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Committee on Transportation

SERVICES PROVIDED BY LICENSE TAG AGENTS

SUMMARY

As agents of the department, county tax collectors are authorized to collect the fees and taxes associated with tags, titles, and registrations. Some tax collectors, with department approval, have contracted with license tag agents to help perform these duties. This report focuses on the work of the license tag agents due to their dealing with the public in carrying out critical work relating to vehicle and vessel titles and registrations, and because of the proliferation of their services throughout the state.

BACKGROUND

Vehicle and Vessel Titles and Registrations

Vehicle and vessel titles and registrations are important legal documents.

A certificate of title is the proof of ownership to a motor vehicle or vessel and provides protection from fraud for both the owner and the lienholder, if any. Titles are recorded to protect ownership rights in a vehicle or vessel. In addition, a title is a secure, negotiable legal document that provides prima facie evidence of ownership and a means for the conveyance of ownership rights to another person. It also contains all of the pertinent information required to positively identify a vehicle or vessel.

A registration is proof of who is responsible for the motor vehicle or vessel through evidence of having paid the applicable registration tax and fees. Registrations authorize the driving public to use vehicles and vessels on Florida's roads and waterways. According to the National Highway Traffic Safety Administration (NHTSA), the system of motor vehicle registrations which is carried out in the various states serves multiple purposes, foremost of which are:

- to raise revenue; and

- to identify, for law enforcement purposes, the vehicles traveling our highways. A vehicle's license plate provides law enforcement with a means of determining ownership, vehicle make, model, year of manufacture, and other items, all or any of which may prove instrumental in conducting law enforcement activities.

According to the Department of Highway Safety and Motor Vehicles (department), there were 15.3 million persons holding Florida drivers' licenses and 16.6 million motor vehicles and vessels titled and registered in Florida during fiscal year 2004-2005. The Florida legislature has enacted laws requiring each motor vehicle and vessel to be titled and registered and has given the department the responsibility for registering and titling vehicles. Most vehicles and vessels subject to registration are required to have a title and the department may not register a vehicle or vessel unless the owner also applies for a title or provides proof a title has been previously issued to him or her for that vehicle or vessel.

In performing its responsibilities to title and register vehicles and vessels, the department has been authorized to use Florida's 67 tax collectors as its agents. Ten of those tax collectors have subcontracted a portion of the work to private vendors known as private tag agents or license tag agents.

This report focuses on the work of the license tag agents due to the fact they deal with the public in carrying out critical work relating to vehicle and vessel titles and registrations, and because of the proliferation of their services throughout the state.

Overview of the Department

The department's mission is to make highways safe through service, education and enforcement. The department has a Fiscal Year (FY) 2006-2007 budget of \$438 million and is authorized to employ 4,959 FTEs. This fiscal year, the department will collect an estimated \$1.6 billion in revenue through its licensing

and regulatory responsibilities. The department is organized into five major units: the Division of Motor Vehicles, the Division of Driver Licenses, the Florida Highway Patrol, the Division of Administrative Services, and Information Systems Administration.

Motor Vehicles

The Division of Motor Vehicles protects Florida consumers through motor vehicle and vessel titling and registration services. The division also regulates motor vehicle and mobile home manufacturers and dealers. Most motor vehicle registration and title transactions are initiated through county tax collectors who serve as agents for the department. The division’s four bureaus are responsible for the following activities:

- The Bureau of Titling and Registration issues and cancels motor vehicle and vessel titles, records liens, and maintains records of vehicle and vessel title transactions. In addition, this bureau issues, renews, transfers, and maintains inventory for license plates and registration decals;
- The Bureau of Field Operations enforces licensing regulations governing motor vehicle, mobile home, and recreational vehicle dealers. In addition, this bureau enforces titling, registration, and insurance laws;
- The Bureau of Mobile Home and Recreational Vehicle Construction is responsible for ensuring all mobile/manufactured homes sold in Florida meet federal and state construction standards; and
- The Bureau of Motor Carrier Services registers and audits Florida-based commercial motor carriers in connection with international agreements governing registration and fuel use taxes.

Exhibit 1 shows a summary of the various motor vehicle transactions performed during fiscal years 2004-2005 and 2005-2006.

