



Texas Department *of* Motor Vehicles

HELPING TEXANS GO. HELPING TEXAS GROW.

Update on “Two Steps, One Sticker”

**Prepared for the
House Committee on Homeland Security and Public Safety**

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Overview of “Two Steps, One Sticker”

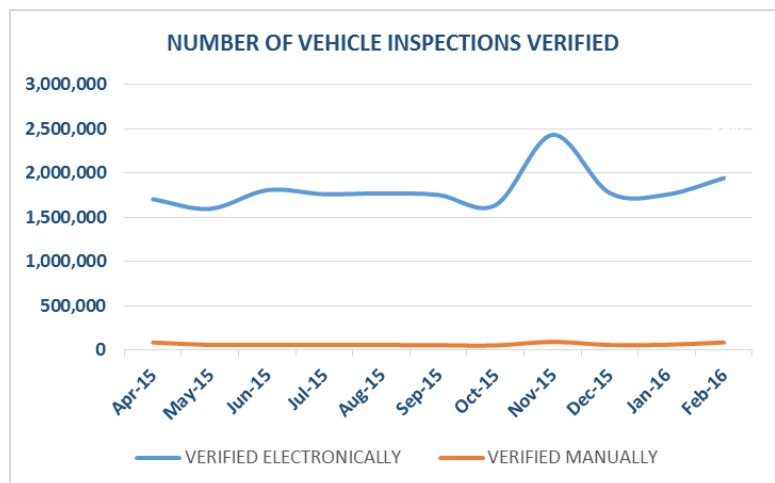
HB 2305 (83rd Legislature) required that, effective March 1, 2015, the state’s vehicle inspection sticker be discontinued and the state move to a program where proof of inspection is based on the vehicle registration sticker. The bill made the issuance of a registration sticker dependent upon passing a vehicle safety inspection and any required emissions inspections. This program has come to be known as “Two Steps, One Sticker.” March 1, 2016 marked the start of the final phase of implementing the program. Beginning March 1, a vehicle must pass inspection no earlier than 90 days before its registration expires in order to renew its registration.

“Two Steps, One Sticker” Success and Progress

Electronic Inspection Verification

From the beginning, the Texas Department of Motor Vehicles (TxDMV) and its partner agencies, the Department of Public Safety (DPS) and the Texas Commission on Environmental Quality (TCEQ) have shared a common goal of making the transition from two stickers to one as seamless as possible for the public. One of the chief challenges in achieving this goal was identifying a way for motorists to easily and effectively verify their vehicle’s inspection status at the time of registration. Because all inspection data is required to be entered into the DPS inspection database, the agencies devised a way for TxDMV’s Registration and Title System (RTS) to securely query the inspection database and automatically electronically verify a vehicle’s inspection status. This method was modeled on how insurance is electronically verified at the time of registration. However, much like electronic insurance verification through TexasSure, the agencies recognized there may be times when electronic verification fails. In such instances, customers may present a copy of the vehicle inspection report (VIR) given to them at the time of inspection as proof of inspection. The county could then use this document to manually verify inspection and then renew the vehicle’s registration.

TxDmv is pleased to report that electronic verification of inspection has been extremely reliable. Data reveal that only about 3 percent of all monthly registrants have their vehicle’s inspection manually verified. When electronic verification fails, it is usually because no record of inspection can be found in the database. This can be attributed to a number of things such as the vehicle failed to obtain a passing inspection prior to renewal or the vehicle identification number (VIN) in the inspection database does not match the VIN in RTS. This occurs when an inspector inadvertently enters the incorrect VIN while uploading the inspection results into the database. Another instance in which manual verification may be required is when inspection results have not had time to update to the database. This can occur on occasion when motorists inspect and attempt to renew on the same day.



Out-of-State Vehicles

The agencies encountered another challenge when determining how to accommodate a Texan whose vehicle is located out of state and therefore unable to complete a Texas vehicle inspection in time to register it. Although the original legislation did not contemplate motorists in this situation, the 84th Legislature enacted HB 1888 to address this issue (see *Transportation Code 548.256*). Texans may now self-certify that the vehicle is out-of-state and will then be permitted to register either online, by mail, or in person.

If a vehicle is registered using the out-of-state self-certification option, a “Verify Inspection Required” remark is placed on the vehicle record indicating that an inspection is still required. This information is available to law enforcement roadside and is a citable offense. Once the vehicle is brought into the state, a Texas vehicle inspection must be completed within three days.

