<p>Outside consultation with IT COBOL experts may provide additional insights that could redress some system limitations and buttress possible points of failure. Costs may range from \$1 – 5 million.</p>	<p>Unknown, but estimates of other states systems range from \$13-50+ million.</p> <p>During the implementation, may have project development and management costs (in addition to existing staff time that will be devoted</p>

to project implementation).

After operational, may be additional costs for hardware at county treasurers' offices.

If electronic notifications are implemented, there will be cost savings (e.g., printing, postage) to state.

## VTR System Next Steps

### *Maintain Current System*

If it is determined that the current system will be maintained, the stakeholders must acknowledge the limitations and understand that future growth is limited. The DMV should engage information technology consultants to make recommendations about how to reduce the likelihood of system failures.

### *Implement New System*

If it is determined that a new VTR system will be implemented, three immediate actions should be taken:

1. Identify financing mechanism
2. Identify financing options
3. Create an overall implementation timeframe and objectives

### **Identify Financing Mechanism**

Currently there is no account set aside to accumulate funds for a new VTR system. A *VTR Replacement/Maintenance Fund* should be established and would be the source used to pay for costs associated with the new VTR system acquisition, implementation, maintenance/support, upgrades, and eventual replacement. The fund would be financed through one of the options described below. It may be beneficial to implement the funding mechanism prior to implementation of a new VTR system to accumulate additional funds to aid in the purchase and implementation of the system.

## Identify Financing Options

At this time, it is impossible to accurately estimate the cost of a replacement system. According to recent AAMVA surveys (2011 & 2012) and communications with other states, states have spent between \$13 – \$50 + million.<sup>21</sup>

There are a number of options Nebraska could consider in meeting the costs of a new VTR system. Options might include:

1. Increased fees
2. New transaction surcharge
3. Reallocation of existing revenues
4. Cash reserves
5. Legislative appropriation
6. Master Lease Purchase Program
7. Grant funding
8. Combination approach

### 1. Increased fees

Nebraska statute establishes the fees (and recipients of those fees) for issuance of certificates of title, notations of liens, and the annual registration of vehicles (Table 8). Fees range from \$5.50 to \$14.00. One or more of these fees could be increased.

<b>Recipient</b>	<b>Vehicle Registrations</b>	<b>Notation of Liens</b>	<b>Title Fees</b>	<b>Duplicate Title Fees</b>
Issuing County	\$ 1.50	\$ 2.00	\$ 3.25	\$ 10.00
DMV	\$ 2.00	\$ 4.00	\$ 4.00	\$ 4.00
State General Fund		\$ 1.00	\$ 2.00	
Motor Vehicle Fraud-AG			\$ 0.20	
State Patrol Cash Fund			\$ 0.45	
MV Industry Licensing			\$ 0.10	

<sup>21</sup> Rhode Island has budgeted \$13 million. Iowa recently spent \$20 million to replace its vehicle system. Montana is building a system for vehicles and driver licenses with a cost of \$28.5 million. South Carolina spent \$40 million. Missouri has announced a \$50 million overhaul of its vehicle and driver systems. California spent \$208 million.

Nebraska EMS Fund	\$ 0.50			
Recreation Road Fun	\$ 1.50			
<b>Total Fee</b>	<b>\$ 5.50</b>	<b>\$ 7.00</b>	<b>\$ 10.00</b>	<b>\$ 14.00</b>

Several states have used fee increases to support new VTR systems. For example, Idaho enacted a 30-50% increase to driver’s license, titling, and registration fees. Kansas enacted a \$4.00 increased fee on all vehicle registrations during 2009-2012.

Two illustrative examples are registration fees and titles and liens fees (Table 9). A \$0.25 increase in registration fees (from a current fee of \$5.50 to a proposed fee of \$5.75) would result in additional annual revenue of \$580,000, using the conservative number of 2012 transactions.

<b>Table 9. Potential Revenue Generated Through Increasing Existing Fees</b>			
<b>Fee Type</b>	<b>2012 Transactions</b>	<b>Additional Fee</b>	<b>Additional Revenue</b>
Registration Fees	2,320,000		
		\$0.25	\$580,000
		\$0.50	\$1,160,000
		\$0.75	\$1,740,000
		\$1.00	\$2,320,000
Titles and Liens	975,000		
		\$0.50	\$487,500
		\$1.25	\$1,218,750

### **Advantages**

- A small increase in several fees could accumulate significant funds since there are a large number of VTR system-related transactions.
- Relatively easy to implement and program.
- Fee increase would not be tied to the new VTR system. Could be implemented prior to purchase and implementation of the new system.



## Disadvantages

- Fee is borne directly by the public.
- May be difficult to project total amount increase will generate. The number of titles and liens issued fluctuates more than registrations (perhaps due to economic conditions).

## 2. New transaction surcharge

A surcharge could be added to transactions. The *VTR Transaction Surcharge* would be a flat fee added to each registration, title, and lien transaction. The authority to collect a surcharge could be written similar to DMV's authority to collect identity security surcharges.<sup>22</sup> This mechanism would allow the DMV to adjust the fee based on project needs, meaning that the DMV would avoid having to request authorizing legislation to make needed surcharge adjustments. The use of these funds could be earmarked for only VTR system related uses. Table 10 illustrates the revenue generated through transaction surcharges ranging from \$0.35 to \$1.50.

<b>2012 Transactions</b>	<b>Additional Fee</b>	<b>Additional Revenue</b>
3,294,220	\$0.35	\$1,152,977
	\$0.70	\$ 2,305,954
	\$1.00	\$3,294,220
	\$1.50	\$4,941,330

Several states are using this approach. For example, Louisiana implemented a \$2.50 transaction fee, applicable only to certain types of transactions. Rhode Island implemented a \$1.50 transaction fee that will span from July 1, 2007 and not continue past July 1, 2017.

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<sup>22</sup> According to §60-4,115(5), Nebraska Revised Statute, "The department (DMV) and its agents may collect an identity security surcharge to cover the cost of security and technology practices used to protect the identity of applicants for and holders of operators' licenses and state identification cards and to reduce identity theft, fraud, and forgery and counterfeiting of such licenses and cards to the maximum extent possible. The surcharge shall be in addition to all other required fees for operators' licenses and state identification cards. The amount of the surcharge shall be determined by the department. The surcharge shall not exceed eight dollars. The surcharge shall be remitted to the State Treasurer for credit to the Department of Motor Vehicles Cash Fund."

### Advantages

- Easy to implement and program.
- Can be implemented immediately to begin accumulating funds.
- Provides the DMV with flexibility in dealing with future VTR system financing needs.
- A proven financing method for large DMV projects.

### Disadvantages

- Fee is borne directly by the public.

### 3. Reallocation of existing revenues

A reallocation of existing fees, *VTR Collection Fee*, could be applied to all funds currently receiving revenues through VTR system-related fees. The fee could be calculated as a small percentage of each dollar collected. The reallocation would require the state legislature to authorize the assessment of the fee for each of the beneficiaries of motor vehicle taxes and fees.

Table 11 shows the impact of three levels of reallocations. A fee of 0.2% of each dollar collected would generate approximately \$1.2 million dollars annually; increasing the fee to 1% would generate \$5.8 million dollars annually.