EXHIBIT 1 -- MOTOR VEHICLE TRANSACTIONS

| TRANSACTION | FY 05 - 06 | FY 04 - 05 | Percent Change |
|---|------------|------------|----------------|
| ORIGINAL TITLES ISSUED (MOTOR VEHICLE, MOBILE HOME, VESSEL) | | | |
| a. New | 1,814,401 | 1,734,412 | 4.41 |
| b. Used | 788,711 | 774,871 | 1.75 |
| c. Transfers | 3,297,745 | 3,171,749 | 3.82 |
| d. Miscellaneous | 501,905 | 453,923 | 9.56 |
| Total | 6,402,762 | 6,134,955 | 4.18 |
| MOTOR VEHICLE – MOBILE HOME REGISTRATIONS | 20,754,890 | 20,232,111 | 2.52 |
| MV/MH DEALER AND MANUFACTURER LICENSES ISSUED | 14,137 | 14,672 | -3.78 |

| | | | |
|--|---------|---------|-------|
| DEALER COMPLAINTS PROCESSED | 4,253 | 4,565 | -7.34 |
| DEALER RECORD INSPECTIONS | 7,418 | 6,447 | 13.09 |
| MH/RV's INSPECTED | 17,810 | 17,371 | 2.46 |
| SEALS AND LABELS ISSUED | 17,245 | 18,601 | -7.86 |
| COMPLAINTS PROCESSED | 438 | 299 | 31.74 |
| APPORTIONED LICENSE PLATES ISSUED | 45,565 | 42,499 | 6.73 |
| NEW MOTOR CARRIER ACCOUNTS | 6,905 | 6,685 | 3.19 |
| INTERNATIONAL FUEL TAX AGREEMENT (IFTA) DECALS ISSUED | 61,386 | 59,333 | 3.34 |
| FUEL USE TAX TEMPORARY PERMITS ISSUED TO WIRE SERVICES | 9,755 | 10,480 | -7.43 |
| ELECTRONIC LIEN AND TITLE (ELT) TRANSACTIONS PROCESSED | 827,576 | 433,404 | 47.63 |
| ELT FINANCIAL INSTITUTIONS | 196 | 150 | 30.6 |

Driver Licenses

The department’s Division of Driver Licenses administers driver license-related activities, which are intended to increase consumer protection and promote public safety by licensing only those drivers who demonstrate the necessary knowledge, skills, and abilities to operate motor vehicles on Florida’s roads; controlling and improving problem drivers by suspending and revoking the licenses of drivers who abuse their driving privileges; monitoring drivers to ensure they carry the required insurance to be financially responsible for their actions; and maintaining driver history records. According to the department, there were 15,272,680 persons holding Florida drivers’ licenses as of January 2006. The department estimates in 2006-2007 there will be an estimated 15,500,000 licensed Florida drivers.

Driver license-related activities are divided into 4 service categories:

- Driver Licensure Service Category which provides licensing services including issuing driver licenses and identification cards; answering customer inquiries over the telephone and Internet; maintaining comprehensive driver history; and maintaining the statewide traffic citation system;
- Motorists Financial Responsibility Compliance Service Category which is responsible for ensuring licensed drivers comply with Florida automobile insurance laws and requirements to carry Personal Injury Protection (PIP) and Property Damage Liability (PDL) insurance coverage, and Bodily Injury Liability coverage if required;

- Identification and Control of Problem Drivers Service Category which is responsible for identifying and controlling problem drivers through suspending, revoking, disqualifying, and canceling driving privileges, conducting administrative reviews for issuance of limited restricted licenses for offenders, and approving course curriculum and evaluating driver improvement-related course programs; and
- Executive Direction and Support Services Service Category which administers general business functions, provides leadership and direction, and supports all driver license-related activities.

Florida Highway Patrol

Through enforcement of laws and public education, the Florida Highway Patrol (FHP) works to reduce the number of deaths and injuries on Florida's roadways. The patrol is divided into the following six operational units:

- Traffic Enforcement enforces traffic laws and apprehends drivers who violate laws by engaging in illegal activities while on the highway;
- Traffic Homicide Investigations conducts investigations of fatal car crashes and provides evidence for the prosecution of offenders;
- Safety Education promotes driver safety and education through safety presentations, media contacts, and news releases;
- The FHP Academy provides law enforcement training to FHP recruits and in-service training to members of the patrol;
- Investigations conducts criminal investigations targeting auto theft rings, driver license, odometer, and title fraud cases; and
- Administration provides support to the director in the oversight of the various patrol activities relating to accreditation, inspections, and special operations.

