

# Motor Vehicles

# The World of Motor Vehicle Tax

- History
- Where we are now
- Where we are going
- Report
- How we should prepare for implementation

# History

- Prior to 1993 taxpayers listed their motor vehicles with the counties in January of each year and taxes were due on September 1. Large compliance issue.

# History

- In 1993 HB 20 established the current system (N.C.G.S 105-330). Taxpayer buys tag, information sent to counties, tax bill sent to taxpayer, taxes due four months after purchase of tag. If taxes are four months past due a block is placed on the tag by the county through DMV which prevents taxpayer from renewing tag until property taxes are paid.

# History

- Collection rate on registered motor vehicles has continued to drop due to the fact the taxpayers wait to pay their taxes until they need a tag.
- Below are the last five years statewide collection rates for counties:

	2010	2009	2008	2007	2006
Collection % -- Motor Vehicles:	87.53	87.70	87.19	88.42	87.32
Collection % -- All other property:	97.93	97.99	98.37	98.38	97.63
Collection % -- All property:	97.21	97.17	97.38	97.45	96.63

# History

- Below are the last five years statewide collection rates for municipalities:

	2010	2009	2008	2007	2006
Collection % -- Motor Vehicles:	86.96	86.74	86.71	86.80	87.31
Collection % -- All other property:	98.30	98.66	98.59	98.61	98.36
Collection % -- All property:	97.62	97.97	97.59	97.42	97.31

- Currently only about 60% of the taxpayers pay on time. The rest pay due to enforced collection or they pay when they need to buy a tag.
- At the end of each fiscal year there is approximately \$80 million in property taxes not collected at the local level.

# Legislative History

- **2005** -- Due to the collection problem, HB 1779 was passed with an effective date of July 1, 2009.
- **2006** – HB 2097 made some technical changes to 105-330.
- **2006** – Due to issue raised by car dealers, SB 1530 was passed which delayed the effective date to July 1, 2010.
- **2007** – SB 540 passed requiring interest earned on local government money to remain in local government account.

# Legislative History

- **2007** – HB 1688 passed and compromise reached with car dealers. Method of appropriating money to build system changed. No money appropriated, project delayed.
- **2008** – SB 1704 passed changing effective date to July 1, 2011 due to the delay in starting the project. Money is appropriated.
- **October 2008 – Project started.**
- **2009** – SB 509 made some technical changes to 105-330.