	Collected (2012)	Percentage Reallocation Alternatives			
		0.20%	0.40%	0.50%	1.0%
State of Nebraska General Fund	\$199,042,131	\$398,084	\$796,169	\$995,211	\$1,990,421
City and County Funds	\$180,145,531	\$360,291	\$720,582	\$900,728	\$1,801,455
School Districts	\$125,026,522	\$250,053	\$500,106	\$625,133	\$1,250,265
Highway Trust Fund	\$54,113,100	\$108,226	\$216,452	\$270,565	\$541,131
DMV Cash Fund	\$8,991,807	\$17,984	\$35,967	\$44,959	\$89,918
Department of Roads	\$3,456,555	\$6,913	\$13,826	\$17,283	\$34,566

Emergency Management Svcs Fund (HHS)	\$1,146,129	\$2,292	\$4,585	\$5,731	\$11,461
Game & Parks (Boats)	\$1,124,599	\$2,249	\$4,498	\$5,623	\$11,246
Spirit Plate Funds	\$1,055,495	\$2,111	\$4,222	\$5,277	\$10,555
Tire Tax (DEQ)	\$458,459	\$917	\$1,834	\$2,292	\$4,585
State Patrol	\$264,678	\$529	\$1,059	\$1,323	\$2,647
Motor Carrier Services Cash Fund	\$256,701	\$513	\$1,027	\$1,284	\$2,567
Consumer Protection (AG)	\$117,342	\$235	\$469	\$587	\$1,173
Dealer Board	\$58,014	\$116	\$232	\$290	\$580
Veteran's Cemetery	\$15,830	\$32	\$63	\$79	\$158
<b>Total Reallocation</b>	<b>\$575,272,893</b>	<b>\$1,150,546</b>	<b>\$2,301,092</b>	<b>\$2,876,364</b>	<b>\$5,752,729</b>

### Advantages

- All funds receiving a distribution from the VTR system would pay a small percentage fee.
- No increased fees to the public.
- Simpler to project the revenue stream.

### Disadvantages

- Impacts many different funds and entities, potentially creating more opposition to the plan.
- Could require altering many different state statutes.
- More complex and difficult to program. It may not be viable to implement prior to a new VTR system.

#### **4. Cash reserves**

The DMV could draw from DMV Cash Reserves Fund for full payment or partial payment of a new system depending upon the total cash outlay requirements. It is believed that the cash fund will accumulate revenues during the next few years. The amount of cash reserves that would be available for the VTR system project would depend upon continued revenue growth, containment of expenditures, and other DMV priorities.

##### **Advantages**

- May eliminate or reduce the need for a new cash revenue source to fund the new system.
- Eliminate computer programming for fee changes if fully funded through cash reserves.

##### **Disadvantages**

- May impact future DMV projects by reducing the cash reserve.

#### **5. Legislative appropriation**

The Legislature could choose to fund all, or part, of the project from State General Funds. Several states have, apparently, relied solely on funding appropriations from their state legislatures. For example, Alaska, Florida, Iowa, and South Carolina, all report relying solely on state funding. Over the past 20 years, \$16.9 million from the DMV Cash Fund has been transferred to the State General Fund.<sup>23</sup>

##### **Advantages**

- Could eliminate the need to seek additional cash fund revenues for the purchase and maintenance of the new system.
- No fee increase to the public.

##### **Disadvantages**

- No dedicated funding source.
- Need to find funding source for on-going maintenance.

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<sup>23</sup> In addition to the \$16.9 million transferred to the State General Fund over the past 20 years, approximately \$600,000 from the DMV Cash Fund has been transferred to other funds.

## **6. Master Lease Purchase Program**

The State Master Lease Purchase Program (MLPP) is a financing mechanism available to state agencies needing to purchase fixed assets (e.g., data processing, telecommunications, laboratory, motor vehicle and other essential equipment), for which the full amount of funding is not available in a single fiscal year.<sup>24</sup> Typically, the minimum value for fixed assets financed under MLPP is \$50,000. The amount of equipment necessary for a new VTR system is unknown, but likely to be less than \$50,000. Rather, it is expected that the bulk of costs will be for software and services.

### **Advantages**

- Would allow the DMV to spread the acquisition cost of fixed assets over multiple fiscal years.

### **Disadvantages**

- Fixed asset costs are likely to be less than \$50,000, rendering this option of negligible value.

## **7. Grant funding**

The DMV could apply for grant funds to support all or part of the new VTR system. Other states have reported using grant funding through a variety of programs, including those from federal agencies such as the Department of Homeland Security, Department of Justice, and Department of Transportation. It should be noted that this type of funding accessed by other states may no longer be available, or may have been used in Nebraska for other purposes. Some funding programs may also have other requirements that would restrict use for the VTR system.

### **Advantages**

- May reduce commitment of funding from state and residents.

### **Disadvantages**

- May be time-consuming to identify and apply for funding.
- Cannot be guaranteed until notification of award, so difficult to incorporate into a financing model.
- May be difficult to align project timelines within grant periods.

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<sup>24</sup> [http://das.nebraska.gov/accounting/nis/MLPP\\_Details\\_Web.pdf](http://das.nebraska.gov/accounting/nis/MLPP_Details_Web.pdf)

## 8. Combination approach

A combination of two or more of the above options could be used. This would reduce the reliance on a single source to bear the entire cost of a new system. Some illustrative examples are provided that would produce approximately \$8 million dollars annually (Table 12).

<b>Table 12. Examples of Funding a New VTR System Through a Combination of Financing Options</b>	
	<b>Annual Revenue</b>
<b>Option 1</b>	
Fee Increase	
Registration Fees (\$1.00)	\$2,320,000
Titles and Liens (\$1.25)	\$1,218,750
Reallocation (.5%)	\$2,876,364
General Fund Appropriation	<u>\$2,000,000</u>
<b><i>Option 1 Total</i></b>	<b><i>\$8,415,114</i></b>
<b>Option 2</b>	
Transaction Fee (\$1.50)	\$4,941,330
DMV Cash Reserves	\$400,000
General Fund Appropriation	<u>\$3,000,000</u>
<b><i>Option 2 Total</i></b>	<b><i>\$8,341,330</i></b>
<b>Option 3</b>	
Reallocation (1%)	\$5,752,729
DMV Cash Reserves	\$1,000,000
General Fund Appropriation	<u>\$1,500,000</u>
<b><i>Option 3 Total</i></b>	<b><i>\$8,252,729</i></b>

### Advantages

- Mitigates reliance on only one funding source.

### Disadvantages

- May be more complicated to implement.

## Create an Overall Implementation Timeframe and Related Objectives

The implementation timeframe and objectives in the VTR system replacement project should be developed. Although these will inevitably change as the project progresses, they are useful to guide initial steps. Many states are finding timeframes of between 4 – 10 years are needed from initial plan to full implementation. Although it is impossible to provide precise estimates at this time, a reasonable target would be that, upon approval, the new VTR system would be implemented in four (4) years.

1. Determine a funding model. Select and implement a means for financially supporting the new VTR implementation.
  - a. Work with representatives of key stakeholder organizations to create a mutually-supported Funding Model.
  - b. Promote the Funding Model.
  - c. Obtain support for and implement the Funding Model.
2. Establish a project structure. Within DMV create the structures necessary to ensure needed organizational support, resources, and expertise.
  - a. Recruit project manager and other project team members.
  - b. Create a decision making structure.
  - c. Develop vision and charter.
  - d. Create a stakeholder workgroup.
  - e. Create a technical support workgroup.
3. Conduct a current business process analysis. Direct, as well as related, processes should be evaluated to document current practices and assess opportunities for improved processes.
  - a. Document existing processes and uses of the VTR system and its data. DMV should undertake the documentation with an expansive horizon (i.e., beyond current VTR system functions). The DMV should broadly evaluate how data flows, or does not flow, between VTR system and other systems (e.g., driver license, handicapped permits, Motor Carrier Services, Motor Vehicle Industry Licensing Board, specialty plates).
  - b. Determine stakeholder and user needs.