Administrative Services

The Division of Administrative Services provides support services to each of the other divisions such as personnel administration, budgeting, purchasing, training, and accounting.

Information Systems Administration

Information Systems Administration provides a wide range of data processing services through the Kirkman Data Center. This unit is responsible for all electronic records pertaining to driver licenses and motor vehicles.

Overview of the Office of Tax Collector

History

Prior to the creation of the Florida Constitution of 1885, the collection of county taxes was carried on by appointed officers named by county judges who were still heavily responsible for county administrative activities. The 1885 constitution based a revised philosophy on the fact the state had by then been subdivided into 39 counties, each with population sufficiently large to warrant locally concentrated taxation. Those who drafted the document reasoned taxes could be best collected at the local level, and by being an elected officer, the tax collector would be more responsive to the needs of the community from which he or she was elected.

Florida Tax Collector's Duties and Responsibilities

In Florida, the majority of tax collectors (64 out of 67) are independent constitutional officers duly elected from his or her counties of residence by his or her fellow citizens and taxpayers for a four-year term. Three tax collectors are appointed (Broward, Miami-Dade, and Volusia counties). The independence, coupled with the fact tax collectors deal with a variety of duties and responsibilities and provide a myriad of important public services, allows them to exercise valuable roles in Florida's government. They direct, plan, organize, budget, set and implement policies which affect not only their governments, but reach the state level as well.

The tax collector is an agent for various state and local government agencies, for the collection of revenue and public funding. The responsibility of the tax collector is to invest these revenues and funds, pending their timely distribution, to various state agencies, local agencies and taxing authorities.

Although revenues collected are mostly taxes, the tax collector's office is not funded from tax dollars. The tax collector's office is a fee office, which means a fee or commission is earned for the services rendered. These fees and commissions are outlined in the statutes, and established by the legislature. Generally, the fees collected for the services provided are used to fund the operating budget, which is approved by the Florida Department of Revenue (FDOR).

In most counties, the tax collector is responsible for the collection, accounting and distribution of ad valorem taxes (the single largest tax collected in Florida) and also the collection of taxes set at the local level. These

include those imposed by special levying districts and state agencies and taxes set by county commissions, such as the local tourist development tax.

The tax collector acts as an agent for FDOR, for which the tax collector collects delinquent real and personal property taxes. The amount of the taxes is based on the assessed value and the millage rate, which is set by the various taxing authorities.

As an agent for the Florida Fish and Wildlife Conservation Commission, the tax collector is responsible for the sale of hunting and fishing permits. In addition, the tax collector is responsible for the maintenance of records and collection of money associated with these transactions.

Sections 322.02 and 322.135, F.S., respectively, provide the department may authorize tax collectors to serve as exclusive agents for the purposes of issuing driver licenses and other driver licensing services. Currently, 32 tax collectors are providing driver license services at 71 locations. Driver licenses services available through the tax collectors include new licenses, renewals, duplicates, learner’s permits, and identification cards. In addition, tax collectors are authorized to provide commercial driver license (CDL) services. However, a number of the participating tax collectors have opted not to administer the skills (road) test. Tax collectors who serve as driver license agents charge an additional \$5.25 fee for driver license services they provide.

Chapter 320, F.S., provides the law for registration of motor vehicles and mobile homes. Chapter 328, F.S., provides the laws for the registration of vessels. The tax collectors are authorized under statute and rule to implement the statutory and regulatory requirements for the registration of vehicles and vessels and the issuance of various indicia of ownership as set forth by the department.

Sections 320.03(1) and 328.73, F.S., respectively, provide county tax collectors are deemed agents of the state for the purpose of collecting fees, entering tag and title information, issuing license plates and registration stickers, and vessel numbers. As an agent for the department, the tax collector is responsible for issuance of automobile license plates/decals, mobile home decals, disabled persons parking permits, vessel decals and title applications, where applicable. The tax collector is responsible for maintenance of records, reporting sales, accounting for inventory and dispersing monies collected in a timely manner to the department.