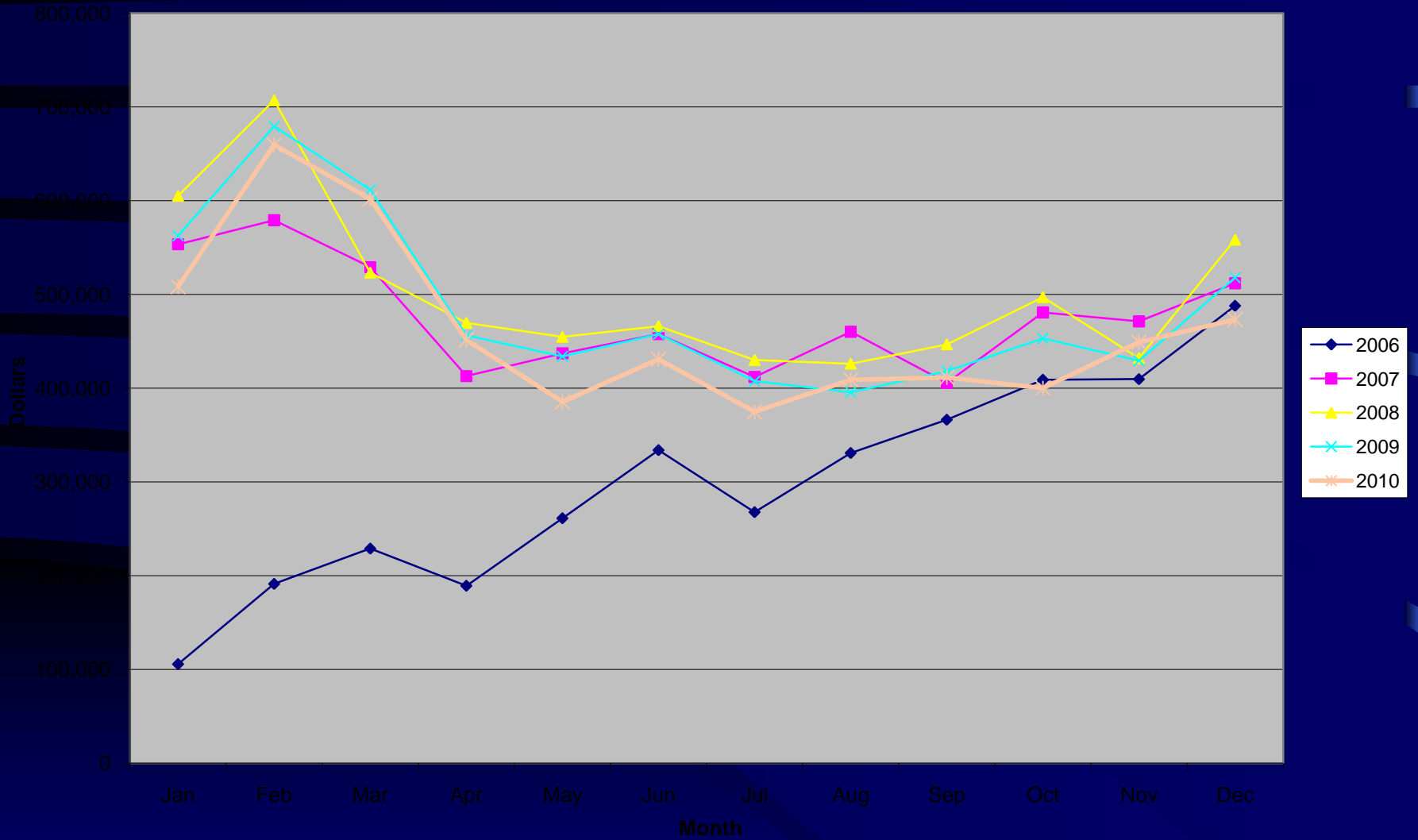
# Funding Source

- Effective January 1, 2006.
- Interest increases from 2% to 5%.
- Bills due December 1, 2005 were the first bills to which the additional 3% applied.
- 60% of the first month interest is to be remitted to the State Treasurer's office.
- This means the additional 3% for the first month goes to the State to build the new combined system.

