

**Joint Legislative Public Hearing on 2023-24
Executive Budget Proposal: Topic Transportation**



**New York State
Association of County Clerks**

**President of the New York State Association of County Clerks
Hon. M. Indica Jaycox**

Thank you for the opportunity to speak to the State Legislature's Joint Committee on Transportation. The New York State Association of County Clerks (NYSACC) has represented all sixty-two (62) elected or appointed County Clerks across the state for 100 years. The operation of County Clerk offices has changed dramatically over those years yet our duties as "keepers of the record" remain the same. Today, as we will discuss, County Clerks manage and control local department of motor vehicle offices in fifty-one (51) counties across the state. Under state law, County Clerks operate these offices as partners and "agents" of State DMV. Our in-person services in this function are key to driver safety and operations as well as a vital part of the automotive sales business in the state. County Clerks deliver dmv services face to face with the public but also seek the opportunity to enhance the operations of our offices as technology progresses. As an association NYSACC unites clerks from across the state on a regular basis, giving us the strength of our collective knowledge, allows us to speak as one voice, and provides opportunity to share best practices.

Background:

New York County Clerks play a historic and important role as public servants. Along with the Sheriff and District Attorney, the county clerk is one of three county officials named in the State Constitution. The role of the County Clerk was established in the 1660's, under the Dongan Laws, which was an act of the Britain to establish the original counties in the Colony of New York. Over 350 years later, the role of the County Clerk as the chief record and filing officer for the county has remains necessary while their duties have grown with changes in population, technology, and the state's laws, policies and regulations. In recent years, recognizing technology changes, the State Legislature has passed helpful laws that permit county records managers and clerks of the court to accept electronic filings and electronic land record filings to help residents and the government achieve recording efficiencies and ease of use.

In addition to records management most county clerks now operate local Departments of Motor Vehicles (DMV) Offices. This is not a function of the State Constitution or from county local law/resolution. Instead, the New York State Legislature, under Vehicle and Traffic Law § 205, requires county clerks in 51 counties to serve as agents of the State DMV Commissioner. While these County Clerk operated DMV's serve as agents to the State DMV, it is important to note, the cost of operations, the employees within, and the offices are all county government entities and responsibilities.

Local DMV Functions

Local County operated DMV's functions include, but are not limited to, the registration of motor vehicles, motorcycles, snowmobiles, vessels and all-terrain vehicles, the issuance of license plates, processing certificates of title, the issuance of non-driver identification cards and drivers' licenses, and motor vehicle enforcement transactions. We process most of the State's automotive dealer work in a quick and efficient manner. Without the Clerks performing this function in such a manner would greatly delay and damage the strength of the State's automotive sales industry.

These operations with residents are largely done in person and this process can help with some of the more difficult questions one may have that can't always be clear with online guidance. In many ways, the county clerks are best positioned to operate DMV offices that serve the driving and identification needs of local residents.

County Clerks take pride in understanding local needs and can respond in a timely manner and have flexibility in some cases office by office to change operations to meet those local needs. For example, Clerks control the location and hours of operation of local DMV offices, mindful of taxpayer concerns and county demographics.

County and State DMV's Working Together

As stated above, while local DMV's are County operated services, they also act as agents of State DMV. County Clerks and the State DMV are in continuous contact and coordination to ensure our statewide residents are getting the services they need. The State DMV provides weekly calls to the Clerks, system updates and information through "mailbags" (emails), multiple liaisons where Clerks can turn for quick answers or voice concerns, as well as the Commissioner himself being available at moment's notice and through on-site visits. NYSACC would like to thank Commissioner Schroeder on the excellent job he is doing for the State of New York and for DMV services. The Commissioner is always available to allow us to have a voice to be heard. His leadership and style that allows for open discussion is something we greatly appreciate, and we hope all around the State understands occurs.

Current County and State DMV Revenue Sharing

Much of the revenue received by the State through the DMV actually comes from the county level of operations. Of the few County DMV functions that charge fees for service, those proceeds mostly go to New York State. Currently only 12.7% of that revenue is kept locally with the county to help offset county property taxes and run these local DMV operations. This shared service with NYS has the State keeping 87.3% of revenue. This sharing system is in statute and was negotiated over 20 years ago, well before internet sales existed and certainly well before they grew to the levels of today. Why does this matter? Currently counties and their DMV's get little to none of the internet DMV related sales, the 12.7% is only over the counter in person work that has a fee.

As more and more New Yorkers use the Internet to conduct their DMV transactions online, this funding imbalance between the state and counties has further widened. Today, the State keeps approximately 97% of all online DMV transactions and remits a minimal share to counties that operate DMVs. Additionally, this sharing system only kicks in only once a threshold of internet sales occur, a hurdle by which many smaller counties never meet and therefore get no revenue in internet sales. The main problem is the growing reality of more difficult and time-consuming non-fee transactions are done at the local DMV office, while simpler transactions are often done online.

The loser in this current system are our residents that rightfully want effective and efficient DMV operations but with the shift to online transactions, ironically this is

becoming harder to achieve. This is because DMV offices operated by County Clerks have an increase, not a decrease, of the business transactions in recent years but this increase is the more time and resource intensive services that do not have fees. Accordingly, our local revenues are going down because the easier transactions are processed online, and the state receives nearly all of the fees. In short- county clerks are being asked to do more with less and this year after year growing trend is reaching a breaking point where services will be impacted.

This reality is what is happening across the state and residents are continuing to go to in person DMV with the hard to process work and the easy fee-based work is being done online. Unfortunately, this has resulted in a confusing to resident messaging where counties are calling to their residents to come in person and the state DMV is marketing to them to go online. It is a system where counties are competing against the state for fee-based business. Instead of government fighting government, we should be encouraging our residents to do what is easiest for them. That is common sense. And this can only be achieved through a more equitable sharing system between the State and county DMV's.