International Registration Plan Participants and Token Trailers

HB 1888 84(R) also addressed an issue related to International Registration Plan (IRP) participants and token trailers. As written, the legislation establishing “Two Steps, One Sticker” required these vehicle types, which are operating out-of-state, to return to Texas for inspection purposes in order to have their registration renewed. Recognizing that a requirement of this nature could severely impact business operations for these registrants and those whom they serve, the Legislature exempted them from having their inspection status verified at the time of registration (see *Transportation Code 548.256*). Inspection is still legally required, however, it is not required to be done in order to proceed with registration.

“Two Steps, One Sticker” Challenges

Inspection Fee Unpredictability

TxDMV provides registrants with a registration renewal notice that details the total cost to register so they can be prepared to submit proper payment. The total cost to renew now includes the state’s portion of the inspection fee. Renewal notices are created approximately 100 days before registration expiration, which is before the 90-day timeframe allowance for inspection to be completed. The fee printed on the renewal notice is based on the most recent inspection completed and assumes the vehicle will require the same inspection as it last received.

Currently, TxDMV systems are programmed to recognize fourteen different inspection fee amounts. If the inspection requirement for the vehicle is different from the last inspection, the inspection fee on the renewal notice may not match the actual inspection fee due. The renewal notice can be thought of as a bill from the state for the next year’s registration. Inspection fee unpredictability means the customer has received a “bill” from the state (the renewal notice) with a total due that may not match the total charged by TxDMV registration renewal systems. For example, if a vehicle previously passed an emission inspection in El Paso County but has since moved to Travis County, the amount displayed on their renewal notice will be inaccurate as the fees differ between the two counties. TxDMV systems can re-calculate the inspection fee charged, but customers and counties often do not understand why the amount charged has changed which then results in frustration with the program.

“Two Steps, One Sticker” Observations

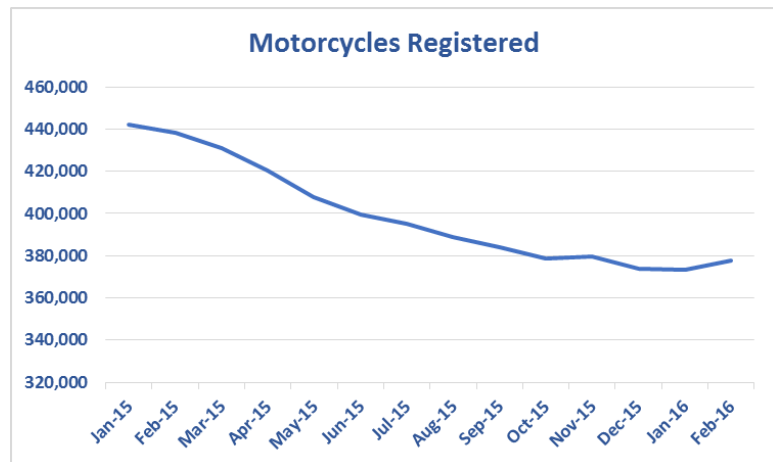
Since its implementation in March 2015, “Two Steps, One Sticker” has revealed some interesting facts:

Trailers

Many trailer owners were unaware of existing inspection requirements as set forth by the Texas Department of Public Safety for trailers. Although “Two Steps, One Sticker” did not change the types of vehicles subject to inspection, it did expose the fact that many trailer owners were not, if ever, in compliance with state inspection requirements. Current law requires trailers over 4,500 lbs. be inspected (see *Transportation Code Sections 548.051 & 548.052*). With “Two Steps, One Sticker” trailer inspection enforcement is more robust as those trailers cannot be registered without first obtaining the required inspection.

Motorcycles

There has been a significant decline in motorcycle registrations since “Two Steps, One Sticker” went into effect. Prior to implementation, approximately 442,000 motorcycles were registered in the state but as of February 2016, motorcycle registrations dropped to approximately 377,000. The TxDMV has no definitive explanation for this decline, and there may in fact be no causal relationship to “Two Steps, One Sticker.” However, the department has anecdotal evidence that