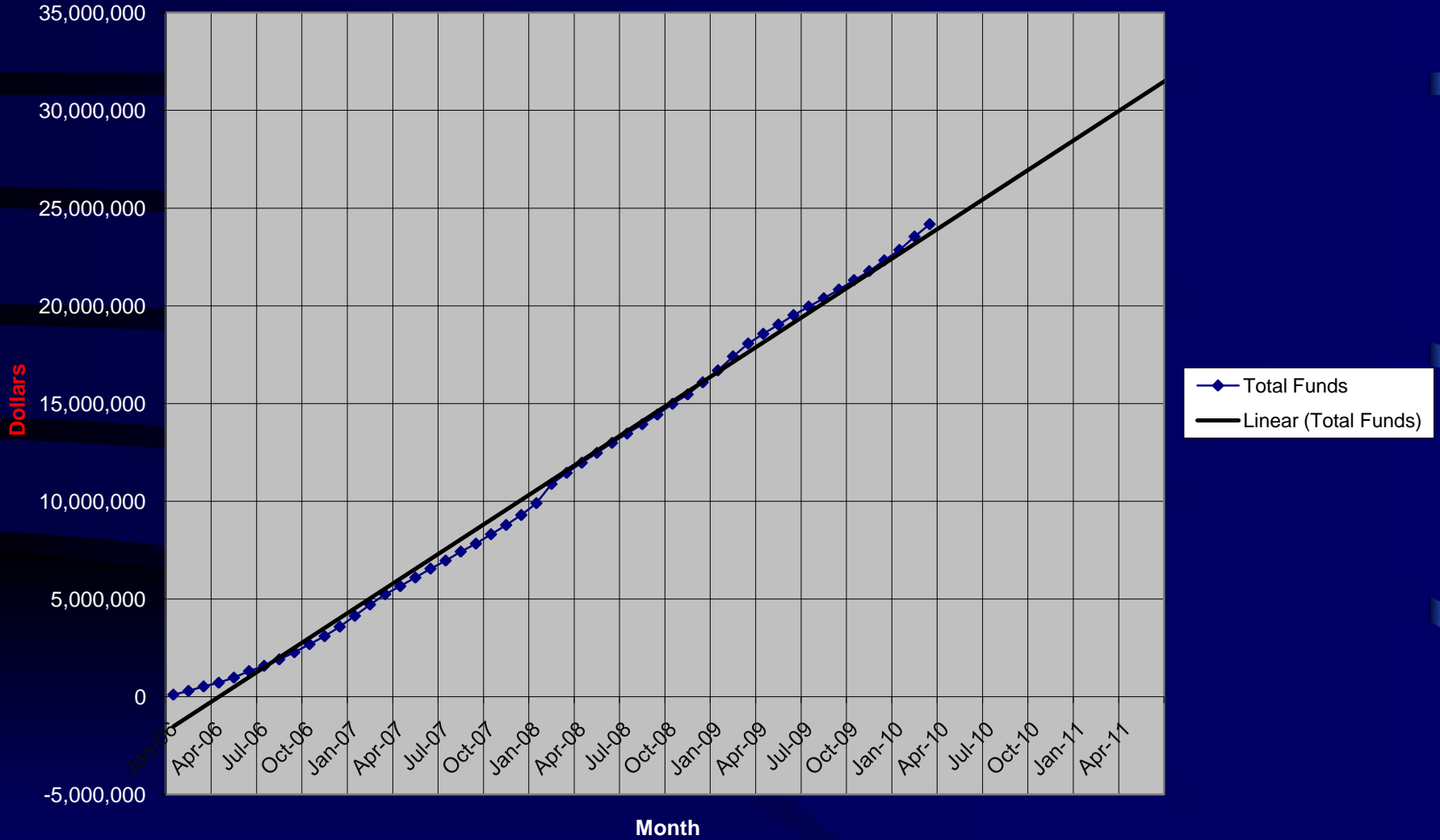
# Funding Source

- Currently there is **\$ 29,300,242.71** in this account.
- The predicted amount by July 1, 2013 is over \$35 million.

# Monthly interest collections



# Total Collections



Where are we today?

# Project History

- Project divided into four smaller projects:
  - Planning to Post implementation Project
  - Statewide Situs Address/Tax Jurisdiction Project
  - NC Counties Data Conversion Project
  - DOR Valuation Vendor Project
  - Committees
    - HB 1779 Program Status Steering Committee
    - HB 1779 Fiscal Group
    - HB 1779 MOU Group

# Current Status

- All project work has been placed on hold.
- All committee work has been placed on hold.

# Why?

- NCDOT has become increasingly concerned about the success of HB1779 implementation, particularly from a technical standpoint.
- NCDOT recently concluded after much work that inserting the tax functions into the existing vehicle registration computer system was more precarious than expected, putting the entire system at risk.
- Project was behind schedule and would not be completed on time and the final product would not be the best solution possible.



# Where are we going?

- All stakeholders agreed to ask for a delay in implementing HB 1779.
- New Target date: no later than July 1, 2013.
- Independent consultant was hired to evaluate and recommend the optimum architecture and design needed to carry out the legislative mandate.

# New Solution

- The Vendor assessed and evaluated the various technical and business units required to accomplish the implementation of the legislation.

# Design Options considered – Option 5 chosen

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**Current State Design (Pre-HB1779)**

**Option 1 - Counties Collect Registration Fees**

**Option 2 - Counties Calculate Taxes - DMV Prints, Mails & Collects**

**Option 3 - Original Design**

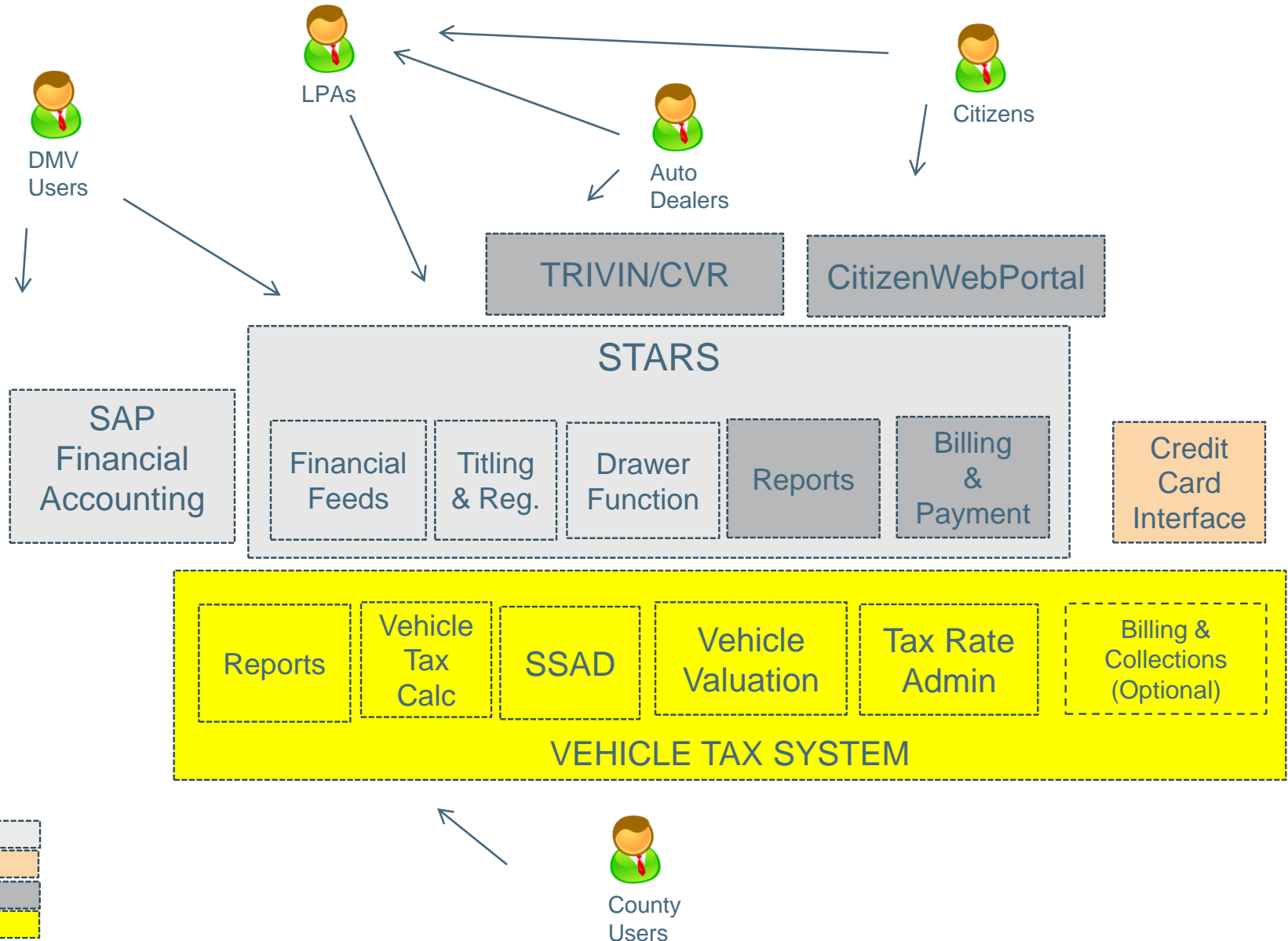
**Option 4 - Original Design - Modified**