4. Develop project scope. Determine the boundaries of the project.
  - a. Conduct an environmental scan (e.g., codes, rules and ordinances; economy; federal and state legislation; human resources; budget and capital resources; organizational structure; policies and procedures; politics; public opinion; stakeholders; technology and standards).
    - i. Determine the factors that will influence the project.
    - ii. Determine the degree of influence of each factor.
  - b. Create preliminary project scope.
  - c. Set preliminary objectives.
  - d. Establish preliminary timelines and budget.
5. Undertake a Request for Information (RFI) process. An RFI will give the DMV an understanding of current options in the marketplace.
  - a. Issue RFI.
  - b. Review RFI responses.
  - c. Contact many, and ideally visit at least two (2), other states that have recently implemented new systems.
6. Develop preliminary operations and system requirements for new system. This step begins to identify the gaps and steps needed to resolve the gaps between current processes and desired future processes.
  - a. Develop current as-is and future state business processes and architecture.
  - b. Evaluate new system congruence with related systems.
  - c. Evaluate organizational change needed to accomplish future state business processes.
  - d. Identify legislative and administrative changes needed to accomplish future state business processes.
  - e. Investigate possibility of legislative moratorium for changes during development and implementation.<sup>25</sup>
7. Determine approach. The DMV will determine what range of approaches is acceptable, prior to moving forward. Approaches may include: contract customized development, perform “in house” customized development, purchase a modified off the shelf product, purchase a commercial off the shelf product, or some other approach.

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<sup>25</sup> The State of Utah established an informal moratorium on legislative changes that might impact its VTR.



- a. Scan the marketplace.
  - b. Determine data that will be migrated to a new system.
  - c. Create data validation/cleaning plan and implement.
  - d. Compile the requirements (software, hardware, interface/integration, data migration).
  - e. Evaluate build/customization needs and capabilities.
  - f. Evaluate system testing needs and capabilities.
  - g. Evaluate contract monitoring needs and capabilities.
  - h. Evaluate training, maintenance, and support needs and capabilities.
  - i. Formally evaluate possible approaches and make a determination.
8. Enter the marketplace. If the DMV determines that an acceptable approach includes entering into the marketplace, it should issue a Request for Proposals (RFP).
- a. Write and issue an RFP.
  - b. Evaluate RFP responses.
  - c. Select solution.
  - d. Issue Intent to Award the RFP.
  - e. Enter into contract.
9. Create project plan.
- a. Set scope and timelines.
  - b. Create communications plan (for internal and external stakeholders).
  - c. Develop organizational change plan.
  - d. Create a desired training plan.
  - e. Create an implementation plan, including roll-out approach (e.g., pilot, phased, all at once).
  - f. Determine testing and quality control processes.
  - g. Determine documentation needs and processes.
  - h. Task project manager and other staff resources needed for the development and implementation process.<sup>26</sup>
  - i. Identify external resources/consultation needed for the development and implementation process.
  - j. Estimate costs and develop final budget.
10. Implement the training and technology.

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<sup>26</sup> At a 2013 AAMVA conference, numerous states indicated that they underestimated the staffing needed to appropriately plan for and implement a new VTR.

## Recommendations

The aging VTR system no longer meets the needs of users and stakeholders. Its limitations prevent the DMV from capitalizing on promising business practice improvements that would result in increased efficiencies and improved services to the DMV's clients. Although replacing the VTR system will require an investment, that amount is annually dwarfed by the revenues collected through the VTR system. Many other programs are dependent on these VTR-collected revenues.

Modest application of any one of the financing options, alone, would be unlikely to cover the entire cost of a new VTR system. A combined approach should be selected that could be expected to accrue adequate funding for a system replacement. As the planning process moves forward, if lesser funds are needed, the options could be scaled back.

The DMV should move immediately to collaboratively develop a funding model that is supported by key stakeholders. Upon approval, the DMV should create a project structure, conduct a business process analysis, and further refine the analysis with a concept of operations and system requirements. With that information, the DMV and its stakeholders will be positioned to evaluate how it will approach VTR system replacement (i.e., contracted customized development, in house customized development, modified off the shelf product purchase, commercial off the shelf product purchase, or some combination). Upon determination of a direction, a project plan will be further developed and the contracting/tasking of VTR system development and implementation will be undertaken.

# Appendices

## *Appendix A - VTR Fees and Taxes*

### **Titling**

Titles are issued at the county level in the county where the vehicle has tax situs or, in the case of apportioned vehicles, are issued by the DMV. A Certificate of Title must be issued within 30 days of the date of purchase. To obtain a Certificate of Title you must submit a completed Application for Certificate of Title. A fee of \$10.00, payable to the designated county official, and proper evidence of ownership must accompany the application for title. Duplicate titles carry a fee of \$14.00.

### **Notation of Liens**

Individuals that have Notations of Liens on their title are charged \$7.00.

### **Sales Tax**

Sales tax, based on the purchase price, must be paid within 30 days of purchase of vehicle and must be paid before the initial registration will be issued.<sup>27</sup>

**Motor Vehicle Tax** is assessed on a vehicle at the time of initial registration and annually thereafter until the vehicle reaches 14 years of age or more. It is based upon the MSRP (Manufacturer's Suggested Retail Price) of the vehicle. The MSRP on a vehicle is set by the manufacturer and can never be changed. Once the MSRP of the vehicle is established, a Base Tax set in Nebraska motor vehicle statutes is assigned to that specific MSRP range and motor vehicle tax is then assessed. It is the Base Tax figure that is adjusted as the vehicle ages.

**Motor Vehicle Fee** is based upon the manufacturer's suggested retail price (adjusted for vehicle age), and the weight and use of the vehicle.

### **Vehicle Registration**

Vehicle Registration Fees are collected annually and range from \$1 to \$1,140 based on the type and use of the vehicle. For instance, registration fees for

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<sup>27</sup> There are differing requirements for mobile homes and cabin trailers.

commercial and farm plated trucks are based upon the gross vehicle weight of the vehicle.

Additional fees collected (and their distribution) for every motor vehicle registration issued are:

- \$0.50 - Emergency Medical System Operation Fund
- \$1.50 - Department of Motor Vehicles Cash Fund
- \$1.50 - State Recreation Road Fund
- \$2.00 - County General Fund
- \$3.30 - Plate Fee per plate assessed whenever new, duplicate or replacement plates are issued
- Some localities collect additional local fees and taxes.

## ***Appendix B - Major Nebraska Statutes Governing VTR System-Related Roles and Responsibilities***

- §60-144 (Certificate of title; issuance; filing; application; form.)
- §60-372 (Vehicle titling and registration computer system; agent of county treasurer; appointment.)
- §37-1279 (Motorboat certificate of title; issuance; form; county treasurer; duties; filing.)
- §60-1515 (Department of Motor Vehicles Cash Fund; use; legislative intent.)

### *Specific to apportioned vehicles:*

- §60-3,198 (Apportioned registration.)
- §60-3,203 (Apportioned plates.)

