Arizona’s Third Party Program
1994 - Program started with 12 companies and 12 locations doing title and registration transactions

2014 – Expanded program to allow for Driver License services as well (including knowledge and skills tests).
  - Only certain third parties qualify

2017 – Program has grown to 107 companies with 180 locations
  - 23 companies with 34 locations provide driver license services
• Have two kinds of third parties:
  • Public third parties – open to public, brick and mortar offices. Operate essentially the same as MVD offices.
  • Limited third parties – not open to public, serve their own company or membership.
    • U-haul, Enterprise, Arizona Automobile Dealers Association (AADA), Arizona Trucking Association (ATA), etc.

• Both are funded through “retention fees” and can charge additional convenience fees.
• Today, third parties process 27% of all MVD transactions.
• Added significant capacity to the MVD system when no public funds were available to expand.
• Provided customers additional options, including additional business hours, and allowed market to set prices.
• Provides services in some areas where there is no MVD office.
Challenges

- Impact on state revenues
  - Retention fees amounted to $17.6 million in FY 2016
- Harder to track compliance
- Some bad actors
- Because of statutory design, disciplinary action is sometimes hard to take
- Model was built on government inefficiency
  - Increased efficiency causes some third parties concern
• Third parties can be highly effective in expanding capacity
• Many customers are willing to pay more for added service
• More is not always better
• Build in service level expectations from the beginning
• Be deliberate in program design
• Be mindful of how technology may change the future need
For More Information
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