In addition to the license taxes and fees associated with vehicle title and registration transactions, tax collectors are authorized to retain a service fee of \$4.25 for title transactions and \$2.50 for registration transactions (an additional fee of 50 cents is charged for transactions processed at a branch office.) Tax collectors also are authorized to retain a service fee of \$3.75 for title transactions and \$2.25 for registration transactions in addition to applicable license taxes and fees associated with vessel title and registration transactions.

For the 2005-2006 FY, the department recorded \$1,269,696,476.84 in revenue from fees and taxes associated with motor vehicle and vessel tags, titles, and registrations. The tax collectors throughout the State were responsible for the collection of \$1,181,820,171.11 or approximately 93 percent of these revenues. Revenue collected related to motor vehicle and vessel tags, titles, and registrations represents approximately 82 percent of the \$1,540,130,805.49 in revenue recorded by the department for FY 2005-2006.

As shown in Exhibits 2 and 3, one tax collector, Seminole county, allocates 70 percent of the tax collector’s office workforce for state agency work even though the state agencies revenues are only 25 percent of the revenues collected.

**Exhibit 2 -- Seminole County Tax Collector Personnel Recap
2004-2005 Fiscal Year**

| | MGR Total Person | Allocation MGR/PERS TAX/OL/TD | Allocation to State Agency Work |
|-------------------------|------------------------|-------------------------------------|---------------------------------------|
| Accounting | 3 | 1.5 | 1.5 |
| Tax Department | 8 | 8 | 0 |
| Mailroom/ Courier | 1 | .5 | .5 |
| Sanford Branch | 13 | 0 | 13 |
| C.S. Call Center | 4 | 1 | 3 |
| Casselberry Branch | 18 | 3 | 15 |
| Altamonte Branch | 10 | 1.5 | 8.5 |
| Oviedo Branch | 5 | .75 | 4.25 |
| MIS | 3 | 2 | 1 |
| Administration | 9 | 3.75 | 5.25 |
| -Staffed | 74 | | |
| -Unstaffed | 0 | | |
| Total (FT=71) (PT=3) | 74 | 22 | 52 |
| % of Total Personnel | 100% staffed | 30% | 70% |

**Exhibit 3 --Seminole County Tax Collector Revenue Recap
Ad Valorem vs. State Agency 2004-2005 Fiscal Year**

| STATE AGENCIES | TOTAL (rounded) | TOTAL | | ALL STATE AGENCIES | |
|-----------------------------------|--------------------|----------------------------------|--------------------|----------------------------------|--------------------|
| DMV / Boats | \$ 2,060,048 | | | | |
| Game/Fish (Fresh Water Fish/Hunt) | 9,372 | | | | |
| Sales Tax (DOR) | 1,440 | | | | |
| TagTalk/ADD | 20,452 | | | | |
| E-Commerce | 72,845 | | | | |
| Laminating | 343 | | | | |
| | | -0- | | \$2,164,500 | |
| AD VALOREM | TOTAL (rounded) | TOTAL | | AD-VALOREM OCC LIC / TOURIST TAX | |
| Board of County Commissioners | \$ 5,385,553 | | | | |
| Roads (County) | 6,315 | | | | |
| Fire (County) | 163,910 | | | | |
| Lighting (County) | 8,078 | | | | |
| Solid Waste (County) | 46,713 | | | | |
| Special Assessments (County) | 367 | | | | |
| School Board | 157,410 | | | | |
| Dovera/Twin River/Co Club | 4,927 | | | | |
| St. Johns Water Mgmt | 187,300 | | | | |
| Delinquent Tax/Warrants/OB Permit | 388,801 | | | | |
| Advertising | 25,511 | | | | |
| Occ. License Fees | 47,498 | | | | |
| Tourist Tax Fees | 39,823 | | | | |
| Tax/Occ Reports | 10,310 | | | | |
| | | \$6,472,516 | | -0- | |
| MISCELLANEOUS | TOTAL (rounded) | AD-VALOREM OCC LIC / TOURIST TAX | | ALL STATE AGENCIES | |
| Return Check Fees (8020) | \$ 14,840 | 25% | 3,710 | 75% | 11,130 |
| Miscellaneous Commission (8990) | 0 | 50% | 0 | 50% | 0 |
| Miscellaneous Acct (3990) | 137 | 50% | 69 | 50% | 68 |
| Interest Revenue (3130) | 139,337 | 66% | 91,962 | 34% | 47,375 |
| TOTAL MISCELLANEOUS | \$154,314 | 62% | \$95,741 | 38% | \$58,573 |
| | | | | | |
| TOTAL | \$8,791,330 | | \$6,568,257 | | \$2,223,073 |
| Percent of Total Revenue | | | 75% | | 25% |