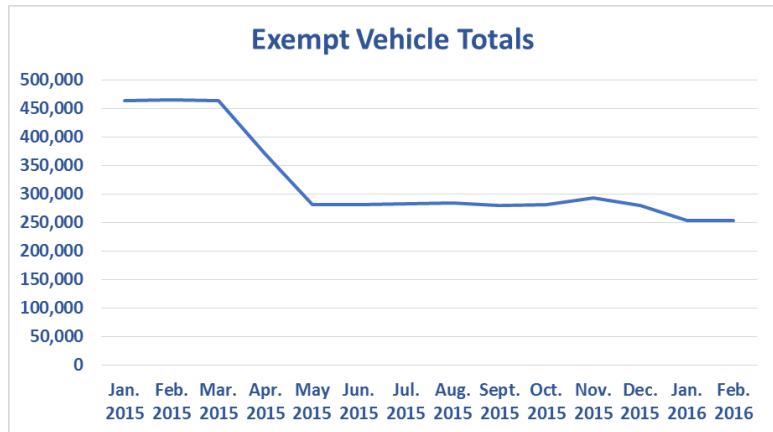
because motorcycles are not “daily drivers” for motorists, motorcyclists are foregoing registration renewal until such time that they are ready to drive the motorcycle again. Also the department has received some feedback that obtaining a motorcycle inspection is generally less convenient than obtaining an inspection for a passenger vehicle and this contributes to the motorist’s decision not to renew their motorcycle registration.

Exempt Vehicles

“Exempt” license plates are issued to vehicles owned by governmental entities. These vehicles are exempt from payment of registration fees. However, they are not exempt from inspection and, prior to “Two Steps, One Sticker,” received an annual inspection sticker to serve as visual proof of inspection. With the implementation of “Two Steps, One Sticker,” a concern arose regarding the lack of visual evidence of inspection for these vehicles. TxDMV gathered representatives from various levels of government to discuss potential solutions. The “Exempt” eligible entities overwhelmingly agreed that having visual proof of inspection was critical to maintaining the public’s confidence in the safety of their vehicles. Therefore, it was decided that while “Exempt” eligible entities would continue to register the vehicle without payment, they would begin to receive registration stickers to serve as proof of inspection. Currently, a registration renewal notice is mailed to the entity prior to a vehicle’s inspection expiration. The inspection fee due is printed on the renewal notice. Once payment of the fee and verification of a passing inspection is made online, by mail, or in person at their county tax office, a registration sticker is issued for the vehicle.

Recently, TxDMV has been informed that processing renewal stickers to these exempt entities has increased the workload at some county tax offices and is slowing down their operations. It is important to point out though that counties have the ability to remedy this issue in many instances by deputizing these entities to process and print their own registration stickers. Many counties have already done this.

The decision to issue registration stickers to exempt vehicles actually resulted in an unexpected benefit to the department. Because license plates for these vehicles are often not returned to the department after a vehicle is removed from service, the department has been unable to maintain data on the number of actual exempt vehicles in the state. Now that all exempt vehicles must receive a registration sticker, the department is able to better track them.



Prior to “Two Steps, One Sticker” TxDMV’s records indicated approximately 463,000 exempt vehicles were in operation across the state. After “Two Steps, One Sticker.” that number has dropped to approximately 254,000.

Public and Stakeholder Education Efforts

The original “Two Steps, One Sticker” public awareness campaign has been updated to specifically highlight the 90 day inspection requirement. Like the original campaign, the revised campaign also uses a combination of print, electronic and web-based media, as well as radio. However, recognizing the importance of educating the public on the 90 day timeframe, the department selected even bolder methods to spread the message. Digital billboards line thoroughfares throughout the state, and website ads are being displayed on popular news, weather, traffic and auto-related websites. Posters promoting the program will also be featured in convenience stores and gas stations across Texas. Furthermore, for the first time the department has teamed up with Community Impact, a local newspaper servicing more than 30 cities and communities throughout the state, to further publicize “Two Steps, One Sticker”.

Since the implementation of “Two Steps, One Sticker” in 2015, the TxDMV Contact Center has experienced a 28 percent call increase compared to 2014. Recognizing the significance of the change, the department fully expected this increase and prepared accordingly. Today, TxDMV is proud to report extraordinary success in servicing these calls. A 2015 survey performed by Survey Monkey revealed an overall customer satisfaction rating of 91 percent (88 percent excellent, and 3 percent above average).

TxDmv is continuing to include informative inserts explaining the inspection requirement with the vehicle registration renewal notices sent to all customers statewide reminding them of the expiration of their registration. The department maintains a robust presence on social media and remains committed to working with media outlets across the state to distribute press releases and conduct on-air interviews to promote the program. TxDMV has also completely updated www.TwoStepsOneSticker.com with new content and created an interactive tool on the site that allows motorists to easily determine their 90 day inspection period (see *Appendix A*).

Engaging with stakeholders and our partner agencies has been a critical component of the program's success. TxDMV continues to collaborate with groups such as the Tax Assessor-Collectors Association of Texas (TACA), Texas Independent Auto Dealers Association (TIADA), Texas Auto Dealers Association (TADA), Texas State Inspection Association, and the Texas Trucking Association (TXTA) to explain how "Two Steps, One Sticker" impacts their membership's business operations. To date, TxDMV has hosted over 100 webinars targeted at these specific stakeholder groups. The department has also featured educational articles in their respective trade publications and provided customizable press releases to county tax assessor-collectors to assist them in their own public outreach efforts.

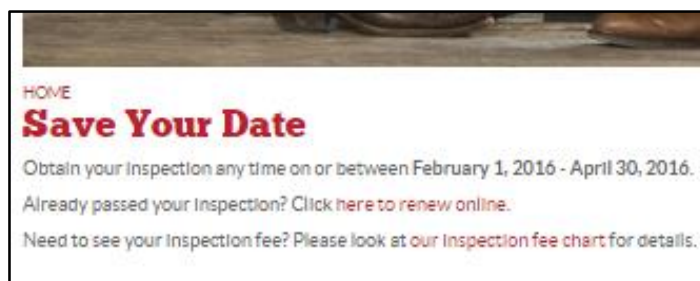
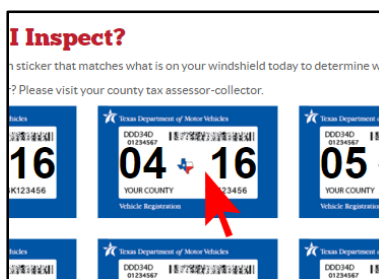
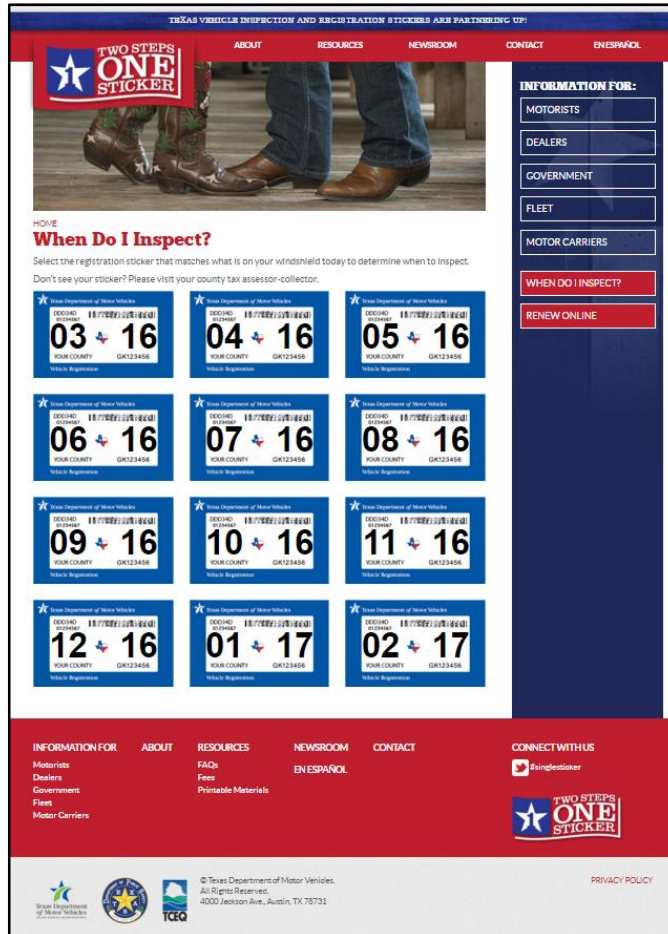
Finally, the level of collaboration with our fellow state agencies cannot be overstated. This teamwork extends to all levels of agency staff, from the subject matter experts to the executive leadership. Open and routine dialogue has been the key to our partnership and has enabled the agencies to not only implement the program, but has also allowed us to comfortably address any challenges that have arisen along the way.



Inspection & Registration – Together At Last!

Appendix A – “When Do I Inspect?” Tool

The inspection date lookup tool at www.TwoStepsOneSticker.com/calculator enables motorists to determine the earliest date their vehicle is eligible for inspection under the 90 day requirement.



Click the registration sticker that matches the sticker currently displayed on the vehicle.

The next screen provides the earliest date that the vehicle is eligible to obtain an inspection.