**Option 5 - Modular Design - COTS for VTS**

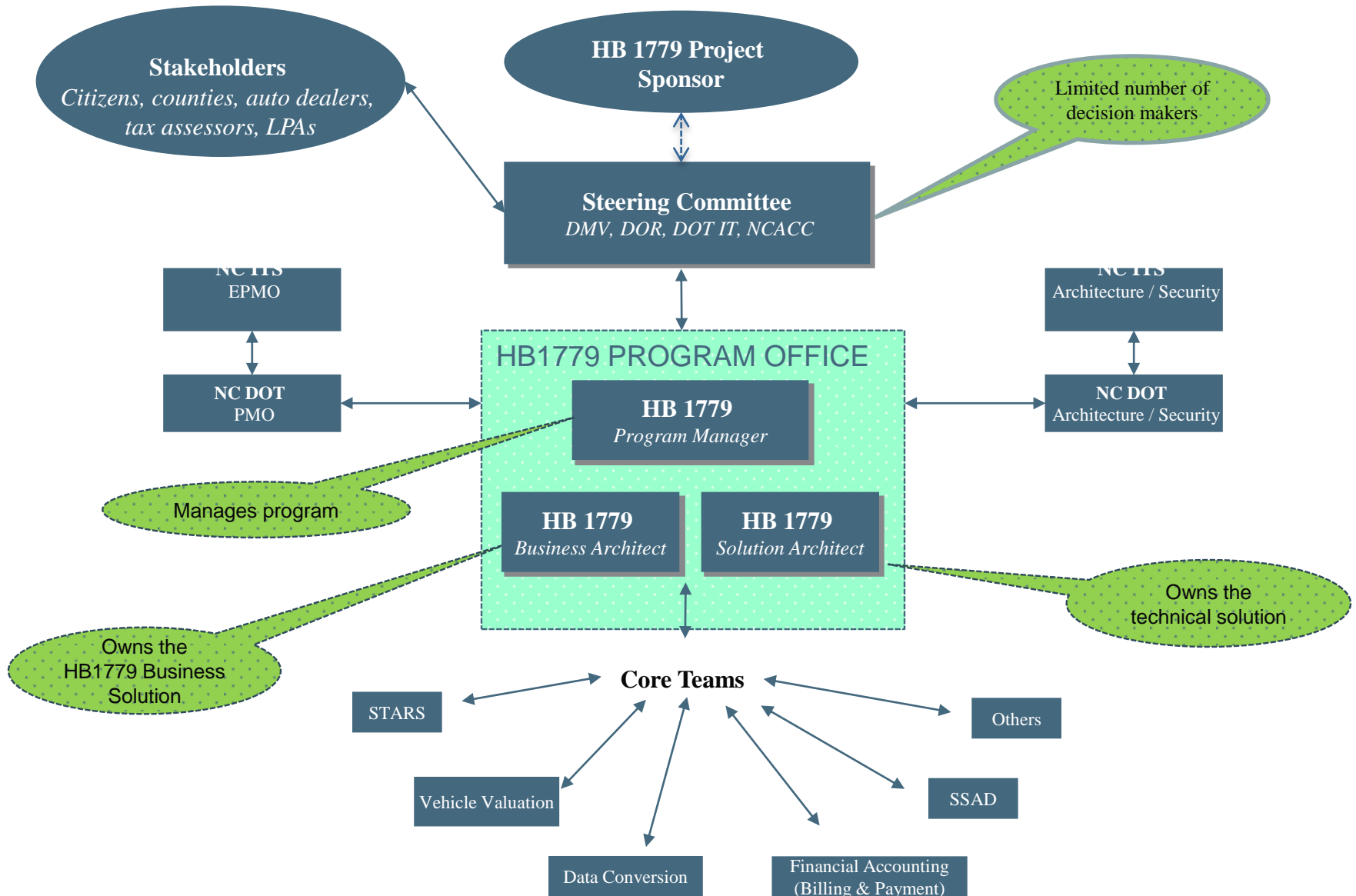
**Option 6 - Full Modular Design - COTS for VTS and BPS**

**Option 7 - HB1779 Solution with TRIVIN/CVR Add On**

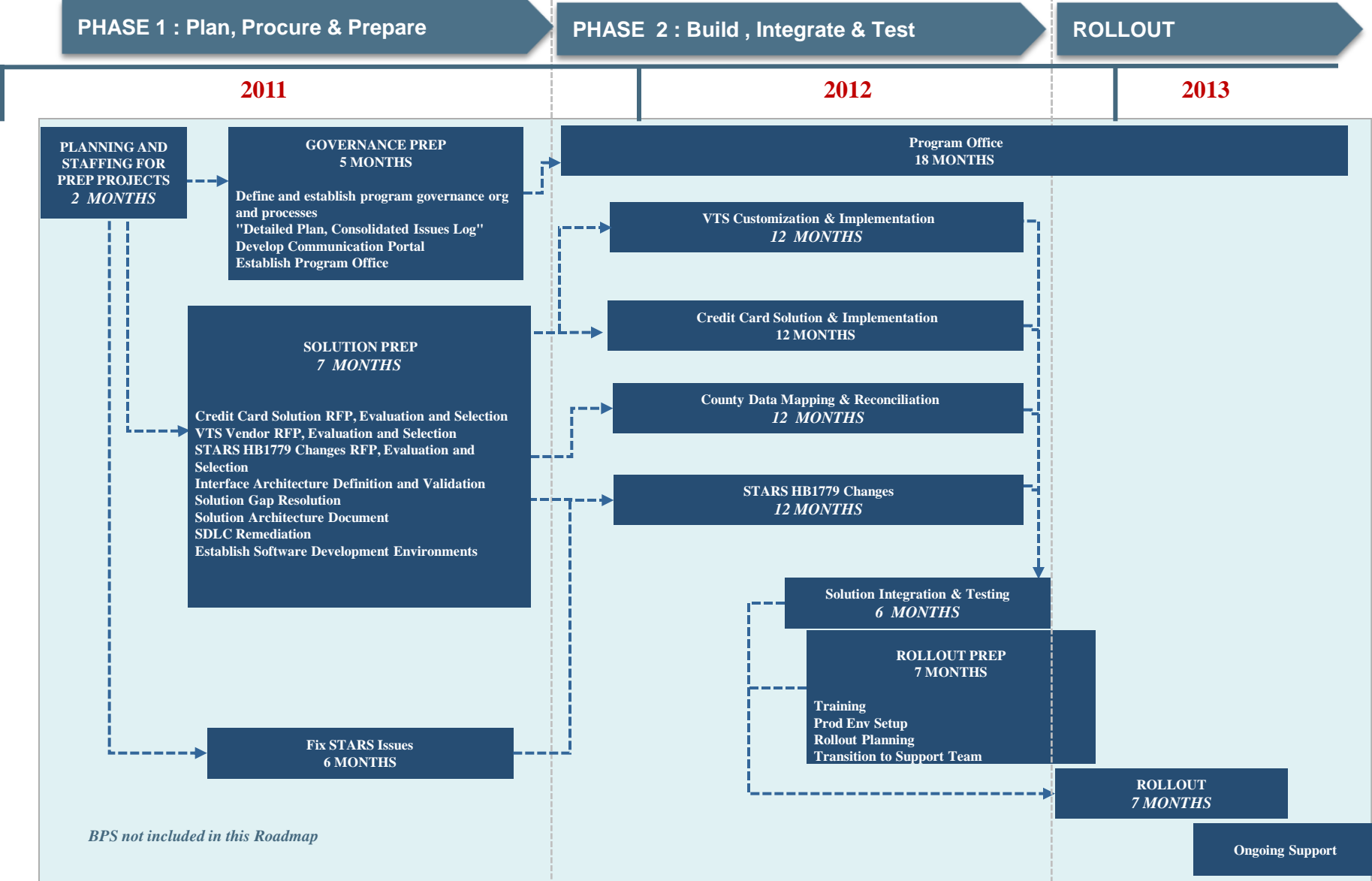
# Option 5 Modular Design (COTS for VTS)