License Tag Agents

Section 320.03 (4)(a), F.S., allows license tag agents to have access to the department’s on-line computer system for the purpose of processing vehicle title and registration transactions for the department. Chapter 328, F.S., does not specifically authorize license tag agents to process vessel title and registration transactions for the department; however, some tax collectors who contract with license tag agents allow those license tag agents to process vessel title and registration transactions for the department.

Ten of the tax collectors have contracted with private tag agents to process vehicle and vessel title and registration transactions. Those tax collectors are from Broward, Collier, Miami-Dade, Hillsborough, Jefferson, Leon, Pinellas, Polk, Taylor, and Volusia counties. These ten tax collectors have contracted with 41 private tag agents. While not required to do so, some of the ten tax collectors have utilized a competitive procurement process in securing the private tag agent’s services.

Chapters 320 and 328, F.S., address neither the procurement method nor the contract requirements between the tax collectors and the license tag agents.

Exhibit 4 shows the number of license tag agents and the number of transactions processed by those tag agents. Many of the transactions processed by the license tag agents are from businesses which require voluminous title and registration services (such as vehicle dealers and fleet owners). These private tag agencies contract with the county and are authorized to charge fees which are in addition to state and county fees. The additional fees range anywhere from \$2 to \$25 for services rendered. In the case of Miami-Dade County, where 25 private tag agencies serve as branch offices of the county tag agency, license tag agents charge an additional fee of \$4 for registration transactions and \$15 for title applications. According to Broward County’s fee schedule, license tag agents charge an additional \$25 dealer handling fee for transactions of dealers located outside of Broward County.

Exhibit 4 – Transactions Processed by Private Tag Agents vs. Tax Collectors During 2005-2006 Fiscal Year

| FY 05/06 | # of Private Tag Agents | Private Tag Agents | Tax Collector | DHSMV |
|---------------------------------|-------------------------|------------------------|-------------------------|---------------------|
| Miami-Dade Registration Title | 25 | 1,873,123 975,384 | 680,633 33,663 | |
| Hillsborough Registration Title | 1 | 148,001 186,419 | 1,272,842 346,542 | |
| Pinellas Registration Title | 1 | 496,715 264,303 | 1,145,630 330,295 | |
| Polk Registration Title | 1 | 106,136 50,004 | 629,118 185,604 | |
| Volusia Registration Title | 2 | 97,972 68,424 | 591,410 151,138 | |
| Broward Registration Title | 5 | 610,835 1,232,569 | 432,701 251,384 | |
| Leon Registration Title | 3 | 13,433 165,772 | 275,184 110,851 | |
| Taylor Registration Title | 1 | 11,774 7,880 | 31,042 7,760 | |
| Jefferson Registration Title | 1 | 5,119 174,250 | 18,695 5,054 | |
| Collier Registration Title | 1 | 164 173 | 400,142 90,742 | |
| Statewide Registration Title | | 3,363,272 3,125,178 | 19,314,129 5,309,512 | 169,497 993,430* |

*Includes lien satisfactions

In addition to the contract between the tax collector and the license tag agents, the department also requires each tax collector and license tag agent to enter into a contract with the department relating to access to Florida Realtime Vehicle Information System (FRVIS) equipment and software.

FRVIS is the application system maintained by the department to issue and account for the titling and registering of motor vehicles (which is inclusive of cars, trucks, trailers, vessels and mobile homes). FRVIS captures data from a variety of sources and methods. Sources include the department, local tax collector offices, and license tag agent's offices. In addition to face-to-face contact with the department, tax collector, or license tag agent personnel, FRVIS transactions can be initiated through the mail, the Internet, or telephones.

Workstations, printers and servers are deployed and used in all (approximately 300) tax collector and license tag agent offices located throughout the state via a computer network maintained by the department. An electronic copy of all title and registration transactions conducted via the FRVIS system is stored centrally in an Oracle database at the department.

