

**REPORT TO THE
UTAH LEGISLATURE**

Report No. 2001-10

**A Performance Audit
of
Unregistered Passenger Vehicles in Utah**

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Table of Contents

| | Page |
|--|------|
| Digest | i |
| Chapter I | |
| Introduction | 1 |
| Registration Is Necessary | 1 |
| Improper Registration Is a National Problem | 5 |
| Scope and Objectives | 7 |
| Chapter II | |
| Lapsed Vehicle Registrations Can Be Addressed | 9 |
| Registration Avoidance Has Been Overstated | 9 |
| Options Are Available to Increase Registration Compliance | 13 |
| Penalties and Enforcement May Not Be Effective | 18 |
| Chapter III | |
| Utah Vehicles Registered in Other States Is a Problem | 23 |
| Most Out-of-state Registrations Appear Appropriate | 23 |
| Utah Residents Unlawfully Register in Other States for a Variety of Reasons | 24 |
| Out-of-state Registrations Are Not Strongly Enforced | 27 |
| Appendices | 33 |
| Agency Response | 41 |

Digest of A Performance Audit of Unregistered Passenger Vehicles in Utah

Utah's registration compliance can be improved without replating.

Utah loses as much as \$7.3 million each year to improperly registered motor vehicles. This figure includes \$4.5 million for vehicles that have avoided registration fees and taxes for at least one year, and \$2.8 million for vehicles that should be registered in Utah but are inappropriately registered in other states.

Registration compliance can, however, be improved with minor cosmetic license plate changes, increased enforcement, and increased penalties/fines for noncompliance. Other compliance strategies, such as replating, are available but have greater costs and do not appear to be any more effective. Further, without increased enforcement, there is no strategy that brings vehicles improperly registered out-of-state into compliance.

Motor vehicle registration fees and taxes on the 1.5 million passenger vehicles in Utah contribute to the cost of maintaining Utah's roads. In addition, vehicle registration helps protect vehicle owners and assists the law enforcement community.

Motor vehicle registration evasion is not unique to Utah; it is a national problem. Many states are attempting to gain greater vehicle registration compliance through greater enforcement efforts while others, Utah included, have altered their taxing structures. We believe that Utah's new tax structure makes it much less favorable to register out-of-state since Utah fees are now similar to those in many of the surrounding states.

In recent years, a complete license plate reissue has been proposed by an interest group that sells license plate production systems and the reflective sheeting for license plates. A complete license plate reissue does not appear warranted in Utah's situation, given the low percentage of vehicles that would be brought into compliance, the program's high cost, and the additional inconvenience to Utah's residents. The replating program would cost \$8 million but could only recover, at most, \$4.5 million if all unregistered in-state vehicles were brought into compliance. Replating would not help bring illegally registered, out-of-state vehicles into compliance.

Following the introduction in Chapter I, this report contains two chapters that are summarized below.

Chapter II - Lapsed vehicle registrations can be addressed without replating.

Lapsed Vehicle Registrations Can Be Addressed

Our sample found that few Utah vehicles are improperly registered. Approximately 1 percent of Utah vehicles have not been registered for one year or longer and an additional 2.7 percent may be registered but the lack of information makes their registration questionable. This is a problem of identification and enforcement that can be addressed with minor license plate appearance changes and improved enforcement.

Summary of Chapter II Recommendations

We recommend that the Legislature consider eliminating vehicle to vehicle license plate transfer for plates that are no longer issued, eliminate the requirement for county stickers, review fines and penalties for late renewals, and add statutory language to require proof of registration as a prerequisite to paying the fine.

We recommend that UHP follow their policy of citing vehicles with expired registrations.

Chapter III - Utah vehicles registered in other states is a problem that can be addressed.

Utah Vehicles Registered in Other States Is a Problem

Identifying vehicles that have intentionally been registered in another state to avoid Utah's registration fees and taxes is a difficult task. This task is made more difficult by the fact that most out-of-state registrations are appropriate. Enforcement efforts are paramount but appear hindered by unclear language in the *Utah Code*, the need for procedural changes, and reluctance to fully enforce by law enforcement.

Summary of Chapter III Recommendations

We recommend the Legislature consider clarifying and simplifying the registration laws and review the enforcement of Utah residents illegally registering their cars out-of-state.

We recommend that UHP train their officers how to detect illegally registered vehicles and how to appropriately cite them.

We recommend that the Courts review data input processes and ensure that information systems programs allow similar but different codes to be entered under unique code numbers, and train staff to key the full citation code including subsections.

Chapter I

Introduction

Utah's registration compliance can be improved without re-plating.

We estimate that Utah loses as much as \$4.5 million each year to improper motor vehicle registrations. Utah's vehicle registration program can be improved with minor cosmetic license plate changes, more enforcement, and higher penalties/fines for noncompliance. In recent years, a complete license plate reissue has been proposed by an interest group that sells license plate production systems and the reflective sheeting for license plates. A complete license plate reissue does not appear warranted in Utah's situation, given the low percentage of vehicles that would be brought into compliance, the \$8 million cost to replate, and the additional inconvenience to Utah's residents.

Utah may also lose an additional \$2.8 million with vehicles illegally registered out-of-state. Increased law enforcement actions will be required to bring these vehicles into compliance, but replating vehicles registered in Utah will not help bring vehicles registered out-of-state into compliance with registration laws.

This study estimates the extent of registration evasion and the associated tax evasion that comes from not registering a vehicle. These evasions shift the financial burden of maintaining public roads and services to Utah's law-abiding population. This study focuses on passenger vehicles and light trucks, it does not cover heavy trucks.

Registration Is Necessary

Vehicle registration helps protect consumers, assists the law enforcement community, and serves as a source of revenue to support program costs and costs of other state agencies. Utah has approximately 1.5 million registered passenger vehicles and light trucks. Vehicle registration activities serve as a significant source of general state revenue. For fiscal year 2000-01, the program collected \$26 million in registration fees and \$17.3 million for the Centennial Highway Fund. In addition, the program serves as the collection mechanism for uniform fees and sales taxes. In Calendar Year 1999, the program collected \$150 million in uniform fees.

Utah, like most states, requires an annual vehicle registration. The Division of Motor Vehicles (DMV) in the Utah Tax Commission issues titles and registers vehicles. Utah registers vehicles on a calendar year basis based on the month that the vehicle was purchased. License plates issued, as part of the vehicle registration process, are intended to authorize use of the vehicles on the state’s roads, while helping the law enforcement community and others identify particular vehicles. License plates and current decals identify that the vehicle owner has paid required taxes.

Utah has five types of license plates—Black-and-White, Ski Utah, Centennial, Olympic, and Specialty. All specialty plates have the same layout with a decal on the left and a descriptive name on bottom of the plate. Figure 1 shows the percentage of active license plates by category.