# Governance – Development and Implementation



# HB1779 ROADMAP TRACKS



# PHASE LEVEL EFFORT AND DURATION

	Duration	Start	End	Effort
<b>HB1779 ROADMAP</b>	<b>587 days</b>	<b>2/28/2011</b>	<b>5/28/2013</b>	<b>108,904 hrs</b>
<b>PHASE1 - PLAN, PROCURE &amp; PREPARE</b>	<b>182 days</b>	<b>2/28/2011</b>	<b>11/8/2011</b>	<b>28,784 hrs</b>
Planning & staffing Prep Projects	41 days	2/28/2011	4/25/2011	1,608 hrs
Solution Prep	141 days	4/26/2011	11/8/2011	14,976 hrs
Governance Prep	90 days	7/5/2011	11/7/2011	2,560 hrs
Establish Program Office	50 days	8/30/2011	11/7/2011	1,200 hrs
Fix STARS Issues	110 days	4/26/2011	9/26/2011	8,440 hrs
<b>PHASE2 - BUILD, INTEGRATE &amp; TEST</b>	<b>270 days</b>	<b>11/8/2011</b>	<b>11/19/2012</b>	<b>70,400 hrs</b>
Program Office	270 days	11/8/2011	11/19/2012	6,480 hrs
STARS HB1779 Changes	270 days	11/8/2011	11/19/2012	15,360 hrs
VTS Customization and Implementation	270 days	11/8/2011	11/19/2012	13,280 hrs
Credit Card Solution Implementation	270 days	11/8/2011	11/19/2012	6,000 hrs
County Data Mapping and Reconciliation	270 days	11/8/2011	11/19/2012	14,880 hrs
Solution Integration and Testing	120 days	6/5/2012	11/19/2012	6,400 hrs
Rollout Prep	140 days	3/27/2012	10/8/2012	8,000 hrs
<b>ROLLOUT</b>	<b>135 days</b>	<b>11/20/12</b>	<b>5/27/13</b>	<b>9,720 hrs</b>
Program Office	135 days	11/20/12	5/27/13	3,240 hrs
Pilot Data Migration and Rollout (parallel)	45 days	11/20/12	1/21/13	2,160 hrs
Rollout remaining counties	90 days	1/22/13	5/27/13	4,320 hrs

*BPS not included in this Roadmap*

# Assumptions

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Due to long RFP process, the Solution Prep tasks will be staffed by DOT IT and Staff Augmentation.

The RFP process will not take more than 7 months to concurrently develop, evaluate and select COTS vendors for Credit Card, VTS and for STARS changes.

The COTS for the VTS system will perform Vehicle Valuations according to specifications outlined in the VTS RFP. This saves time and effort to do a separate Vehicle Valuation COTS RFP.

COTS vendor proposals are less costly and more timely than “build from scratch” alternatives.

The hours estimated for STARS fixes and HB1779 changes may increase during detailed analysis, but the work must still be completed in the allotted timeframe.

Program Office resources will be dedicated for the duration of the program.

There will be no impact from other initiatives to this program, such as:

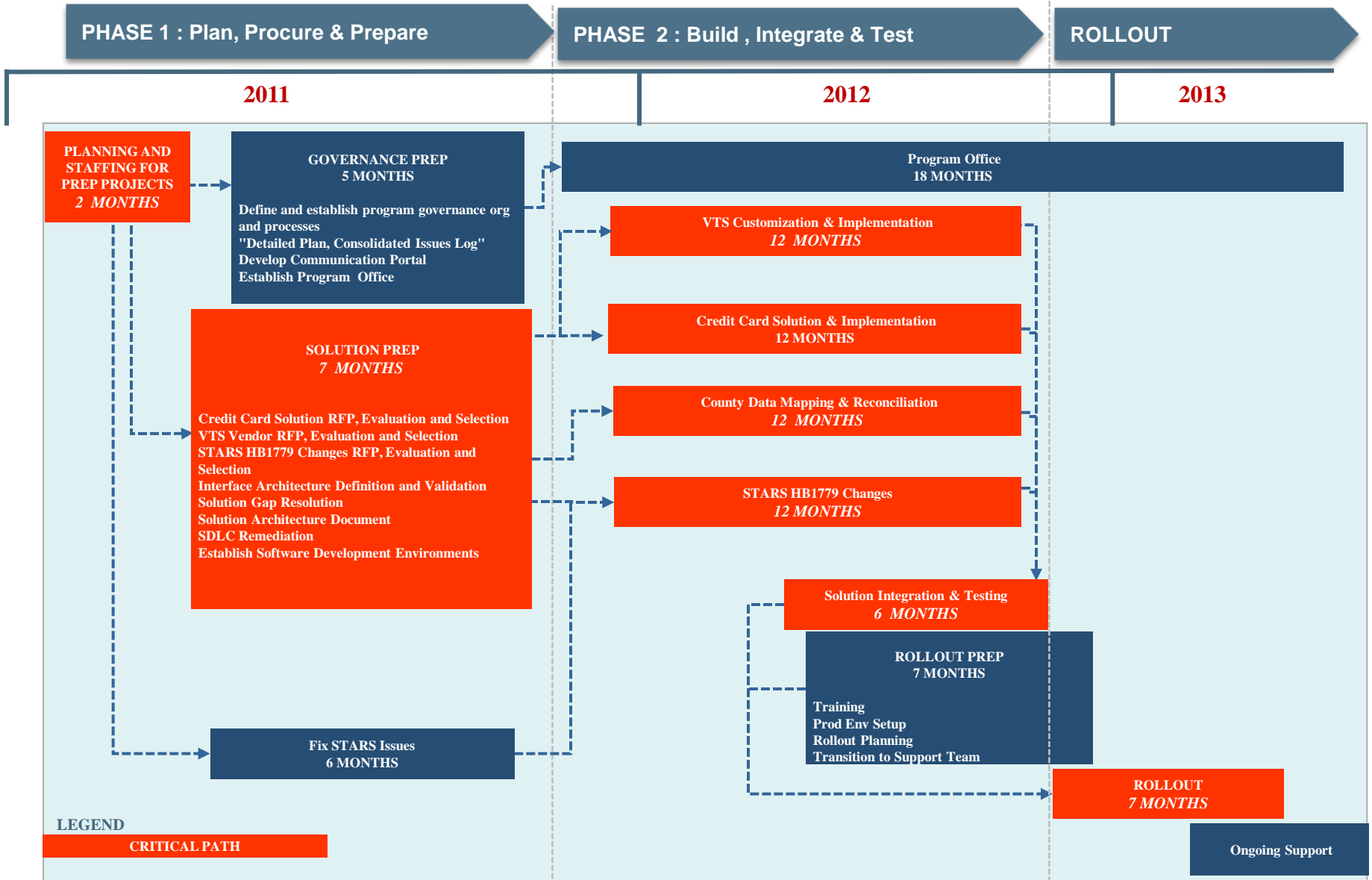
- The State’s Web portal redesign initiative will not delay development of the HB1779 Portal;
- PCI compliance issues with other Credit Card projects;
- No new legislation will delay HB1779 changes to STARS; and
- HB1779 funding will remain intact for development, implementation and ongoing support.

The County Data Conversion will be fully supported by State and County business and technical resources to meet the defined Data Conversion schedule.

Pilot Counties will run the new system in parallel to current production systems for two months before rollout.



# Critical path – 27 months to May 2013 (slack of 1 month to June 2013)



# HB1779 – Success Factors

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## RIGHT PEOPLE AND RIGHT PROCESS

- A streamlined Steering Committee which can make timely decisions
- A strong Program Office of dedicated, skilled and knowledgeable people to manage for program success through completion
- Streamlined and focused reporting and escalation path to Steering Committee
- A web portal for clear and concise communications to all
- Skilled Project Managers and teams to plan and execute the work of the SDLC and manage to the schedule
- Application of agile methods and use case methodology to speed the development and quality of solutions
- More internal reviews, peer reviews and mentoring using best practices to catch problems and issues early
- Sourcing strategy to get the right quality and quantity of resources when you need them

## Next steps to keep program rolling

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Identify activities that can begin very soon to restart work – further detail to break down existing artifacts into re-useable packages for COTS requirements – identify gaps between original project and restart project

Involve the right people who are available to form teams for these activities – establish dedicated state oversight resources early

Based on work break down, estimate the time & cost at a more granular level of detail

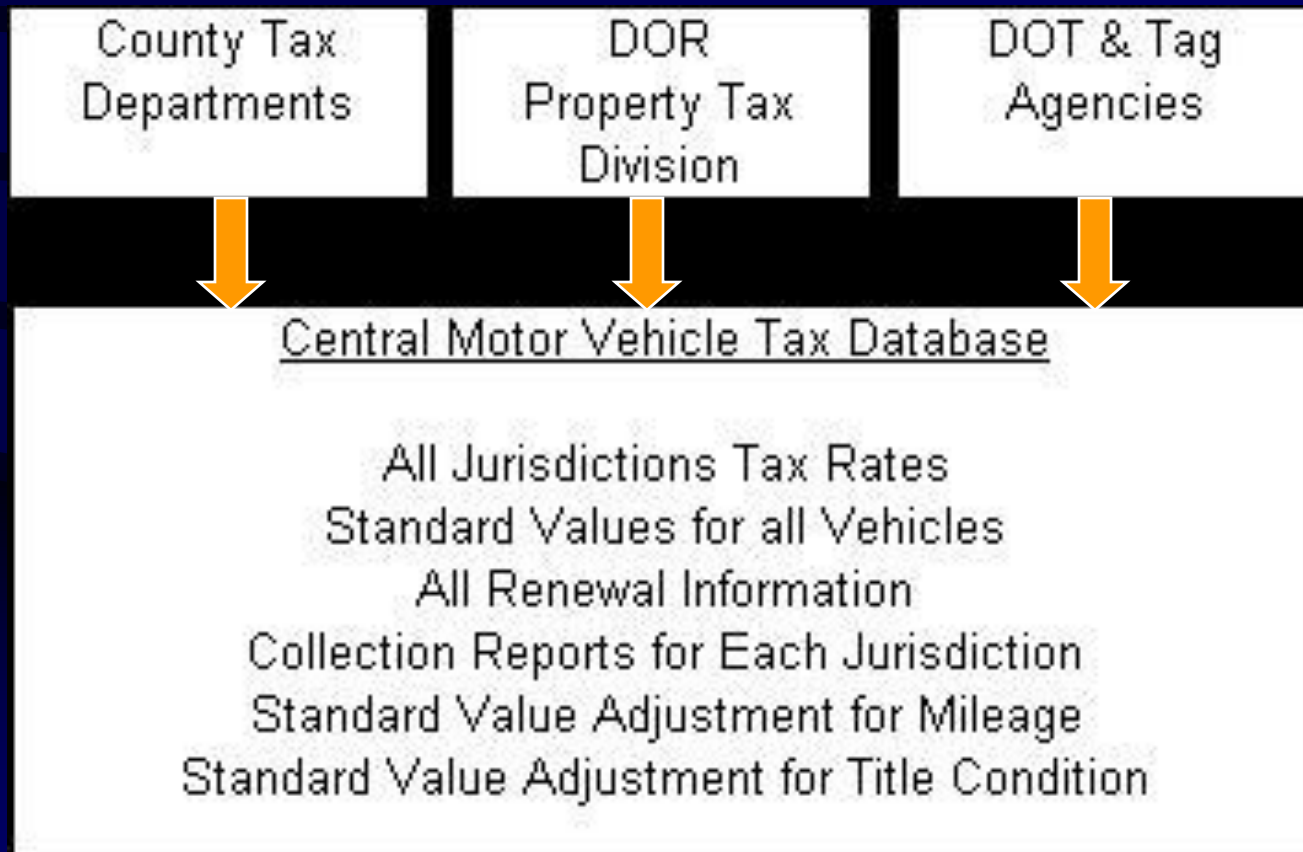
Establish change and acceptance procedures

Start RFP work as early as possible

# A plan to keep the program rolling

TASK	DELIVERABLE	DURATION	RESOURCES
Analyze and reorganize user requirements docs	Cross-Ref Matrix – Req, Users, Solution	3 mths	2 BAs
Analyze and reorganize solution and design docs	UseCases by User HTML Screen prototypes	3 mths	1SA, 1 HTML DEV
Consolidate and prioritize open items – create open items logs	Spreadsheet of open items	3 mths	1BA, 1SA
Market Research for VTS, Credit Card vendors, demos etc	Spreadsheet of research data	3 mths	2SA
Prelim Solution architecture including interfaces for Solution, address solution gaps – historical data and reporting	Prelim Solution Architecture Document	3 mths	2SA
Planning and Staffing for Prep Projects	Project and Staffing Plan for Phase 1 projects	2 mths	2-3BA/PM
Project Management and Oversight	Status	3 mths	PM

# Where we are going



# How to prepare for implementation

- Collect all back RMV taxes possible
- Address database
- Data conversion
- Public Relations – at least one year prior to go date.

# How to prepare for implementation

- Staffing
- The time to consider how these changes will affect your office is now---
- Consider are there other forms of collection you can take on within your office
- Cross training in other areas (assessment, other collections, etc.) and changing existing duties

# Summary

- One computer system.
- One notice instead of two.
- Pay tax and renewal at same time.
- Standard value and mileage deduction
- If no renewal is made, no property tax is owed.
- If all of the tax is not paid, no renewal.
- Taxes received more timely.
- Most likely, less duties for the tax collector over time. In the beginning there will be more duties.