### *Specific to motorboats:*

- §37-1211 (Motorboat; numbering required; operation of unnumbered motorboat prohibited; exceptions.)
- §37-1214 (Motorboat; registration; period valid; application; fee.)

**§60-144. Certificate of title; issuance; filing; application; form.**

(1)(a) Except as provided in subdivisions (b), (c), and (d) of this subsection, the county treasurer shall be responsible for issuing and filing certificates of title for vehicles, and each county shall issue and file such certificates of title using the vehicle titling and registration computer system prescribed by the department. Application for a certificate of title shall be made upon a form prescribed by the department. All applications shall be accompanied by the appropriate fee or fees.

(b) The department shall issue and file certificates of title for Nebraska-based fleet vehicles. Application for a certificate of title shall be made upon a form prescribed by the department. All applications shall be accompanied by the appropriate fee or fees.

(c) The department shall issue and file certificates of title for state-owned vehicles. Application for a certificate of title shall be made upon a form prescribed by the department. All applications shall be accompanied by the appropriate fee or fees.

(d) The department shall issue certificates of title pursuant to section 60-142.06. Application for a certificate of title shall be made upon a form prescribed by the department. All applications shall be accompanied by the appropriate fee or fees.

(2) If the owner of an all-terrain vehicle, a utility-type vehicle, or a minibike resides in Nebraska, the application shall be filed with the county treasurer of the county in which the owner resides.

(3)(a) Except as otherwise provided in subdivision (b) of this subsection, if a vehicle, other than an all-terrain vehicle, a utility-type vehicle, or a minibike, has situs in Nebraska, the application shall be filed with the county treasurer of the county in which the vehicle has situs.

(b) If a motor vehicle dealer licensed under the Motor Vehicle Industry Regulation Act, applies for a certificate of title for a vehicle, the application may be filed with the county treasurer of any county.

(4) If the owner of a vehicle is a nonresident, the application shall be filed in the county in which the transaction is consummated.

(5) The application shall be filed within thirty days after the delivery of the vehicle.

(6) All applicants registering a vehicle pursuant to section 60-3,198 shall file the application for a certificate of title with the Division of Motor Carrier Services of the department. The division shall deliver the certificate to the applicant if there are no liens on the vehicle. If there are one or more liens on the vehicle, the certificate of title shall be handled as provided in section 60-164. All certificates of title issued by the division shall be issued in the manner prescribed for the county treasurer in section 60-152.



**§60-372. Vehicle titling and registration computer system; agent of county treasurer; appointment.**

(1) Each county shall issue and file registration certificates using the vehicle titling and registration computer system prescribed by the department.

(2) The county treasurer may appoint an agent to issue registration certificates and to accept the payment of taxes and fees as provided in the Motor Vehicle Registration Act, upon approval of the county board. The agent shall furnish a bond in such amount and upon such conditions as determined by the county board.

**§37-1279. Certificate of title; issuance; form; county treasurer; duties; filing.**

(1) The county treasurer shall issue the certificate of title. The county treasurer shall sign and affix his or her seal to the original certificate of title and deliver the certificate to the applicant if there are no liens on the motorboat. If there are one or more liens on the motorboat, the certificate of title shall be handled as provided in section 37-1282. The county treasurer shall keep on hand a sufficient supply of blank forms which shall be furnished and distributed without charge to manufacturers, dealers, or other persons residing within the county, except that certificates of title shall only be issued by the county treasurer or the Department of Motor Vehicles. Each county shall issue and file certificates of title using the vehicle titling and registration computer system.

(2) Each county treasurer of the various counties shall provide his or her seal without charge to the applicant on any certificate of title, application for certificate of title, duplicate copy, assignment or reassignment, power of attorney, statement, or affidavit pertaining to the issuance of a certificate of title. The department shall prescribe a uniform method of numbering certificates of title.

(3) The county treasurer shall (a) file all certificates of title according to rules and regulations of the department, (b) maintain in the office indices for such certificates of title, (c) be authorized to destroy all previous records five years after a subsequent transfer has been made on a motorboat, and (d) be authorized to destroy all certificates of title and all supporting records and documents which have been on file for a period of five years or more from the date of filing the certificate or a notation of lien, whichever occurs later.

**§60-1515. Department of Motor Vehicles Cash Fund; use; legislative intent.**

(1) The Legislature hereby finds and declares that a statewide system for the collection, storage, and transfer of data on vehicle titles and registration and the cooperation of state and local government in implementing such a system is essential to the efficient operation of state and local government in vehicle titling and registration. The Legislature hereby finds and declares that the electronic issuance of operators' licenses and state identification cards using a digital system as described in section 60-484.01 and the cooperation of state and local government in implementing such a system is essential to the efficient operation of state and local government in issuing operators' licenses and state identification cards.

(2) It is therefore the intent of the Legislature that the Department of Motor Vehicles shall use a portion of the fees appropriated by the Legislature to the Department of Motor Vehicles Cash Fund as follows:

(a) To pay for the cost of issuing motor vehicle titles and registrations on a system designated by the department. The costs shall include, but not be limited to, software and software maintenance, programming, processing charges, and equipment including such terminals, printers, or other devices as deemed necessary by the department after consultation with the county to support the issuance of motor vehicle titles and registrations. The costs shall not include the cost of county personnel or physical facilities provided by the counties;

(b) To fund the centralization of renewal notices for motor vehicle registration and to furnish to the counties the certificate of registration forms specified in section 60-390. The certificate of registration form shall be prescribed by the department;

(c) To pay for the costs of an operator's license system as specified in sections 60-484.01 and 60-4,119 and designated by the department. The costs shall be limited to such terminals, printers, software, programming, and other equipment or devices as deemed necessary by the department to support the issuance of such licenses and state identification cards in the counties and by the department; and

(d) To pay for the motor vehicle insurance data base created under section 60-3,136.

**§60-3,198. Fleet of vehicles in interjurisdiction commerce; registration; exception; application; fees; temporary authority; evidence of registration; proportional registration; removal from fleet; effect; unladen-weight registration; trip permit; fee.**

(1) Any owner engaged in operating a fleet of apportionable vehicles in this state in interjurisdiction commerce may, in lieu of registration of such apportionable vehicles under the general provisions of the Motor Vehicle Registration Act, register and license such fleet for operation in this state by filing a statement and the application required by section 60-3,203 with the Division of Motor Carrier Services of the department. The statement shall be in such form and contain such information as the division requires, declaring the total mileage operated by such vehicles in all jurisdictions and in this state during the preceding year and describing and identifying each such apportionable vehicle to be operated in this state during the ensuing license year. Upon receipt of such statement and application, the division shall determine the total fee payment, which shall be equal to the amount of fees due pursuant to section 60-3,203 and the amount obtained by applying the formula provided in section 60-3,204 to a fee of thirty-two dollars per ton based upon gross vehicle weight of the empty weights of a truck or truck-tractor and the empty weights of any trailer or combination thereof with which it is to be operated in combination at any one time plus the weight of the maximum load to be carried thereon at any one time, and shall notify the applicant of the amount of payment required to be made. Mileage operated in noncontracting reciprocity jurisdictions by apportionable vehicles based in Nebraska shall be applied to the portion of the formula for determining the Nebraska injurisdiction fleet distance.

Temporary authority which permits the operation of a fleet or an addition to a fleet in this state while the application is being processed may be issued upon application to the division if necessary to complete processing of the application.

Upon completion of such processing and receipt of the appropriate fees, the division shall issue to the applicant a sufficient number of distinctive registration certificates which provide a list of the jurisdictions in which the apportionable vehicle has been apportioned, the weight for which registered, and such other evidence of registration for display on the apportionable vehicle as the division determines appropriate for each of the apportionable vehicles of his or her fleet, identifying it as a part of an interjurisdiction fleet proportionately registered. All

fees received as provided in this section shall be remitted to the State Treasurer for credit to the Motor Carrier Services Division Distributive Fund.

The apportionable vehicles so registered shall be exempt from all further registration and license fees under the Motor Vehicle Registration Act for movement or operation in the State of Nebraska except as provided in section 60-3,203. The proportional registration and licensing provision of this section shall apply to apportionable vehicles added to such fleets and operated in this state during the license year except with regard to permanent license plates issued under section 60-3,203.

The right of applicants to proportional registration under this section shall be subject to the terms and conditions of any reciprocity agreement, contract, or consent made by the division.

When a nonresident fleet owner has registered his or her apportionable vehicles, his or her apportionable vehicles shall be considered as fully registered for both interjurisdiction and intrajurisdiction commerce when the jurisdiction of base registration for such fleet accords the same consideration for fleets with a base registration in Nebraska. Each apportionable vehicle of a fleet registered by a resident of Nebraska shall be considered as fully registered for both interjurisdiction and intrajurisdiction commerce.

(2) Mileage proportions for interjurisdiction fleets not operated in this state during the preceding year shall be determined by the division upon the application of the applicant on forms to be supplied by the division which shall show the operations of the preceding year in other jurisdictions and estimated operations in Nebraska or, if no operations were conducted the previous year, a full statement of the proposed method of operation.

(3) Any owner complying with and being granted proportional registration shall preserve the records on which the application is made for a period of three years following the current registration year. Upon request of the division, the owner shall make such records available to the division at its office for audit as to accuracy of computation and payments or pay the costs of an audit at the home office of the owner by a duly appointed representative of the division if the office where the records are maintained is not within the State of Nebraska. The division may enter into agreements with agencies of other jurisdictions administering motor vehicle registration laws for joint audits of any such owner.

All payments received to cover the costs of an audit shall be remitted by the division to the State Treasurer for credit to the Motor Carrier Division Cash Fund. No deficiency shall be assessed and no claim for credit shall be allowed for any license registration year for which records on which the application was made are no longer required to be maintained.

(4) If the division claims that a greater amount of fee is due under this section than was paid, the division shall notify the owner of the additional amount claimed to be due. The owner may accept such claim and pay the amount due, or he or she may dispute the claim and submit to the division any information which he or she may have in support of his or her position. If the dispute cannot otherwise be resolved within the division, the owner may petition for an appeal of the matter. The director shall appoint a hearing officer who shall hear the dispute and issue a written decision. Any appeal shall be in accordance with the Administrative Procedure Act. Upon expiration of the time for perfecting an appeal if no appeal is taken or upon final judicial determination if an appeal is taken, the division shall deny the owner the right to further registration for a fleet license until the amount finally determined to be due, together with any costs assessed against the owner, has been paid.

(5) Every applicant who licenses any apportionable vehicles under this section and section 60-3,203 shall have his or her registration certificates issued only after all fees under such sections are paid and, if applicable, proof has been furnished of payment, in the form prescribed by the director as directed by the United States Secretary of the Treasury, of the federal heavy vehicle use tax imposed by 26 U.S.C. 4481 of the Internal Revenue Code as defined in section 49-801.01.

(6)(a) In the event of the transfer of ownership of any registered apportionable vehicle, (b) in the case of loss of possession because of fire, theft, or wrecking, junking, or dismantling of any registered apportionable vehicle, (c) when a salvage branded certificate of title is issued for any registered apportionable vehicle, (d) whenever a type or class of registered apportioned vehicle is subsequently declared by legislative act or court decision to be illegal or ineligible to be operated or towed on the public roads and no longer subject to registration fees and taxes, (e) upon trade-in or surrender of a registered apportionable vehicle under a lease, or (f) in case of a change in the situs of a registered apportionable vehicle to a location outside of this state, its registration shall expire, except that if the registered owner or lessee applies to the division

after such transfer or loss of possession and accompanies the application with a fee of one dollar and fifty cents, he or she may have any remaining credit of vehicle fees and taxes from the previously registered apportionable vehicle applied toward payment of any vehicle fees and taxes due and owing on another registered apportionable vehicle. If such registered apportionable vehicle has a greater gross vehicle weight than that of the previously registered apportionable vehicle, the registered owner or lessee of the registered apportionable vehicle shall additionally pay only the registration fee for the increased gross vehicle weight for the remaining months of the registration year based on the factors determined by the division in the original fleet application.

(7) Whenever a Nebraska-based fleet owner files an application with the division to delete a registered apportionable vehicle from a fleet of registered apportionable vehicles (a) because of a transfer of ownership of the registered apportionable vehicle, (b) because of loss of possession due to fire, theft, or wrecking, junking, or dismantling of the registered apportionable vehicle, (c) because a salvage branded certificate of title is issued for the registered apportionable vehicle, (d) because a type or class of registered apportioned vehicle is subsequently declared by legislative act or court decision to be illegal or ineligible to be operated or towed on the public roads and no longer subject to registration fees and taxes, (e) because of a trade-in or surrender of the registered apportionable vehicle under a lease, or (f) because of a change in the situs of the registered apportionable vehicle to a location outside of this state, the registered owner may, by returning the registration certificate or certificates and such other evidence of registration used by the division or, if such certificate or certificates or such other evidence of registration is unavailable, then by making an affidavit to the division of such transfer or loss, receive a refund of that portion of the unused registration fee based upon the number of unexpired months remaining in the registration year from the date of transfer or loss. No refund shall be allowed for any fees paid under section 60-3,203. When such apportionable vehicle is transferred or lost within the same month as acquired, no refund shall be allowed for such month. Such refund may be in the form of a credit against any registration fees that have been incurred or are, at the time of the refund, being incurred by the registered apportionable vehicle owner. The Nebraska-based fleet owner shall make a claim for a refund under this subsection within the registration period or shall be deemed to have forfeited his or her right to the refund.

(8) Whenever a Nebraska-based fleet owner files an application with the division to delete a registered apportionable vehicle from a fleet of registered apportionable vehicles because the apportionable vehicle is disabled and has been removed from service, the registered owner may, by returning the registration certificate or certificates and such other evidence of registration used by the division or, in the case of the unavailability of such certificate or certificates or such other evidence of registration, then by making an affidavit to the division of such disablement and removal from service, receive a credit for that portion of the unused registration fee deposited in the Highway Trust Fund based upon the number of unexpired months remaining in the registration year. No credit shall be allowed for any fees paid under section 60-3,203. When such apportionable vehicle is removed from service within the same month in which it was registered, no credit shall be allowed for such month. Such credit may be applied against registration fees for new or replacement vehicles incurred within one year after cancellation of registration of the apportionable vehicle for which the credit was allowed. When any such apportionable vehicle is reregistered within the same registration year in which its registration has been canceled, the fee shall be that portion of the registration fee provided to be deposited in the Highway Trust Fund for the remainder of the registration year. The Nebraska-based fleet owner shall make a claim for a credit under this subsection within the registration period or shall be deemed to have forfeited his or her right to the credit.

(9) In case of addition to the registered fleet during the registration year, the owner engaged in operating the fleet shall pay the proportionate registration fee from the date the vehicle was placed into service or, if the vehicle was previously registered, the date the prior registration expired or the date Nebraska became the base jurisdiction for the fleet, whichever is first, for the remaining balance of the registration year. The fee for any permanent license plate issued for such addition pursuant to section 60-3,203 shall be the full fee required by such section, regardless of the number of months remaining in the license year.

(10) In lieu of registration under subsections (1) through (9) of this section, the title holder of record may apply to the division for special registration, to be known as an unladen-weight registration, for any commercial motor vehicle or combination of vehicles. Such registration shall be valid only for a period of thirty days and shall give no authority to operate the vehicle except when empty. The fee for such registration shall be twenty dollars for each vehicle, which fee



shall be remitted to the State Treasurer for credit to the Highway Trust Fund. The issuance of such permits shall be governed by section 60-3,179.

(11)(a) This subdivision applies until the implementation date designated by the director pursuant to subdivision (b) of this subsection. Any person may, in lieu of registration under subsections (1) through (9) of this section or for other jurisdictions as approved by the director, purchase a trip permit for any nonresident truck, truck-tractor, bus, or truck or truck-tractor combination. Such permit shall be valid for a period of seventy-two hours. The fee for such permit shall be twenty-five dollars for each truck, truck-tractor, bus, or truck or truck-tractor combination. Such permit shall be available at weighing stations operated by the carrier enforcement division and at various vendor stations as determined appropriate by the carrier enforcement division. The carrier enforcement division shall act as an agent for the Division of Motor Carrier Services in collecting such fees and shall remit all such fees collected to the State Treasurer for credit to the Highway Cash Fund. Trip permits shall be obtained at the first available location whether that is a weighing station or a vendor station. The vendor stations shall be entitled to collect and retain an additional fee of ten percent of the fee collected pursuant to this subsection as reimbursement for the clerical work of issuing the permits.

(b) This subdivision applies beginning on an implementation date designated by the director. The director shall designate an implementation date which is on or before January 1, 2015. Any person may, in lieu of registration under subsections (1) through (9) of this section or for other jurisdictions as approved by the director, purchase a trip permit for any nonresident truck, truck-tractor, bus, or truck or truck-tractor combination. A trip permit shall be issued before any person required to obtain a trip permit enters this state with such vehicle. The trip permit shall be issued by the director through Internet sales from the department's web site. The trip permit shall be valid for a period of seventy-two hours. The fee for the trip permit shall be twenty-five dollars for each truck, truck-tractor, bus, or truck or truck-tractor combination. The fee collected by the director shall be remitted to the State Treasurer for credit to the Highway Cash Fund.

**§60-3,203. Permanent license plate; application; fee; renewal fee; replacement permanent plate; registration certificate replacement; deletion from fleet registration; fee.**

(1) Upon application and payment of the fees required pursuant to this section and section 60-3,198, the Division of Motor Carrier Services of the department shall issue to the owner of any fleet of apportionable commercial vehicles with a base registration in Nebraska a permanent license plate for each truck, truck-tractor, and trailer in the fleet. The application shall be accompanied by a fee of three dollars for each truck or truck-tractor and six dollars per trailer. The application shall be on a form developed by the division.

(2) Fleets of apportionable vehicles license plates shall display a distinctive license plate provided by the department pursuant to this section.

(3) Any license plate issued pursuant to this section shall remain affixed to the front of the truck or truck-tractor or to the rear of the trailer or semitrailer as long as the apportionable vehicle is registered pursuant to section 60-3,198 by the owner making the original application pursuant to subsection (1) of this section. Upon transfer of ownership of the truck, truck-tractor, or trailer or transfer of ownership of the fleet or at any time the truck, truck-tractor, or trailer is no longer registered pursuant to section 60-3,198, the license plate shall cease to be active and shall be processed according to the rules and regulations of the department.

(4) The renewal fee for each permanent plate shall be two dollars and shall be assessed and collected in each license year after the year in which the permanent license plates are initially issued at the time all other renewal fees are collected pursuant to section 60-3,198 unless a truck, truck-tractor, or trailer has been deleted from the fleet registration.

(5)(a) If a permanent license plate is lost or destroyed, the owner shall submit an affidavit to that effect to the division prior to any deletion of the truck, truck-tractor, or trailer from the fleet registration. If the truck, truck-tractor, or trailer is not deleted from the fleet registration, a replacement permanent license plate may be issued upon application and payment of a fee of three dollars for each truck or truck-tractor and six dollars per trailer. The application for a replacement permanent plate shall be on a form developed by the division.

(b) If the registration certificate for any fleet vehicle is lost or stolen, the division shall collect a fee of one dollar for replacement of such certificate.

(6) If a truck, truck-tractor, or trailer for which a permanent license plate has been issued pursuant to this section is deleted from the fleet registration due to loss of possession by the registrant, the plate shall be returned to the division.

(7) The registrant shall be liable for the full amount of the registration fee due for any truck, truck-tractor, or trailer not deleted from the fleet registration renewal.

(8) All fees collected pursuant to this section shall be remitted to the State Treasurer for credit to the Highway Cash Fund.

**§37-1211. Motorboat; numbering required; operation of unnumbered motorboat prohibited; exceptions.**

(1) Except as provided in subsections (2) and (3) of this section and sections 37-1249 and 37-1250, every motorboat on the waters of this state shall be numbered and no person shall operate or give permission for the operation of any vessel on such waters unless the vessel is numbered in accordance with the State Boat Act or in accordance with the laws of another state if the commission has by regulation approved the numbering system of such state and unless the certificate of number awarded to such vessel is in full force and effect and the identifying number set forth in the certificate of number is displayed and legible on each side of the forward half of the vessel.

(2) The owner of each motorboat may operate or give permission for the operation of such vessel for thirty days from the date the vessel was acquired in anticipation of the vessel being numbered. A duly executed bill of sale, certificate of title, or other satisfactory evidence of the right of possession of the vessel as prescribed by the Department of Motor Vehicles must be available for inspection at all times from the operator of the vessel.

(3) The owner or his or her invitee who operates a personal watercraft on any body of water (a) which is entirely upon privately owned land owned by only one person or one family and, if leased, leased by only one person or one family, (b) which does not connect by any permanent or intermittent inflow or outflow with other water outside such land, and (c) which is not operated on a commercial basis for profit may operate any personal watercraft on such body of water without complying with subsection (1) of this section.

**§37-1214. Motorboat; registration; period valid; application; fee.**

Except as otherwise provided in section 37-1211, the owner of each motorboat shall register such vessel or renew the registration every three years as provided in section 37-1226. The owner of such vessel shall file an initial application for a certificate of number pursuant to section 37-1216 with a county treasurer on forms approved and provided by the commission. The application shall be signed by the owner of the vessel, shall contain the year manufactured, and shall be accompanied by a fee for the three-year period of not less than twenty dollars and not more than twenty-three dollars for Class 1 boats, not less than forty dollars and not more than forty-six dollars for Class 2 boats, not less than sixty dollars and not more than sixty-seven dollars and fifty cents for Class 3 boats, and not less than one hundred dollars and not more than one hundred fifteen dollars for Class 4 boats, as established by the commission pursuant to section 37-327.

## *Appendix C – Significant Changes to the VTR System*

Changes are listed, by year of implementation, in order of relative complexity (from the most complex to least complex).