Proposed Executive Budget County and State DMV Revenue Sharing

The Commissioner has met with the County Clerks Association for years, together seeking to come up with a solution for the problem described above. A solution that will keep the local DMV's, on behalf of the State, effective for our residents. Thankfully, a solution has been provided in this year's Executive Budget. This proposal would simplify the revenue sharing process by providing local DMV's a retention rate of 10.75 percent on fee based transactions whether these occur over-the-counter or online within that specific county. NYSACC thanks Governor Hochul and Commissioner Schroeder for this historic change, one that we believe will resolve many issues listed above and that will benefit resident services across the state. This proposal would end the battles of local and state government to push residents to over-the-counter registrations verse internet transaction and allow both to promote to residents to do what works best and most convenient for them.

Additionally, this system protects counties from the growing do-more-with-less problem occurring as more and more easy revenue transactions go online. This now makes local dmv's true partners with State DMV, sharing in all transactions no matter how they occur.

It is important to note that a flat 10.75 fee proposal does mean the over-the-counter work goes down from the current 12.7 percent. There are counties, especially those in the Adirondack region where internet infrastructure is still needed, where DMV internet transactions are low and therefore this new system may negatively impact their revenue. State DMV has shared with NYSACC projections, and it is the intent from this Executive proposal that all counties will benefit. We strongly appreciate that intent with this change. However, NYSACC requests if this system change unintentionally hurts a few counties, there is a system in place that would allow for the State to make them whole.

NYSACC again thanks Governor Hochul and Commissioner Schroeder for this change, it proves you are a true partner to local dmvs and care for residents that rely on their services.

Non-Fee Functions

With the sharing of internet sales the question may be raised- why should local dmvs get revenue for a traction outside their office. The answer is, we do much much more than fee based services. To be clear, NYSACC is not seeking to add any new or increase any fees to residents, that is not the point of sharing this list. Instead this list's purpose is to let you better understand some of these functions in order to see the logic in why NYSACC was seeking a more equitable distribution of current state/local DMV revenue.

Non-fee services include but are not limited to: 1. Clearing insurance lapses 2. Change of address 3. Duplicate licenses issued by state for undeliverable documents 4. Scheduling operator tests 5. Issuing plates back that were surrendered with credit remaining 6. PSD (official) plate issuance 7. Replacement decals for snowmobiles 8. Unconditional license issuance after time served 9. Terminal duplicate document 10. Collecting for bad checks throughout state 11. Collection of sales tax only 12. License compliance 13. Duplicate plate surrenders 14. Abstracts for government 15. Clearing of out of state tickets 16. No fee title (undelivered) 17. Some O/S plate surrenders 18. Corrections on registrations (change color, etc) 19. Name change on registrations/titles 20. Amendment to permits/licenses for name with previous record 21. Exempt ambulances 22. DDP enrollment with pre conviction conditional license 23. Voluntary surrender of license 24. Image capture only for professional licenses 25. Answering hundreds of phone calls each week since the NYSDMV no longer has a toll free question line.

Locally Generated Revenue

Using the 2020 figures provided by NYS DMV, the total amount of in-office revenue processed by the 51 County operated DMV offices totaled approximately 279.7 million dollars. Of that total the Counties retained only 38 million dollars.

In 2020, NYS DMV generated approximately 190 million dollars in total revenue from internet transactions from residents within 51 County operated DMVs. Of this total, NYS DMV "shared" approximately 3.8 million dollars with those Counties.

In total, approximately 469.6 million dollars were generated from transactions processed by or from residents of the 51 County run DMV offices. Of that total, those Counties only received approximately 41.8 million dollars.

Operations During the Pandemic:

Perhaps no clearer example exists on why local DMV operations are so vital for our State than that of how local DMVs continued to function throughout the COVID-19 pandemic. County Clerk run DMV offices have been safely performing duties during the entire COVID-19 pandemic. Though our offices closed to in person public activity during March of 2020, we still kept working. During that time we availed ourselves and our

staff to processing dealer and customer transactions via drop off. In addition, we assisted NYS DMV in the processing of work that they had waiting in their central processing offices during that time. This action by County Clerks allowed for car sales and traffic safety operations to continue throughout the pandemic.

While our DMV offices were closed to the public, we prepared for the eventual opening by installing proper physical barriers, acquiring proper PPE, configuring appointment systems and other tasks to ensure that we may open safely. Most county-run DMV offices were opened to the public on June 15 using those protocols as outlined by the State with great success.

The need of residents requiring DMV services was great and continues even to this day to be a catch-up process. We are continuing to process state dealer work, and now state renewals from NYS DMV central office, which goes to show how essential these services are, and how easy it is to become less of a service and more of a hindrance to the motoring public.

County Clerk run DMV offices, of which there are 51 in this great state, have provided essential services to a great many residents safely during this pandemic. We used our independence and ingenuity to ensure that we were able to provide these needed services to the citizens of New York State during these trying times.

Request to the State Legislature

We thank you for your time and for listening. NYSACC is seeking what you seek- to ensure the best DMV services possible for our residents and for automotive dealers. Ensuring high quality DMV service allows for driver safety, resident trust and satisfaction with government operations, and helps our economy. We ask for your support in the Executive Budget proposal on the DMV revenue sharing system, with the only change to add protections for the possibility of a small number of rural counties that could be negatively impacted.

NYSACC is available at any time to help you with any questions on this or any other Clerk related issues that come up. We appreciate your time and consideration to help make a better functioning DMV system for our residents.