Figure 1. Percentage of Active License Plates in Utah by Category and Date Issue Began. 96 percent of all plates are standard issue and only four percent are personalized or specialty plates.

| Category of Plate | Percentage of Plates | First Year of Issue |
|-------------------------------|----------------------|---------------------|
| Standard-issue Plates: | | |
| Ski Utah | 47.7% | 1985 |
| Centennial | 44.5 | 1992 |
| Black & White | 1.5 | 1973 |
| Olympic | 2.4% | 1998 |
| Special Plates: | | |
| Personalized * | 2.1 | |
| Specialty ** | 1.9 | |
| Total | 100% | |

* This category does not have its own sheeting but is a personalized plate of all other categories.
 ** Plates with special decal such as Collegiate, Wildlife, and Veterans.

Vehicle sales and resales result in approximately one-third of Utah plates being replaced each year.

Figure 1 identifies that 96 percent of all plates are standard issue and only four percent are personalized or specialty plates.

Vehicle sales and resales result in new registrations and new plates on vehicles. Utah Correctional Industries produces and sells license plates to DMV reported that they sold 687,100 new pairs of plates to DMV each of the past two years. DMV reports that approximately 500,000 of these plates are for passenger vehicles. Since there are 1.5 million passenger vehicles in the state, one-third of Utah plates are being replaced each year. Vehicle turnover results in most plates retiring after a few years, so Utah has substantially new plates every few years.

Utah had a complete reissue of plates in 1973 when all vehicle owners were required to get the new black and white plates. Since then, Utah has phased in plates with new designs such as the Ski Utah and the Centennial plates. Utahns' choices in plates have increased since 1978. Figure 2 shows the changes in license plates from 1978 to 2001.

Figure 2. Changes In Utah License Plates 1978 - 2001. The type of plates, the variety of sheeting, and the various types of decals have increased from 1978 to 2001.

| Category | 1978 | 2001 | |
|---------------------------------------|-------------------------------|---|--|
| Types of Registration | Passenger Truck Trailer | Passenger vehicles & light trucks Heavy trucks Trailer Watercraft Off Highway Vehicle Snowmobile Original Issue | |
| Sheeting | Black & White | Black & White Ski Utah Centennial Olympic Specialty * (37 different decals available) | |
| *Types of decals for specialty plates | None | Legislative Pearl Harbor Purple Heart Disabled Special Interest Amateur Radio Firefighter Parks & Rec. Agriculture/Food Children's Museum Wildlife - 3 types Higher Ed - 9 types Veterans - 6 types | Spay & Neuter Congress POW National Guard Vintage Farm Truck EMT Clean Fuel Boy Scouts |
| Sizes | Vehicle Motorcycle | Vehicle Motorcycle | |

Figure 2 shows that DMV has accommodated the public's request for a variety of plates. In this process, license plates have become state tourism billboards and recognition for special organizations and associations. Some plates produce revenue for the organization named on the plate.

As part of the registration process, older vehicles are required to undergo safety inspections every year and newer vehicles require an inspection every other year. Vehicles in four of Utah's counties (Davis,

Salt Lake, Utah, and Weber) are also required to have emission inspections performed every year as part of each county's air quality program. Emissions and inspection requirements were the subject of an audit performed by the Legislative Auditor General's Office (See **Utah's Safety and Emission Testing of Newer Vehicles #ILR 2001-G**).

Improper Registration Is a National Problem

Many states struggle with the problem of improper vehicle registration. There are two primary types of evasion: First, vehicles that are registered but their registration has expired; and second, vehicles that are illegally registered in other states to avoid higher taxes and fees in their home state. In addition, some evade registration by using plates or decals not assigned to that vehicle. There is no standardized way to measure the unregistered motor vehicle rate. Reports across the nation show a wide disparity in the percentage of illegally registered vehicles, but none have solved the evasion problem.

Several reports have been done by groups trying to quantify the evasion problem. One study of various states showed that between 0.1 percent and 10 percent of vehicles appeared to be illegally registered. Most independent studies from other states fall within this range. Utah's estimate of 3.8 percent is at the low end of this range. The results of these various studies may not be completely comparable because of the different methodologies used in the studies. Figure 3 shows registration fee levels in the western states.

Figure 3. Annual Registration Costs in Western States. The cost to register a vehicle varies by state. In addition, some states charge property and sales taxes on vehicles, while others do not.

| State | Annual Registration Fee | Property Tax on Vehicle | Sales Tax on Vehicle |
|------------|-------------------------|-------------------------|----------------------|
| Arizona | \$ 8.25 | Yes | Yes |
| California | 30.00 | Yes | Yes |
| Colorado | 24.00 | Yes | Yes |
| Idaho | 48.00 | No | Yes |
| Montana | 10.25 | Yes | No |
| Nevada | 33.00 | Yes | Yes |
| Oregon | 15.00* | No | No |
| Utah | 24.50 | Yes | Yes |
| Washington | 27.85 | No | Yes |
| Wyoming | 15.00 | Yes | Yes |

* Vehicles in Oregon are registered for a two-year period and the fee is \$30 for two years.

Registration costs alone are not the only reason some people evade registration. The fee-in-lieu of property tax, emission and/or inspection costs, and insurance costs are all tied to vehicle registration. Failure to register also evades those costs. Two states do not even charge sales tax; therefore, they may provide an incentive for people to buy and register vehicles out-of-state.

States are taking a variety of steps to increase compliance. Several states have changed their taxing structures. For example, Washington has recently eliminated the property tax on vehicles. Some states are looking at higher fines, penalties and re-plating. California, one of the highest taxing states, has not had a complete plate reissue since 1963 even though several studies have been done by replating proponents showing the proposed benefit of replating.

Most states are working to gain greater registration compliance.

Scope and Objectives

This audit is the result of a legislative request to review the problem with illegally registered vehicles traveling Utah roads. In addition to reviewing Utah's programs, we were directed to

1. Determine if Utah has a problem with vehicles that should be registered in Utah but are registered in another state.
2. Determine how frequently other states change their motor vehicle license plates.
3. Determine if a new plate design would benefit Utah by increasing registration and making law enforcement of unregistered vehicles easier.

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Chapter II

Lapsed Vehicle Registrations Can Be Addressed

3.8 percent of all owners fail to properly register their vehicles within the registration year or improperly register their vehicles.

Utah may lose as much as \$4.5 million of registration and tax revenue each year to owners who fail to properly register their vehicles. This value is derived from a survey that identifies:

- 1.1 percent of all sampled vehicles have not been registered for one year or longer.
- 2.7 percent of all sampled vehicles were either inappropriately registered or were not found in the DMV database.

Methods are available to identify unregistered vehicles and force compliance, but these methods are only effective if enforcement becomes a priority. The proposed idea of a complete statewide plate reissue, by an interest group, does not appear to be a good option for Utah as its \$8 million cost is prohibitive and punitive to the entire population.

Registration Avoidance Has Been Overstated

9 percent of Utah drivers don't register their vehicles on time.

We estimate that 172,000 passenger cars and light trucks bearing Utah plates have out-of-date registrations or are inappropriately registered. Although 8.7 percent (131,000 vehicles) of Utah's vehicle registrations were expired, only 1.1 percent of these vehicles (17,000 vehicles) remained unregistered after one year. Some Utahns are slow in registering their vehicles, but they usually register their vehicles within the year. An additional 2.7 percent (41,000 vehicles) may be inappropriately registered.

The low figure (3.8 percent) for non-registered vehicles after one year and inappropriately registered vehicles is significantly less than most information presented in the past. Indirect tests, such as Utah Highway Patrol Citations, were used to estimate Utah's unregistered vehicle problem at 11 percent. This estimate is significantly higher than we

found in our study.

Utah Has a Low Rate of Unregistered Vehicles after One Year

Out-of-date registrations range from within the first month to one year or longer in elapsed time. Figure 4 shows, by time period, the percentages of out-of-compliance vehicles found in Utah.

Figure 4. Sample Identifies Unregistered Vehicles by Length of Time Out-of-compliance. While 8.7% of all vehicles were identified as noncompliant, only 1.1% remain noncompliant for greater than one year.

| Lapsed Time | Percentage of Total | Cumulative Percentage |
|--------------|---------------------|-----------------------|
| 1 month | 4.0% | 4.0% |
| 2 months | 1.2 | 5.2 |
| 3 months | 0.5 | 5.7 |
| 4 -5 months | 0.7 | 6.5 |
| 6 -11 months | 1.1 | 7.6 |
| > 12 months | 1.1 | 8.7 |

Only 1.1% of vehicles remained unregistered after one year and therefore avoid paying taxes and registration fees.

Figure 4 shows 8.7 percent or 131,000 vehicles of Utah’s 1.5 million passenger cars and light trucks registered in Utah have out-of-date registrations ranging from one month to more than one year in elapsed time. However, only 1.1 percent of vehicles (17,000 vehicles) remained unregistered after one year. There is an important distinction between those owners who are slow in registering their vehicles, but register within one year, and those who allow the registration to lapse. The owners who are slow in registering pay the taxes within the year so there is no tax avoidance. However, those owners that allow their registration to lapse more than one year are avoiding the taxes and registration fees.

Inappropriately Registered Vehicles

Inappropriately registered vehicles (2.7 percent) include those vehicles that did not match the vehicles the plate belonged to and vehicles that did not show up in the DMV system. A number of reasons could explain this

group of vehicles. First, audit and agency errors may have resulted in some of these unidentifiable vehicles. An auditor may have written down the wrong license plate number or an incorrect description of the vehicle. Second, in the process of changing to the new database, some records may have been lost in the transition or may still be in the process of being input into the new system. And, finally, it is also possible that these vehicles were unregistered and were observed with stolen, forged, or another vehicle's license plates. DMV's new computer system which will provide real-time registration and plate information should mitigate many database errors that occurred under the old system. When people register, the DMV will have real-time accuracy. Law enforcement databases will then be updated the next day.

Previous Calculations Appear to Have Overestimated Utah's Evasion Rate

A complete plate reissue has been proposed by a special interest group as a solution to a problem that does not appear to be as large as presented. Utah Highway Patrol statistics and statistics from the uninsured database have been used to estimate the evasion rate in Utah, but those numbers may be overestimated.

Utah Highway Patrol (UHP) citation statistics show that in calendar year 2000, UHP stopped 175,934 vehicles for all violations and wrote 20,596 citations and warnings for all types of registration violations. Some have made a simple calculation using these enforcement figures to conclude that more than 11 percent of vehicles in the state are not in compliance with registration laws. Even though UHP records show that 11 percent of all vehicles stopped had registration problems, this number does not mean that taxes and registration fees went unpaid for that year; nor does it mean that 11 percent of all vehicles were in violation.

The 11 percent evasion number may be overstated because registration citations and warnings are given for a variety of registration problems beyond expired registration. Citations are also given for driving without a registration card, driving without a signed registration card, driving without proper decals or driving with insufficient plates or decals. Multiple citations and warnings can be issued to the same vehicle. For example, a motorist was stopped for a registration violation twice within a short period of time. She told the trooper not to give her a citation for an expired registration because she had already received a citation the

Citation statistics overestimate Utah's registration problems.

**Most motorists
comply with
registration laws
once they are cited
or warned by law
enforcement.**

previous week and was working on getting the vehicle registered.

Some law enforcement personnel believe that people will comply with registration requirements once they are cited or warned. In fact, UHP troopers regularly issue verbal and written warnings instead of citations as a friendly reminder to residents to comply with the registration laws. Given Utah's low non-compliance rate and the fact that most non-compliant owners register within the year, the program may be having some success.

UHP officers decide, on a case-by-case basis, whether to cite or warn a motorist for a registration violation. Figure 5 shows the number of vehicles stopped and type of enforcement action taken.

Figure 5. UHP Citations and Warnings Given for Registration Violations in Calendar Year 2000. UHP records show out-of-compliance vehicles are being stopped but often are not cited for the violation; possibly because vehicles are less than three months out-of-compliance.

| Type of Enforcement Action | Number of Citations | Percent of vehicles stopped |
|-------------------------------------|---------------------|-----------------------------|
| Registration citations | 12,831 | 7.3% |
| Registration warnings | 7,765 | 4.4 |
| Total Citations and Warnings | 20,596 | 11.7 |

In over one-third of the stops, UHP gave registration warnings instead of citations. Although UHP policy directs officers to cite a motorist for having an expired registration, some members of the UHP have told us that their usual practice is to write a warning if a registration has lapsed less than three months, if they feel the motorist will register the car. A citation review shows that some officers will not write citations even though the registration is long overdue.

Another estimate of the evasion rate was presented to the Legislature in 1997 by comparing the uninsured motorist database maintained by Insure Rite, a private contractor to DMV records. Using this information, the Legislature was told that between 55,000 and 140,000 cars had insurance in Utah but were not registered in the state. Based on the number of vehicles, and the taxes at the time, they estimated that

between \$2.5 million and \$5 million was being lost in state revenues in sales tax and registration fees and \$20 million to \$30 million in property taxes. These numbers were simply estimates and may be outdated due to changes in the tax law and penalties for evasion.

Options Are Available to Increase Registration Compliance

Various options exist for increasing registration compliance. Some proponents believe that a complete license plate reissue is the best solution and report that other states have increased their revenues with such an action. While a complete reissue is an option, it is an expensive option that only gains increased compliance for one year. Other less expensive options exist such as plate phase-out and phase-in programs and expanding the size of the date decals. Phase-in programs have been done in Utah for a number of years while increased decal size allows most of the benefits as re-plating, at a fraction of the cost.

Re-plating Is an Expensive Option

It would cost approximately \$8 million to do a complete reissue of plates on all 1.5 million passenger vehicles in Utah. This program has a number of benefits, but its primary purpose would be to bring the 3.8 percent of unregistered/inappropriately registered vehicles into compliance (1.1 percent expired more than one year + 2.7 percent inappropriately registered). If all these vehicles were brought into compliance, the state would get a one-time collection of no more than \$4.5 million from these vehicles.

The total cost to re-plate Utah's 1.5 million passenger vehicles would be approximately \$8 million. This figure includes:

- **\$3.3 million in manufacturing costs for new plates** - (\$3.30 per vehicle for the 1.0 million vehicles that would not have otherwise needed plates during the re-plating year.)
- **\$1.1 million in mailing and handling costs** - (Based on DMV estimates assuming that current mail and internet renewals hold constant.)
- **\$3.6 million administrative costs** - (Software, system changes,

Replating is cost prohibitive and only gains additional compliance for first year.

Cost of re-plating far exceeds the additional revenues it generates.

county and state personnel costs to process additional transactions based on DMV estimates).

According to the President of Motor Vehicle License Systems, because of the high cost of replating and the administrative work required to completely replate all vehicles, most states do just about anything to avoid such a drastic move. Even going through the major expense and work to replate all vehicles registered in Utah will not address the problem of cars illegally registered in other states, which we discuss in Chapter 3.

Proponents of replating believe that a complete replate where all vehicles would have one new plate design would allow law enforcement agencies to more easily identify unregistered vehicles. Changing to one plate appears to be a drastic measure whereas Utah has a variety of different looking license plates, purposely phased in for public relations and tourism promotions such as Ski Utah and Centennial plates. Although replating proponents say that replating would only apply to standardized plates, not specialty plates, almost 96 percent of all plates are standardized plates which means they would need to be replated.

Enlarging Decals May Be an Effective Option

Enlarged, more visible decals could provide a whole new look for a fraction of the cost of replating and would assist law enforcement agencies to more easily identify and cite unregistered vehicles. Law enforcement officials rely on a small decal located in a corner of the rear plate to identify current registration. Utah currently uses three decals to identify:

- County of registration
- Month of registration expiration
- Year of registration expiration

DMV is planning to go to larger month and year decals for the 2003 registration year. The new month and year expiration decals will be square (one and one quarter inch by one and one quarter inch), 79 percent increase from the current decals. Law enforcement has requested larger decals for some time and DMV was finally able to accommodate this request. The county decal will remain the same size.

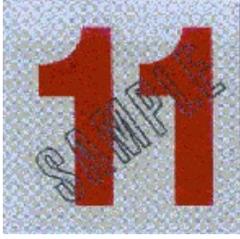
**Utah will have larger
decals for the 2003
registration year.**

Further increases in the decals are possible by eliminating the county decal. Eliminating the county decal will allow more room for even larger month and year decals; making them even more visible to law enforcement. Figure 6 shows the size of the current decal, the new decal that will be used by DMV beginning in the 2003 registration year, and the potential size of a decal if the county decal were eliminated.

Figure 6. Size of Current, New and Potential Decals. Current Decals: Month, Year, and County Decals (Actual Size)

| Year | Month | County |
|---|--|---|
| 1.00" X 1.00 | 0.75" X 1.00" | 1.00" X 1.00" |
|  |  |  |

New Decals to Be Used Beginning in the 2003 Registration Year.

| | | |
|--|---|--|
| 1.25" X 1.25" | 1.25" X 1.25" | 1.00" X 1.00" |
|  |  |  |

Potential Decals. Greater visibility is possible with the elimination of the county decal.

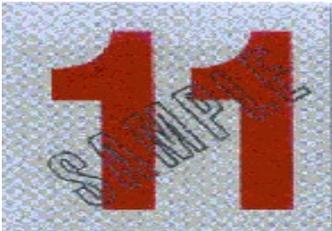
| | |
|---|---|
| 1.75" X 1.25" | 1.75" X 1.25" |
|  |  |

Figure 6 shows that the current month and year decals are only 1.75 square inches. The new decals, to be used by DMV beginning with the

2003 registration year, will be 3.13 square inches or 79 percent larger than the current decals. By eliminating the county decal, the month and year decals could be even larger—40 percent larger than the new DMV decals and 150 percent larger than the current decals.

The size and number of decals varies by state. Several states have the larger month and year decals that we are proposing. Some states have one large decal with the expiration month and the year is designated by color, which is what Utah had prior to 1993.

The original intent of the county decal was to identify vehicles by county for tax purposes prior to the uniform system now used by Utah. Under the old system it was possible for individuals to shop counties for the lowest vehicle valuation, thereby reducing taxes. Some local law enforcement still do, however, like the county decals. Under the new system, finding a better rate for taxation is not possible. Only 16 of the 50 states currently have a county designation on their license plates.

Phasing Plates Out and In May Be More Appropriate

There are some old plates on the road that may not have the reflectivity that is in new plates. For example, the reflectivity on the old black and white plates has long expired. There are approximately 28,000 black and white plates (1.5 percent of all plates) on vehicles on the road. Phasing old plates out would solve the problem of having old plates on vehicles. A plate phase-out program may be implemented for very old plate issues because the protective sheeting is only effective for a limited amount of time, 8 -10 years according to the President of Motor Vehicle License Systems.

Utah laws allow people to transfer a license plate to a new purchase, thus keeping the old plates in the system. Changing Utah law to not allow transferring of plates that are no longer issued would accelerate the phasing out of old, unsafe plates.

Another reason to replate is to accommodate the vehicle population. Utah currently has three numeric and three alphabetic combinations on each plate. When these combinations have nearly been exhausted, a new plate needs to be considered. According to the director of DMV, Utah uses approximately one alphabetic series per year and within four to five years Utah will need to make plans for a new plate anyway.

Uniform Tax system makes county decal obsolete.

Utah could phase out old plates.

States that have adopted replating programs may need to change plates every three to five years because the owners that are more than one year out of compliance need to be recaptured periodically. Replating proponents claim that a new plate allows law enforcement agencies to more easily identify unregistered vehicles. Some states, such as Nebraska, Indiana, and Florida, have specific legislation requiring plates to be issued on a cycle of three to five years. According to the president of Motor Vehicle License Systems, a California corporation that develops, designs and manufactures custom license plates, a more realistic approach would be to issue plates every eight to ten years, the time period for which the reflective property of the plates remain effective.

Penalties and Enforcement May Not Be Effective

Regardless of changes in license plate appearance, noncompliant vehicles still need to be stopped, cited, and made to comply to reduce registration avoidance. However, the likelihood of being stopped is low, and if stopped, the enforcement action and fine levels may not be sufficient to guarantee that the vehicle will then be registered. This problem is further compounded by court actions that frequently reduce the penalties. In addition, Utah law does not require registration proof in order to pay the fine. Some vehicle owners may choose to simply pay the lower penalty rather than the higher registration fees and taxes.

Registration Enforcement Efforts Are Limited

Registration violations have not been given a high priority by UHP because they are non-moving violations. UHP focuses on moving violations because of the impact on public safety. As time permits, the UHP and the Motor Vehicle Enforcement Division (MVED) in the Utah Tax Commission cite or warn motorists for expired or improper registration.

The amount charged for expired registration citations also varies among western states. Figure 7 shows that Utah's fines are less than the other western states.

**Few vehicles are
impounded for
lapsed registration.**

Figure 7. Western States Expired Registration Fines. Fines vary widely between states as does judicial latitude in reducing fine amounts.

| State | Fine | FINE REDUCED (With Proof of Registration) |
|----------------|-----------|--|
| Arizona | \$ 90 | Judge's discretion |
| California | 135 | 10 |
| Colorado * | 35 - 75 | No Reduction |
| Idaho | 43 | No Reduction |
| Montana | 45 | Judge's discretion |
| Nevada ** | 65 - 125 | 45 to 65 |
| Oregon | 77 | 0 |
| Washington *** | 86 - 171 | Judge's discretion |
| Wyoming | 60 | 30 |
| UTAH | 40 | Court's discretion |

* Expired less than 30 days fine is \$35, between 30 and 60 days fine is \$50, more than 60 days, fine is \$75.

** Less than one year fine is \$65, more than one year is \$125.

*** Expired two months or less \$86, more than two months, fine is \$171.

Figure 7 shows that Utah's fines are lower than most western states. It also shows that some states have progressively more expensive fines based on time out of compliance. In contrast, Utah's fine is set at \$40 regardless of the amount of time the vehicle has been out of compliance.

Although we were not able to review the practices of the 139 justice courts in the state, we found that one justice court has authorized their clerks to suspend \$20 of the \$40 fine if the vehicle owner brings the vehicle into compliance. Other courts waive the entire fine if proof of registration is shown.

When law enforcement personnel issue a citation for expired registration, the fine is \$40. Some courts and judges suspend all or a portion of the fine if the vehicle owner registers the vehicle and provides evidence to the court that the vehicle registration is current. Figure 8

shows the number of expired Utah registration citations filed with the statewide Utah District Court.

Figure 8. Utah District Courts Final Disposition of Expired Registration Cases. In nearly half of all expired registration cases, courts suspend all or a portion of fines.

| Year | Sentenced | Suspended (All or a Portion) | Percent of Cases Suspended |
|------|-----------|---------------------------------|-------------------------------|
| 1999 | 1,148 | 517 | 45% |
| 2000 | 1,017 | 463 | 46 |

Figure 8 shows that District Courts suspend at least a portion of the fine in nearly half the cases of registration violations. Discussions with some Justice Court staff showed that courts suspend a portion or sometimes all of the penalty with proof of registration.

Utah Code 41-1a-1102(1) allows officers to impound a vehicle with registration that has been expired for more than three months. In addition, UHP policy requires an officer to impound a vehicle with a flagrant registration violation which is defined as expired in excess of four months. However, we did not see that this enforcement tool was used very often.

Impounding a vehicle is at the officer’s discretion. Several officers we talked to have a difficult time impounding vehicles because of the grave consequences to an individual or family. One officer stated he was reprimanded for impounding a vehicle driven by a woman with several children in the car. Officers have the authority to impound but choose not to because of the public relations problems that can be created.

Administrative Late Fees Can Be Imposed

Late registrations cost Utah \$100,000 each year in lost interest revenue. Utah does not impose a fee for a late registration renewal. In contrast, some other western states do assess penalties and fines for registering late. Figure 9 shows the differences among western states.

Figure 9. Late registration Fees in Western States. Three of ten western states penalize vehicle owners for late registrations.

| State | Fees for Filing Late Registration |
|------------|---|
| Arizona | Less than 1 month late, \$8 1 month late or later, \$8 + \$4 for each additional month. |
| California | 1-10 days late, 10% of the fees due for that year. 11-30 days late, 20% of the fees due for that year. 31 days to 1 year late, 60% of the fees due for that year. 1 year to 2 years - 80% of the fees due for that year. More than 2 years, 160% of the fees due for that year. |
| Colorado | None |
| Idaho | None |
| Montana | None |
| Nevada* | 1-15 days late, \$12.00 16-30 days late, \$14.75 31 to 45 days late, \$20.75 46 to 60 days late, \$28.00 <1 year late, \$137.00 |
| Oregon | None |
| Utah | None |
| Washington | None |
| Wyoming | None |

** In Nevada, the late fee is based on a complex formula. These figures are based on a 1993 vehicle worth \$10,000.*

Figure 9 shows states with higher registration costs attach additional fees to penalize late registration. States with low registration fees, on the other hand, do not appear to have late fees. Since there is no late penalty assessed in Utah, the DMV does not track unregistered vehicles. Compliance then becomes a question of effective enforcement through citations for the noncompliance.

Recommendations:

1. We recommend that the Legislature consider eliminating vehicle to vehicle license plate transfers of plates that are no longer issued.

2. We recommend the Legislature consider eliminating the county designation requirement to allow more space for month and year decals.
3. We recommend that DMV issue larger month and year decals to make the decals more visible to law enforcement.
4. We recommend that the Legislature review fines and penalties for late renewals.
5. We recommend that the UHP follow their policy of citing vehicles with expired registrations.
6. We recommend that the Legislature add statutory language to require proof of registration as a prerequisite to paying the fine.

Chapter III

Utah Vehicles Registered in Other States Is a Problem

Utah may be losing approximately \$2.8 million each year to owners inappropriately registering vehicles in other states. The Utah Legislature has enacted stringent penalties to deter Utah residents from registering their vehicles out-of-state, but law enforcement and the courts do not use this enforcement tool as enacted by the Legislature.

Most Out-of-state Registrations Appear Appropriate

There are legitimate reasons for being in Utah and having out-of-state plates. Utah law allows full-time military stationed in Utah and nonresident, full-time students attending school in Utah to be exempt from Utah registration laws. In addition, tourists and recent migrants to the state may drive with out-of-state plates. Figure 10 shows an estimated number of vehicles driving on Utah roads with out-of-state plates.

Figure 10. Estimated number of vehicles on Utah roads with out-of-state plates. Most of the out-of-state plates seen in Utah are on vehicles that are legally registered in other states.

| Category | *Number of Vehicles |
|---|---------------------|
| Full time military personnel | 35,000 |
| Out-of-state students attending Utah colleges | 21,000 |
| Tourists | 15,000 |
| Recent Migrants (less than 60 days) | 7,000 |
| Inappropriately Registered | 30,500 |
| Total | 108,500 |

* For methodology see Appendix A.

Enforcing out-of-state violations is difficult.

Figure 10 demonstrates why it is difficult to identify inappropriately registered vehicles. On any given day there are 108,500 vehicles with out-of-state license plates on Utah's roads. As many as 25 percent of these may be illegally registered in another state but cannot be easily differentiated from legally registered vehicles.

In addition, many consider that there are degrees of inappropriately registered out-of-state vehicles. Recent migrants into the state can legally drive for a short period of time using their appropriately registered out-of-state plates. *Utah Code* 41-1a-202 (3) requires people to register their vehicles within 60 days of establishing Utah residency. Some new residents are complying with Utah law while others are waiting until the other states' registration lapses. We believe most of these vehicles will come into compliance in less than one year.

DMV staff think that this law may not be well understood by new residents, or new residents may be reluctant to pay the fees until the registration in their previous home state expires. Although some people think they can use the previous state's plates until that registration expires, that is false. DMV has tried to get information out to new residents about registration requirements, but they don't have a solid process to do so.

This confusion is furthered because law enforcement has a difficult time determining when residency begins in the state. Officers can have a difficult time establishing the date of residency when they stop a vehicle with out-of-state plates. The officers go through a series of questions to determine if the driver is a resident of the state and if the vehicle should be registered in the state.

Utah Residents Unlawfully Register in Other States for a Variety of Reasons

We estimate that 30,500 Utah vehicles are inappropriately registered in other states. As stated above, some of these vehicles lack Utah registration because people new to the state have not registered in Utah within the 60-day limit, while others inappropriately register their vehicles in other states because the tax laws may be more attractive and there are no emissions and safety inspection requirements.

Age-based vehicle tax system has greatly reduced non-compliance problem.

In 1999, vehicle property taxes charged in Utah were changed from a value-based tax to an age-based system. The highest amount of tax is now only \$150; whereas, prior to 1999 the tax was 1.5% of the value of the vehicle. For example, the owner of a \$40,000 vehicle would have paid \$600 in taxes. DMV and MVED employees believe the modification in the tax structure has reduced the financial incentive to improperly register a vehicle in other states.

Figure 11 shows that even with Utah’s new tax structure, there is still the incentive to register in other states to avoid taxes.

Figure 11. Cost Comparison of Vehicle Registration and Property Taxes in Selected Western States. Utah’s recent tax restructuring has made the cost of registering in Utah competitive with most western states.

| | 1 Year Old | 5 Years Old | 10 Years Old |
|------------|------------|-------------|--------------|
| Colorado | \$385 | \$105 | \$ 26 |
| Wyoming | 375 | 135 | 105 |
| Arizona | 336 | 171 | 70 |
| Nevada | 272 | 160 | 40 |
| Montana | 234 | 125 | 49 |
| Utah | 175 | 135 | 75 |
| Idaho | 58 to 68 | 58 to 68 | 58 to 68 |
| Washington | 37 to 52 | 37 to 52 | 37 to 52 |
| Oregon | 30 | 30 | 30 |

* Assumes an original Manufactures Suggested Retail Price of \$20,000.

Figure 11 shows that Idaho, Washington and Oregon still have registration fees and taxes that are less than in Utah. While the taxing level has become less of a reason to risk registering out-of-state, people are still doing so. It is possible that Utah’s safety and emission testing programs are contributing to this delinquency. Utah is one of the few western states with a vehicle safety testing program. In the case of some older vehicles, Utah registration may not be viable to some owners.

Utah’s vehicle fees and taxes are near average for western states.

Number of Out-of-state Registrations Is Declining

The Utah Tax Commission believes that the number of people registered in other states has decreased because of two changes. First, in 1998, the tax law changed from a value-based tax to an age-based tax, thereby lowering the tax on expensive vehicles. Second, in 1997, the penalty for getting caught registering in another state increased to \$1,000, thereby taking away the financial benefit of registering in another state.

These two changes may have had an effect on the number of owners illegally registering their cars in another state. For years Utah had problems with people registering their vehicles in Oregon, but in our recent vehicle survey only two Oregon plates were seen. Some people may register in Oregon because Oregon only charges \$30 every other year to register a vehicle and there are no inspection or emission testing requirements. Most of the states surrounding Oregon had this same problem with people registering their vehicles in Oregon. Recently, Oregon began a media campaign informing people not to register their vehicles in Oregon unless they are residents.

While property tax reductions have eliminated some of the out-of-state activity, sales taxes for major purchases continue to create problems. Washington has taken an aggressive approach to illegal registration and has prosecuted some of their residents for illegally registering their vehicles and motor homes in Oregon to avoid Washington sales taxes. Some of these cases have been highly publicized.

Register Now! Program Not as Useful as Envisioned

In 1997 there was an estimate that Utah was losing \$18 million by people registering their vehicles out-of-state. Based on this data, the Legislature passed a bill which increased the fine to \$1,000 for a Utah resident to illegally register a car out-of-state. The *Utah Code's* definition of legal resident is detailed in Appendix B.

The Tax Commission implemented a program called Register Now! with Insure Rite, a private contractor, that maintains the state's uninsured motorist database. Once the law went into effect, Insure Rite sent 120,000 letters to people on their data base that appeared to have insurance purchased in the state but did not appear to have a Utah registration. The recipients of the letters were asked to provide evidence

Past registration program did not succeed.

of Utah registration. Most of the respondents were able to provide reasons why they did not need to register in the state and a few registered. However, the majority of the people who received the letter did not respond.

In 2001, another notification letter was initiated, this time to a smaller group of people. Insure-Rite has decided to discontinue the program.

Out-of-state Registrations Are Not Strongly Enforced

Although the Legislature imposed strict penalties for people registering out-of-state, enforcement is difficult. Officers do not fully understand the law, do not understand the registration citation codes, and the courts do not follow penalty requirements. Furthermore, citizens don't understand the law.

In 1997, the Utah Legislature tried to take away the financial incentive for a Utah resident to register a car in another state. The Legislature increased the fine from \$200 to \$1,000 for a Utah resident to register a car in another state. However, enforcement of this law has been inefficient, cumbersome, and confusing in its execution. *Utah Code* 41-1a-1303 (1) and (3) states:

- (1) Except as provided in Subsection (3) or Section 41-1a-211, it is a class C misdemeanor for a person to drive or move, or for an owner knowingly to permit to be driven or moved upon any highway any vehicle of a type required to be registered in this state:
 - (a) that is not registered or for which a certificate of title has not been issued or applied for; or
 - (b) for which the required fee has not been paid.

- (3) (a) Beginning October 1, 1997, a violation of Subsection 41-1a-202(3), related to registration of vehicles after establishing residency, is a class B misdemeanor and except as provided in Subsection (3)(b), has a minimum fine of \$1,000.
 - (b) A court may not dismiss an action brought for a violation of Subsection 41-1a-202(3) merely because the defendant has obtained the appropriate registration subsequent to violating

Failure to use proper citation codes has reduced enforcement efforts.

the section. Beginning October 1, 1997, the court may, however, reduce the fine to \$200 if the violator presents evidence at the time of his hearing that:

- (i) the vehicle is currently registered properly; and
- (ii) the violation has not existed for more than one year.

Utah Code Has Not Been Enforced by Law Enforcement or the Courts

Utah law enforcement agencies have not enforced *Utah Code* 41-1a-1303(3). Various law enforcement agencies enforce Utah’s registration laws—the Utah Highway Patrol, local law enforcement officers, and the Motor Vehicle Enforcement Division (MVED), a small enforcement unit within the Tax Commission. Each of these agencies can use state codes or local ordinance codes to cite drivers. There is no central database showing all citations; instead, each court handles those citations written within its jurisdiction. Figure 12 shows the number of registration citations filed with several courts.

Figure 12. Registration Violation Citations Filed in Selected Utah Courts. While registration violations have been filed with a sample of Utah courts, very few citations have been written for being illegally registered out-of-state.

| Type of Citation | Statewide District Court | Sandy Justice Court | South Salt Lake Justice Court | Salt Lake County Justice Court |
|---|--------------------------|---------------------|-------------------------------|--------------------------------|
| | 1998-2000 | 1998-2000 | 1998-2000 | 1997-2000 |
| All registration violations | 5659 | 5846 | 940 | 627 |
| 41-1a-1303(3) Illegally registered out-of-state | 1 | 0 | 0 | 5 |

Although *Utah Code* 41-1a-1303(3) has been in place since October 1997, it has only been filed six times in the Statewide District Court and

in the Sandy, South Salt Lake, and Salt Lake County Justice Courts. Of the five citations filed with Salt Lake County Justice Court for being illegally registered out-of-state, all were eliminated, suspended or reduced. None paid the \$1,000 fine. All six citations were filed in 1998. There have not been any 41-1a-1303(3) citations filed with these courts in 1999 or 2000. We believe that enforcement problems can be summarized into three areas:

- **Reluctance to Cite** - Some law enforcement officers are reluctant to cite a motorist for a vehicle registration violation that carries a \$1,000 fine. The 1997 Legislature put the \$1,000 fine into the statute and increased the offense from a Class C to a Class B misdemeanor. Some law enforcement officers believe that a \$1,000 fine is out of line with the offense and, therefore, cite a lesser offense such as expired registration which carries a \$40 penalty.
- **Failure to Cite Using Proper Codes** - Even though the law has been in place for four years, UHP does not have *Utah Code* 41-1a-1303(3) as one of the offenses on their list of possible offenses. According to the UHP training officer, this was a mistake and they will correct the problem. In addition, some court clerks do not key the full citation code, including subsection. Another problem may be that the information system does not allow for the full citation code.
- **Law is Unclear** - Utah Registration laws confuse law enforcement officers and the courts. There is a section in the *Utah Code* that lists the registration requirements, a section that offers definitions, and a section that includes penalties. Law enforcement cite under all three of those sections.

The courts also play an important role in implementing this vehicle registration law. When an officer writes a citation for 41-1a-1303(3), it needs to be recognized by the court as a more serious violation with a \$1,000 fine. Some Justice Courts have no record of 41-1a-1303(3) even being a possible citation code. Thus, 41-1a-1303(3) citations may be lumped together with other 41-1a-1303 citations. This lumping results in the \$1,000 fine being reduced to \$40 and treated as a Class C misdemeanor instead of a Class B misdemeanor.

Citizens May Not Understand Registration Laws

Some citizens do not understand registration laws. Often times new residents apply for a Utah driver's license but do not register their vehicles. For example, in a review of UHP citations written, several motorists had Utah driver's licenses and, therefore, had declared residency, but they had not registered their vehicle in the state. UHP troopers cited these residents for various violations, such as speeding, open container and plates to another vehicle, but they did not cite them for out-of-state registration violations.

For example, a law enforcement officer stopped a resident driving a newer vehicle with expired Idaho license plates. The driver stated she had been in the state of Utah for a year and knew that her Idaho registration had expired six months previously. She told the officer that her mother-in-law was getting the car registered in Idaho and sending it down to her. The officer cited the driver for having an expired registration which carries a \$40 fine. Since the driver has been living and working in the state of Utah for a year the driver is considered a Utah resident, and the vehicle should have been registered in Utah not Idaho.

The officer should have cited the driver with failure to register a vehicle within 60 days of establishing residency which carries a \$1,000 fine. In 1997, the Legislature increased the fine from \$200 to \$1,000 to take away the financial incentive to register out-of-state. When the fine was only \$200, it was less expensive for people to register their car out-of-state and take the chance of getting caught by law enforcement.

Recommendations:

1. We recommend that the Legislature consider clarifying and simplifying the registration laws to make them easier for law enforcement to enforce.
2. We recommend that UHP create a standardized set of questions and train their officers how to detect illegally registered out-of-state vehicles.
3. We recommend that UHP train officers on the appropriate citation codes to use for out-of-state registration violations.

4. We recommend that the Courts review data input processes and ensure that information system programs allow similar but different codes to be entered under unique code numbers.
5. We recommend that UHP and other law enforcement agencies write the full citation code on the citation.
6. We recommend that court personnel be trained to key in the full citation code including subsections.
7. We recommend that the court administer the appropriate fine according to statute.

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Appendices

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Appendix A

Audit Methodology

The Unregistered Utah Vehicle Sample

The Office of the Legislative Auditor General's review of unregistered vehicles is based on a statistically valid sample of 882 vehicles. In April 2001, 882 vehicles were surveyed as they purchased gas at randomly selected gas stations to determine the percentage of out-of-compliance registrations. Gas stations were selected in seven counties that contained 85 percent of the state's population. The key elements of the survey were

- A statistically valid sample population of passenger vehicles.
- A random selection of 86 sites in seven counties, most supplying ten vehicles.
- Gas stations as the collection site to ensure all vehicles within the counties had an equal chance of selection.
- Only vehicles purchasing gas included as they arrived, with no exclusions.
- Observations taken at various times of the day.

Sampled vehicle statistics were then compared with information maintained by the Division of Motor Vehicles to determine a vehicle match and registration date. Sampled vehicles with insufficient information, licenses in transition, or DMV data field errors were excluded from the study which reduced the sample population to approximately 860 vehicles. Of the 860 vehicles, 802 vehicles (93.3 percent) had Utah plates and 58 vehicles (6.7 percent) had out-of-state plates.

Calculation of Out-of-state Registrations

Identifying the number of Utah cars that are inappropriately registered in other states is a difficult task. Such vehicles cannot be identified by sight sampling, as above, but can only truly be identified by in-depth law enforcement investigation. We were, however, able to estimate the number of out-of-state vehicles on Utah's roads on any given day (approximately 6.7 percent). From this figure of 108,500, we estimated the number of inappropriately registered vehicles by reduction, identifying valid vehicles and reducing the total amount. These reductions include

- **Out-of state students.** 31,000 out-of-state students attend Utah’s colleges and universities. The majority of out-of-state students are single. We estimate 21,000 vehicles for these students (31,000 students X 68% vehicle ownership*).
- **Military Personnel.** Utah has more than 16,500 residents working for the military who, with spouses and dependents, are not required to register their vehicles in Utah. We estimate 35,000 vehicles for this population (16,500 personnel X 3.2 average family size X 68% vehicle ownership).
- **Tourism.** Utah’s Division of Travel Development estimates the non-resident tourist traffic count by reviewing the average daily traffic counts from the top 15 entry points to Utah. They estimate that on any given day there are 15,000 tourists in the state. (30,154,000 vehicles/2 for one-way traffic X .37 non resident multiplier/365 days).
- **In-migration.** IRS data identifies an in-migration to the state of approximately 60,000 per year. Each of these new Utahns is allowed up to 60 days to register vehicles in Utah. We estimate 7,000 vehicles for this population (60,000 X 68% /6).

* Vehicle ownership calculation = 1.5 million vehicle registrations/2.2 million total population in the state.

Appendix B

Registration Requirements

41-1a-201. Function of registration - Registration required.

Unless exempted, a person may not operate and an owner may not give another person permission to operate a motor vehicle, combination of vehicles, trailer, semitrailer, vintage vehicle, off-highway vehicle, or vessel in this state unless it has been registered in accordance with this chapter, Title 41, Chapter 22, Off-Highway Vehicles, or Title 73, Chapter 18, State Boating Act.

41-1a-202. Definitions - Vehicles exempt from registration - Registration of vehicles after establishing residency.

(1) In this section:

(a) "Domicile" means the place:

- (i) where an individual has a fixed permanent home and principal establishment;
- (ii) to which the individual if absent, intends to return; and
- (iii) in which the individual and his family voluntarily reside, not for a special or temporary purpose, but with the intention of making a permanent home.

(b) (i) "Resident" means any of the following:

(A) an individual who:

- (I) has established a domicile in this state;
- (II) regardless of domicile, remains in this state for an aggregate period of six months or more during any calendar year;
- (III) engages in a trade, profession, or occupation in this state or who accepts employment in other than seasonal work in this state and who does not commute into the state;
- (IV) declares himself to be a resident of this state for the purpose of obtaining a driver license or motor vehicle registration; or
- (V) declares himself a resident of Utah to obtain privileges not ordinarily extended to nonresidents, including going to school, or placing children in school without paying nonresident tuition or fees;

(B) any individual, partnership, limited liability company, firm, corporation, association, or other entity that:

- (I) maintains a main office, branch office, or warehouse facility in this state and that bases and operates a motor vehicle in this state; or

(II) operates a motor vehicle in intrastate transportation for other than seasonal work.

(ii) "Resident" does not include any of the following:

(A) a member of the military temporarily stationed in Utah; and

(B) an out-of-state student, as classified by the institution of higher education, enrolled with the equivalent of seven or more quarter hours, regardless of whether the student engages in a trade, profession, or occupation in this state or accepts employment in this state.

(2) Registration under this chapter is not required for any:

(a) vehicle registered in another state and owned by a nonresident of the state or operating under a temporary registration permit issued by the division or a dealer authorized by this chapter, driven or moved upon a highway in conformance with the provisions of this chapter relating to manufacturers, transporters, dealers, lien holders, or interstate vehicles;

(b) vehicle driven or moved upon a highway only for the purpose of crossing the highway from one property to another;

(c) implement of husbandry, whether of a type otherwise subject to registration or not, that is only incidentally operated or moved upon a highway;

(d) special mobile equipment;

(e) vehicle owned or leased by the federal government;

(f) motor vehicle not designed, used, or maintained for the transportation of passengers for hire or for the transportation of property if the motor vehicle is registered in another state and is owned and operated by a nonresident of this state;

(g) vehicle or combination of vehicles designed, used, or maintained for the transportation of persons for hire or for the transportation of property if the vehicle or combination of vehicles is registered in another state and is owned and operated by a nonresident of this state and if the vehicle or combination of vehicles has a gross laden weight of 26,000 pounds or less;

(h) trailer of 750 pounds or less unladen weight and not designed, used, and maintained for hire for the transportation of property or person;

(i) manufactured home or mobile home;

(j) off-highway vehicle currently registered under Section 41-22-3 if the off-highway vehicle is:

(i) being towed;

(ii) operated on a street or highway designated as open to off-highway vehicle use;

or

(iii) operated in the manner prescribed in Section 41-22-10.3;

(k) off-highway implement of husbandry operated in the manner prescribed in Subsections 41-22-5.5(3) through (5);

- (l) modular and pre-built homes conforming to the uniform building code and presently regulated by the United States Department of Housing and Urban Development that are not constructed on a permanent chassis;
- (m) electric assisted bicycles defined under Section 41-6-1; or
- (n) motor assisted scooters defined under Section 41-6-1.

(3) Unless otherwise exempted under Subsection (2), registration under this chapter is required for any motor vehicle, combination of vehicles, trailer, semitrailer, or vintage vehicle within 60 days of the owner establishing residency in this state.

(4) A motor vehicle that is registered under Section 41-3-306 is exempt from the registration requirements of this part for the time period that the registration under Section 41-3-306 is valid.

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Agency Response

October 11, 2001

Mr. Wayne Welch, Legislative Auditor
Mr. Tim Osterstock, Audit Manager
Ms. Maria Stahla, Audit Supervisor
Mr. Aaron Eliason, Audit Staff
Utah Legislative Auditor's Office
Salt Lake City, Utah

Re: Performance Audit
Unregistered Passenger Vehicles in Utah

Thank you for the opportunity to review the draft Performance Audit of Unregistered Passenger Vehicles in Utah. This audit report encompasses a great deal of work on behalf of your audit staff; we believe the information and recommendations in this report have been carefully documented. We also commend the professionalism of your staff who have worked on this report.

We agree with the findings and recommendations presented in the report as they relate to the work done by the Division of Motor Vehicles. We are also committed to working with legislators, as well as law enforcement officials and other entities to implement all recommendations that are accepted as a result of this report. We recognize that our responsibilities to administer the motor vehicle laws must be done in conjunction and cooperation with those entities that enforce the motor vehicle laws.

Sincerely,

Rodney G. Marrelli
Executive Director