METHODOLOGY

Senate staff sought input from numerous stakeholders, including representatives from the department, county tax collectors, private tag agencies, and other interested parties to determine if the current law should be revised. Staff also reviewed applicable statutes and rules, contracts, reports and other documentation pertaining to license tag agents.

FINDINGS

Based upon staff's research and interviews, the following issues needed to be addressed:

- Disclosing the private tag agency fee.
- Requiring background checks of private tag agency employees.
- Requiring audits of each private tag agency, paid for by the tag agency, with copies forwarded to the Auditor General and the DHSMV Inspector General.
- Requiring notification to the Tax Collector by a private tag agency (whether they use FRVIS or not) who wants to operate in that particular county.
- Prohibiting the potential conflict of interest where private tag agency employees also serve as the clerks of the automobile dealerships by preparing title and registration applications, and then later submit those applications for processing by either another employee of the private tag agency or an affiliated private tag agency.
- Assessing services of the Electronic Filing System.

Full Disclosure of Fees

Those persons purchasing titles and registrations for their motor vehicles or vessels from license tag agents are charged taxes and fees from the state, a fee from the tax collector and (in some instances) additional fees by the license tag agents. There is no statutory law which requires the license tag agents to distinguish between the taxes and fees charged thus creating the potential to mislead the consumer or create a situation where some consumers may not fully understand the taxes, fees and charges assessed.

The contract between the department and the license tag agents, does not specifically require full disclosure of fees; however, the contract does require the license tag agent to comply with all FRVIS procedures. The department has begun implementing changes in the FRVIS system that will address this issue.

In addition, some of the contracts between the tax collectors and the private tag agents require full disclosure. For example, in Broward County the private tag agents are required by ordinance to fully disclose and do so by posting the approved schedule of fees in full view of its customers. The schedule of fees must clearly identify statutory fees, authorized private tag agent add-on fees, and total fees to be paid by the customer. More specifically, in Miami-Dade County the private tag agents are required by ordinance to post a copy of the fee schedule in a conspicuous place in the branch office where it may be readily observed by customers without inquiry as to its place of posting. The fee schedule shall include the following notice:

"This is a privately owned business under contract with Miami-Dade County as a branch office of the Miami-Dade County Auto Tag Agency. The fees shown on this schedule are the maximum fees authorized and approved by Miami-Dade County. Any complaint concerning this branch office may be directed to the Miami-Dade County Tax Collector, 140 West Flagler Street, (375-4677)." See Article XVII, Sec. 2-123, Code of Miami-Dade County.

Background Checks

There is no statutory law which requires employees of the license tag agents to be subjected to background checks.

Background checks for all private tag agency employees using FRVIS is already required by department contract. Each county tax collector must submit a completed FRVIS Access Authorization Request form which certifies their employee, including

any private license plate agency employee, having access to the FRVIS computer network, has met county criminal background investigation requirements. The form must be signed by the tax collector and include the employee's legal name, date of birth, social security number, drivers license number, Florida identification card number and FRVIS log on ID, if applicable.

Employees of the private tag agents who do not use FRVIS are not required by statute or department contract to have a background check.

Audits

There is no statutory law requiring license tag agents' transactions to be audited.

The contractual provisions between the department and the license tag agents allow for the department, during normal operating hours, to inspect and audit the agents' records and operations. The programmatic controls within the FRVIS system combined with the work conducted by the Quality Review Section within the department provide a significant level of fraud deterrence. The purpose of these reviews is to determine whether county tax collectors' staff have properly processed the transaction, which includes collecting the appropriate documents, obtaining required signatures, collecting the correct fees, and being on the alert for discrepancies that could indicate possible fraud. Possible fraud indicators would include evidence of erasures or other alterations to title documents or counterfeit documents. The goal of the Quality Review Unit staff is to review at least one percent of the transactions processed statewide.

The Quality Review Section currently has two methods for reviewing title applications processed by county tax collector offices. First, random statistical sampling is the method where every 400th title record processed is reviewed, which equates to approximately two tenths of one percent of the transactions processed statewide. Second, targeted review method is a review that targets specific counties and agencies on a rotational basis. Reports are generated providing information to tax collectors on how well their county is performing compared to other counties. This review currently equates to approximately one and a half percent of the transactions processed statewide. Referrals are made to the department's Fraud Detection Unit from both the random statistical sample and target reviews.