<b>Significant Changes to the VTR System</b>
<b>1995</b>
Title fee deferment
Log system for title related correspondence
System generated title number
Shortcut codes - bank, dealer, and city
Remarks capability
Cash balance report
Postcard process updated to provide for use during normal VTR functions
Extract files developed for interface with county general ledger systems
<b>1996</b>
One-stop title/registration processing
Address/Tax district lookup feature
Business date edit
Salvage title confirmation window
Damaged document tracking
Daily/monthly title report updates
<b>1997</b>
Boat title
Spirit Plate/additional distribution fund
Bonded title
<b>1998</b>
Ad valorem tax process replaced with motor vehicle tax
Motor vehicle fee
Plate Management System Creation and Interface
Dealer personal use plate
<b>1999</b>
Handicap motorcycle plates
<b>2000</b>
Undercover Registration
Spirit message plates

<b>2001</b>
Boat registration
Grain hauling permits
Carnival permits
EMS fee and distribution fund
<b>2002</b>
Alpha-numeric plates
Specialty Plate System Creation and Interface
HVUT verification
7-day limit on title voids
<b>2003</b>
Insurance database fee added
Notation of lien in any county
Duplicate title in any county
Salvage legislation, additional brands, notation on registration documents
ATV/mini bike title
Digital license plate interface with PMS
Message, spirit plate fee proration
<b>2004</b>
Insurance database interface
Owner retained salvage vehicle
<b>2005</b>
Re-application for handicap plates
6-year plate reissuance
<b>2006</b>
Insurance database fee sunset
Manufactured home title cancellation
<b>2007</b>
Motor vehicle tax changes
<b>2008</b>
Online Registration Renewal
Online Specialty Plate application
<b>2009</b>
Thin Client Installation and One Stop Mandate
Registration cancellation - bad check
<b>2010</b>

Electronic Lien and Title
Gold Star Family plate/additional distribution funds
Message plate fee increase/additional distribution fund
Military plate fee change
<b>2011</b>
Organizational plate/additional distribution funds
Mini-truck title and registration
Transfer on death addition to titles
Deployed laser printers
<b>2012</b>
Low Speed Vehicle title and registration
\$75 alternative fuel fee
Print Form 6, sales tax data transfer to NDR
Print title applications
<b>2013</b>
Special Interest plate/additional distribution fund
Corrected a Motor Vehicle fee issue discovered during audit
DMV print and mail renewal notices





The University of Nebraska Public Policy Center provides assistance to policymakers in all three branches of government on a wide range of public policy issues. The mission of the PPC is to actively inform public policy by facilitating, developing, and making available objective research and analyses of public policy issues.



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**VISION:** Quality, accessible, secure services are available for all Nebraska DMV customers.

**MISSION:** Exceptional employees deliver accurate, secure, and innovative services.

**GOAL 3:** DMV business processes promote customer-focused services.

**OBJECTIVE 3.2:** Technology systems are efficient, understandable, secure and have integrity.

**Topic: NSUM-VTR (Nebraska Systems Update & Modification-VTR)**

**Date:**

**August 5, 2014**

Activity	Who is Responsible	Division	Resources Needed		Existing	Additional	Projected Start Date	Projected & Completion Date	Desired Outcome
			Item	Cost					
FY 15 Begins (2014-2015)							07/01/14		
Legislative proposals - Determine NSUM related needs for 2015 session	Director's Office, Legal, Project Mgr.	Adm & Leg					07/01/14	08/08/14	Advise Legal and Budget of chosen proposals
Budget Request Prep - 2 Year	Acctg. & Finance Mgr.	Adm					07/01/14	09/15/14	Submit to Budget Office
Complete DRAFT PDQ - Program Development Coordinator (PDC)	Deputy Director	Adm					07/07/14	7/15/2014 7/16/14	Have Director Review
DMV DRAFT Consultant RFP	Director's Office	Adm					07/07/14	08/07/14	Have Stakeholders Review
Program Development Coordinator PDQ Approved by Director	Director	Adm					07/15/14	7/31/2014 7/30/14	Submit to HR
Program Development Coordinator PDQ to HR	Deputy Director	Adm					07/30/14	8/1/2014 7/30/14	Submit to HR
Program Development Coordinator PDQ to DAS Personnel	Personnel Manager	Adm					08/01/14	8/5/2014 7/31/14	Submit to Garrett-DAS Personnel
Complete DRAFT PDQ - Support Staff Position	Project Manager	DVR					08/01/14	08/15/14	Have Director Review
Consultant RFP to Material	Director's Ofc & Acctg. & Fin. Mgr.	Adm					08/01/14	08/11/14	RFP to Material
NITC Report ref NSUM - VTR. Submit w/ Annual DMV IT Plan	IT Lead	IT					08/01/14	09/15/14	Submit to NITC
Legislative proposals - Completed for NSUM related bills for 2015 session	Legal & Acctg. & Fin. Mgr.	Adm & Leg					08/08/14	09/08/14	Submit to PRO
Support Staff Position PDQ Approved by Director	Director	Adm					08/15/14	08/22/14	Submit to HR



Activity	Who is Responsible	Division	Resources Needed		Existing	Additional	Projected Start Date	Projected & Completion Date	Desired Outcome
			Item	Cost					
Support Staff Position PDQ to DAS Personnel	Personnel Manager	Adm					08/22/14	08/26/14	Submit to Garrett - DAS Personnel
Support Staff Position Approved by DAS Personnel	DAS - Personnel & Personnel Mgr.	Adm					08/26/14	10/15/14	Approval for Position
Release Consultant RFP	DAS - Material	Adm					09/15/14	12/15/14	Attract bidders
Hire Program Development Coordinator	Deputy Director	Adm	Annual Salary & Benefits	\$77,225	X		10/01/14	10/15/14	PDC on board
NITC Approves NSUM-VTR Program	IT Lead	IT					10/10/14	10/10/14	Receive NITC Approval
Support Staff Position - Post, Interview and Hire	Personnel Mgr. & Project Manager	Adm & VTR	Annual Salary & Benefits	\$49,725	X		10/15/14	11/15/14	Support Staff Position on board
Q&A for Consultant RFP	Director's Office	Adm					11/01/14	12/15/14	Answer ?'s from potential bidders
Open Consultant bids	Director's Office	Adm					12/15/14	12/15/14	
Evaluate Consultant bids	Director's Office	Adm					12/15/14	12/31/14	Select winning bid
Notice of Intent to Award Consultant RFP	Director's Office	Adm					12/31/14	02/01/15	Select consultant
Appeals from Notice of Intent to Award - Consultant	Director's Office	Adm					12/31/14	02/01/15	Handle appeals from unsuccessful bidders
Sign contract for Consultant	Director	Adm					02/01/15	03/01/15	Get contract signed
Consultant Begins Work	Director's Office	Adm	Fees	\$510,500	X	X	03/01/15		Consultant on board
Assessment by Consultant of current DMV Systems AND Assessment of new System Business Processes, System Capability Needs, Environment Options, etc. Includes Stakeholder Meetings and will be ongoing.	Consultant & DMV Staff		Annual Stakeholder Meeting Costs	\$6,475	X	X	03/01/15	09/01/15	Assess DMV and Stakeholder needs
Vendor RFI Drafting	Consultant						03/01/15	06/01/15	Drafting document
Vendor RFI Released. To include cost estimates	Acctg. & Fin. Mgr. & DAS Material	Adm					06/01/15	09/01/15	RFI out to bidders
<b>FY 16 Begins (2015-2016)</b>							<b>07/01/15</b>		



Activity	Who is Responsible	Division	Resources Needed		Existing	Additional	Projected Start Date	Projected & Completion Date	Desired Outcome
			Item	Cost					
Legislative Report per LB905 (2014 Session)							07/01/15	07/31/15	Meet statutory requirement of LB905
Legislative proposals - Determine NSUM related needs for 2016 session	Director's Office, Legal & Project Mgr.	Adm					07/01/15	08/07/15	Advise Legal and Budget of chosen proposals
Budget Request Prep - 1 Year Legislative proposals - Completed for NSUM related bills for 2016 session	Acctg. & Fin. Mgr.	Adm					07/01/15	09/15/15	Submit to Budget Office
Open Vendor RFI's	Legal & Acctg. & Fin. Mgr.	Adm & Leg					08/08/15	09/08/15	Submit to PRO
Evaluate Vendor RFI's -- Determine funding needs	Acctg. & Fin. Mgr. & DAS Material						09/01/15	09/01/15	
Recommendation from Consultant as to NEW solution type	Governing Team						09/01/15	10/01/15	
Site Visits - Potential Vendors current clients	Consultant & DMV Staff						09/15/15	10/15/15	Receive Consultants recommendation for new solution type
DRAFT Vendor RFP			Travel Costs	\$19,605	X	X	10/15/15	12/31/15	Evaluate vendors products
Vendor RFP Released	Consultant	Adm					01/01/16	03/01/16	Drafting document
Q&A for Vendor RFP - Round 1	Acctg. & Fin. Mgr. & DAS Material	Adm					05/01/16	08/01/16	RFP out to bidders
Q&A for Vendor RFP - Round 2	Director's Office	Adm					05/01/16	06/15/16	Answer ?'s from potential bidders
	Director's Office						06/16/16	08/01/16	Answer ?'s from potential bidders
<b>FY 17 Begins (2016-2017)</b>							<b>07/01/16</b>		
Legislative proposals - Determine NSUM related needs for 2017 session	Director's Office, Legal & Project Mgr.	Adm					07/01/16	08/05/16	Advise Legal and Budget of chosen proposals
Budget Request Prep - 2 Year	Acctg. & Fin. Mgr.	Adm					07/01/16	09/15/16	Submit to Budget Office
Open Vendor RFP's	Acctg. & Fin. Mgr. & DAS Material						08/01/16	08/01/16	



Activity	Who is Responsible	Division	Resources Needed		Existing	Additional	Projected Start Date	Projected & Completion Date	Desired Outcome
			Item	Cost					
Evaluate Vendor RFP's. Includes Vendor Demos. Determine funding needs	Governing Team						08/01/16	09/01/16	
Legislative proposals - Completed for NSUM related bills for 2017 session	Legal & Acctg. & Fin. Mgr.	Adm & Leg					08/06/16	09/09/16	Submit to PRO
Notice of Intent to Award Vendor RFP							09/01/16		
Appeals from Notice of Intent to Award - Vendor							09/01/16	10/15/16	Handle appeals from unsuccessful bidders
Sign Vendor Contract	Director		Fees	????		X	10/15/16	08/15/16	Get contract signed
Design (detailed) NSUM-VTR to include identification of business processes	DMV and Vendor Development Teams						10/15/16	01/15/17	Initial detailed design
Develop NSUM-VTR: Hire 1 IT Developer; Convert data; and Testing - Phase I (Internal)	DMV and Vendor Development Teams; IT(Hiring)		Annual Salary & Benefits for 1 IT Developer	Existing FTE		X	01/16/17	05/15/18	
<b>FY 18 Begins (2017-2018)</b>							<b>07/01/17</b>		
Develop NSUM-VTR: Hire 1 IT Developer; Convert data; and Testing - Phase I (Internal)	DMV and Vendor Development Teams; IT(Hiring)		Annual Salary & Benefits for 1 IT Developer	\$ TBD and requested in FY 18-19		X	01/16/17	05/15/18	
Legislative proposals - Determine NSUM related needs for 2018 session	Director's Office, Legal & Project Mgr.	Adm					07/01/17	08/11/17	Advise Legal and Budget of chosen proposals
Budget Request Prep - 1 Year	Acctg. & Finance Mgr.	Adm					07/01/17	09/15/17	Submit to Budget Office
Legislative proposals - Completed for NSUM related bills for 2018 session	Legal & Acctg. & Fin. Mgr.	Adm					08/12/17	09/12/17	Submit to PRO
Testing - Phase II (User Acceptance Environment)	DMV and Vendor Development Teams						05/16/18	08/15/18	
<b>FY19 Begins (2018-2019)</b>							<b>07/01/18</b>		

Activity	Who is Responsible	Division	Resources Needed		Existing	Additional	Projected Start Date	Projected & Completion Date	Desired Outcome
			Item	Cost					
Testing - Phase III (Production Pilot)	DMV and Vendor Development Teams						08/16/18	11/15/18	
Installation and Training	DMV and Vendor Development Teams						11/16/18	10/15/19	
FY20 Begins (2019-2020)							07/01/19		
NSUM-VTR Fully Operational							01/01/20	01/01/20	

Nebraska Information Technology Commission  
Project Proposal Form  
Section 8: Financial Analysis and Budget

(Revise dates as necessary for your request.)

	Estimated Prior Expended	Request for FY2016 (Year 1)	Request for FY2017 (Year 2)	Request for FY2018 (Year 3)	Request for FY2019 (Year 4)	Future	Total
1. Personnel Costs	\$ 132,418.00	\$ 180,530.00	\$ 184,592.00	\$ 188,746.00	\$ 188,746.00	TBD	\$ 875,032.00
<b>2. Contractual Services</b>							
2.1 Design						TBD	\$ -
2.2 Programming						TBD	\$ -
2.3 Project Management	\$ 127,500.00	\$ 383,000.00	\$ 385,848.00	\$ 390,729.00	\$ 390,729.00	TBD	\$ 1,677,806.00
2.4 Other	\$ 2,500.00	\$ 3,500.00	\$ 2,500.00			TBD	\$ 8,500.00
<b>3. Supplies and Materials</b>							
4. Telecommunications						TBD	\$ -
<b>5. Training</b>							
6. Travel	\$ 8,710.00	\$ 16,745.00	\$ 10,835.00	\$ 4,300.00	\$ 4,300.00	TBD	\$ 44,890.00
<b>7. Other Operating Costs</b>							
<b>8. Capital Expenditures</b>							
8.1 Hardware						TBD	\$ -
8.2 Software						TBD	\$ -
8.3 Network						TBD	\$ -
8.4 Other						TBD	\$ -
<b>TOTAL COSTS</b>	\$ 271,128.00	\$ 583,775.00	\$ 583,775.00	\$ 583,775.00	\$ 583,775.00	\$ -	\$ 2,606,228.00
<b>General Funds</b>							
Cash Funds	\$ 271,128.00	\$ 583,775.00	\$ 583,775.00	\$ 583,775.00	\$ 583,775.00	TBD	\$ 2,606,228.00
Federal Funds						TBD	\$ -
Revolving Funds						TBD	\$ -
Other Funds						TBD	\$ -
<b>TOTAL FUNDS</b>	\$ 271,128.00	\$ 583,775.00	\$ 583,775.00	\$ 583,775.00	\$ 583,775.00	\$ -	\$ 2,606,228.00