

Arizona's Third Party Program

History of AZ 3rd Parties

- 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

Lessons Learned

- 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

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