According to the department's Quality Review report for FY 2005-2006, the error rate per transactions checked were found to be: Broward 7.86 percent,

Miami-Dade 6.80 percent, Polk 4.94 percent, Pinellas 3.48 percent, Volusia 2.97 percent, Taylor 2.35 percent, Hillsborough 1.57 percent, Leon 1.17 percent, Jefferson 1.05 percent, Collier .30 percent and the statewide average for all counties is 4.14 percent.

In addition, FRVIS has a variety of reports that may be generated for various reasons. These reports are designed to provide direction in the department's daily operation, accountability and quality control of the transactions performed by the tax collectors and license tag agents.

Most of the contracts between the tax collectors and the license tag agents allow for the examination and audit of the license tag agents books and records by the tax collectors. For example, the Hillsborough County contract contains a provision relating to examinations and audits which states, "books and records shall be available at all reasonable times for examination and audit by (the) tax collector and state auditors during the term of this agreement and shall be retained by (the license tag) agency in full compliance with the requirements of Florida Statutes Chapter 119 and the rules and regulations adopted pursuant thereto."

Notification

There is no statutory law which requires persons to apply for titles and registrations only in the county where they reside.

Some of the title and registration transactions processed by the license tag agents are for persons who reside outside the counties where the transactions are processed. In fact, the license tag agents seek business from outside the county in which they are contracted to work. In some instances, the tax collectors are not aware that the license tag agents are working in their counties and only become aware when a consumer's questions or complaints are received.

Conflicts of Interest

In discussions with the tax collectors, staff learned some private tag agency employees who were also serving as the clerks for automobile dealerships would later submit the title and registration transaction to another employee of the private tag agency or to an affiliated private tag agency.

In 1990, the department opined that employees of tax collectors who were also employed by motor vehicle dealers for the purpose of preparing licensing title and registrations were dually employed and that employment created a conflict of interest. The

department's opinion stated it is improper for a tax collector's employee to receive payment from a dealer or other applicant for preparing title and registration applications. To date, the department has not extended this opinion to licensed tag agents.

Electronic Filing System

In Florida, a person may submit an application for title and registration by using one of the following three methods:

- Directly submit an application to the tax collector or the department;
- Use the services of a private tag agent; or
- Use the electronic filing system.

The Electronic Filing System (EFS) allows access to tax collector and department services by selected dealerships, and other organizations the tax collector has agreed to appoint as a Limited Branch Office "LBO" or an Express Limited Agent (ELA). EFS allows limited LBOs and ELAs to enter vehicle registration and title data into the department's database from their location via FRVIS.

The EFS was created by the Florida Tax Collectors Inc., which is the association of Florida tax collectors from the 67 Florida counties. The concept of EFS is to allow purchasers of automobiles from dealers to leave the dealer's premises with a tag (not temporary) and with the transaction being completed with indicia, including the title and registration, on the law enforcement computer network and with the exact amount of payment completed. Currently, the association has contracted with two entities (certified service providers) to provide EFS services. Of the 12,000 motor dealers licensed in the state of Florida, 400 motor vehicle dealers have contracted to use EFS.

Motor vehicle dealers may contract with the certified service providers. Under the contract agreement with the certified service providers, the motor vehicle dealers pay the providers and may then pass on to the customer up to \$17 only upon notice, and only if the customer opts to select the benefits of EFS. For every transaction the certified service provider receives a fee and any net revenues are paid to the association.

- Full disclosure of fees to the public;
- Maintenance of records, reporting of sales, accounting for inventory, and dispersing of monies; and
- Notification provided to tax collectors by license tag agents operating in the tax collector's county.

The Legislature should consider legislation to amend ch. 328, F.S., to allow license tag agents to process vessel title and registration applications.

The Legislature should consider legislation to prohibit employees of tax collectors and license tag agencies from preparing applications for vehicle title and registration as employees of motor vehicle dealers.

RECOMMENDATIONS

The department should contractually address the following issues with license tag agents to ensure they are subject to the same security, oversight, and audit requirements as tax collectors: