

# **Digest of A Performance Audit of the Division of Motor Vehicles**

The Tax Commission's Division of Motor Vehicles (DMV) has improved its efficiency over the last ten years. But, while it has made improvements, the DMV can better portray the cost of collecting revenues from vehicle transaction fees for the fee beneficiaries or recipients.

DMV is responsible for fee collections that support a number of state and county operations. Its centralized organizational structure was legislatively set to increase collection efficiency. The division's workload has increased dramatically in the last decade with annual transactions rising from 1.71 million in 1992 to 2.44 million in 2003. The division now collects about \$325 million in revenue a year.

## **Process-based Cost Identification Is Appropriate**

DMV's operational costs are appropriately identified by a process-based allocation. In such an allocation system, the user share of cost is directly tied to the operational time and effort associated with that user—not with the amount of fees collected. Additionally, this process-based allocation includes all related Tax Commission direct costs that support the division's collection operation.

Under the process-based allocation system developed by the Office of the Legislative Auditor General (OLAG), 53.7 percent of DMV's workload is devoted to collecting fees for the Utah Department of Transportation (UDOT). Thus, 53.7 percent of the Tax Commission's motor vehicle fee collection costs would be allocated to UDOT under this system. OLAG's process-based allocation system also assigns costs to ten other beneficiaries of Tax Commission's collection efforts.

## **Recommendations**

1. We recommend that if the Legislature chooses to allocate DMV costs to user agencies that they select a process-based cost identification system to better reflect the actual cost of fee collections.
2. We recommend that if the Legislature chooses a process-based cost allocation that direct motor vehicle costs contained within other Tax Commission divisions be included in the cost allocation.
3. We recommend that the Tax Commission identify direct motor vehicle costs contained within other Tax Commission divisions.

## **The DMV Has Made Significant Improvements to Operations and Customer Service**

As a result of legislative changes and improved processes, Utah's state/county motor vehicle registration system processes more transactions while using fewer staff than at any other time over the past ten years. Further, customer counter times for renewals is 40 percent faster now with the new Motor Vehicle Administration (MVA) system in place. Along with this improvement, customer line wait times have also declined an average of 17 percent. In fact, one Salt Lake office reduced its line wait time from 44 minutes in 2001 to 24 minutes in 2003, a 20 minute reduction.

## **Recommendation**

1. The DMV should continue to explore and implement customer service improvements to alleviate periods of in-office, high customer volume.