

KYTC Questions KAVIS Implementation

1. General Questions

- a. Please address the major obstacles experienced with the implementation of the KAVIS system over the first month of operation. Please include a description of the issues, an estimate of the number of times the problem has been encountered, and what steps the KYTC is taking to rectify the problem?

KYTC RESPONSE:

(KAVIS has only been implemented for 16 days.)

- **System performance: 5–20-minute slow periods or unable to process 2-3x per day (Resolved)**
- **Online renewals overcharging fees, impacting 1,064 renewals, only special license plates or motorcycle plates were impacted. (Resolved, customers notified, and refunds initiated)**
- **Duplicate and Update Title transactions not functioning (Resolved)**
- **Dealer work not checking out in shopping cart (Resolved)**
- **Unable to add vehicles to IRP (Resolved)**
- **Any remaining issues are known, documented, understood and are being triaged and prioritized for a future release.**

A few key issues are outlined below.

- **PVA Issues – largest hurdle according to steering committee**
 - **Not a KAVIS system issue.**
 - **KAVIS exposed years of poor data management and processes that had been allowed in the AVIS system.**
 - **PVA issues occur when tax segments remain on a customer record for a vehicle that has been junked, surrendered, or transferred, and were not removed appropriately in AVIS.**
 - **When KAVIS merged customer records to get to a single customer, these tax segments came with the older records and showed tax is still owed.**
 - **This resulted in over 600,000 PVA related issues stopping or slowing transactions in KAVIS.**

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- **In collaboration with the Department of Revenue, we identified methods to systematically clean 300,000+ of this data.**
- **Expected completion date: 1/28/2024**

- **Reporting**
 - **Inaccurate data displaying on reports.**
 - **Misunderstandings of which reports to use or combine to get the entire county to reconcile.**
 - **This resulted in clerks being unable to balance their office and remit fees.**
 - **Actions taken: Extensions on remittance due dates.**
 - **Expected Completion Date: 1/28/2024.**
 - **Review with clerks and training session or video to follow**

- **Inherent slowdowns with merging customers.**
 - **Minimizing this problem was about prevention and those counties that performed DL verifications on customers over the past 7 years are having few problems with this function. Those clerks who didn't perform this requested operation over the years are now suffering through this process at higher volumes and it is delaying transactions.**

The data shows that KAVIS is working. With the updates coming this weekend, we expect to see even more progress and speed in performing transactions.

Average January daily collection last year was \$5.6 million. Yesterday 1/25/24 collected \$7 million.

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- b. Has the issuance of apportioned tags been affected by the transition? Are Clerks able to process apportioned tags? If not, what remedies are available to holders of apportioned tags facing expiration of the registration?

KYTC RESPONSE:

- **Issuance of Apportioned Certificates has been affected.**
- **Clerks are able to process apportioned tags, but there are some exceptions.**
- **Expected resolution date: 1/28/24 release**

- c. Concerns have been raised over the amount of communication between the KYTC and various stakeholders. How involved were the major stakeholders (County Clerks, Department of Revenue, and the Auto Dealers Association) prior to the implementation? Has the KYTC reached out the stakeholders to identify problems over the past month? How does the KYTC plan to improve communication in the future?

KYTC RESPONSE:

- **KAVIS held 100's of hours of training with our stakeholders.**
- **We attended KCCAs, PVA conferences etc.**
- **We held monthly steering committee meetings and working groups with end users.**
- **We held 2+ months of open labs for stakeholders.**
- **We implemented a full-scale training and engagement program that went from February 2023 until present.**
- **KYTC had live feedback mechanisms at KCCA and steering committee meetings to solicit feedback.**

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- **KAVIS placed team members in multiple counties for multiple days/weeks to ensure we were garnering feedback. This was in the county clerks' offices and PVA offices.**
 - **Our communication focused on stakeholders that needed to prepare.**
 - (a) KADA was aware of KAVIS but we didn't start communications heavily with them on the rollout until a few weeks before go-live**
 - **Plan for improvement**
 - (a) Leverage official communication channels.**
 - (b) Ensure those that are supposed to receive the communications are taking advantage of those channels of communication.**
 - **KAVIS has live chats open all day for clerks to engage.**
 - **KAVIS has an email box kavis@ky.gov that is monitored by 3-5 people.**
 - **KAVIS has 2 phone numbers live all day.**
 - **MVL has email and phones open during business hours.**
 - **MVL sends a daily email update.**
 - **KAVIS communicates daily with clerks, MVL and other stakeholders daily.**
- d. Are there any immediate statutory changes needed to alleviate any of the problems uncovered during the implementation phase?

KYTC RESPONSE: No

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- e. Applications for title require the buyer's birth month per KRS 186A.035(1)(4), while KAVIS requires the full date of birth. Will KYTC be updating TC 96-182 to provide for requiring the full date of birth or will the KAVIS adjustment be updated?

KYTC RESPONSE:

This form has been updated and posted, further updates to this form may be required for model of trade in since KAVIS requires model of trad-in while AVIS did not.

- f. We understand that dealers can now dealer-assign vehicles from out of state, and that is what they should do for out-of-state vehicle purchased for resale. BUT will these also require a dealer assignment form on TC 96-187 be filled out and \$8 fee?

KYTC RESPONSE:

***If* the out of state title has places for Dealer Assignment information, then the TC 96-183 (corrected number) is not required, but if not, or does not include all required information, then the TC 960183 will also be required. The \$2 state/\$6 fee will be collected for any assignment, The state portion is exempted for assignment originating from a licensed Kentucky dealer (ie. re-assignment)**

2. Plate to Customer

- a. When a customer keeps their plate and wishes to use it on a purchased vehicle, we understand that a temp tag will be necessary until the transaction is processed through KAVIS. Are dealers required to send in a conversion form on TC 96-167 to convert plate off trade in and then another to convert it to purchased vehicle?

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KYTC RESPONSE:

No, the removal of the plate to attach it to the customer account is automatic in KAVIS and is not charged. The transfer fee \$2 state/\$6 clerk is charged at the time that plate is reissued to another vehicle, as well as the \$3 plate reissue fee.

- b. Is there a new plate fee chart we can make available to our dealers?

KYTC RESPONSE:

Yes, we have sent this chart to all county clerks and encouraged them to make that available to their dealers. We can send a copy to anyone who requests.

- c. With plates staying with the customer, obviously used vehicles being taken on test drives will use dealer plates per 601 KAR 9:220. However, this regulation limits use of a dealer plate to a single test drive unless a salesperson is present. Will this regulation be amended, or should dealers just plan to have a salesperson present for any subsequent test drive? What about test drives longer than 24 hours?

KYTC RESPONSE:

601 KAR 9:220 needs to be amended to allow the use of dealer plates for test drives without time limits and they were going to get with Jon Johnson to work on the associated regulations.

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- d. Because dealer plates will be required for used vehicles on test drives, it seems that significant numbers of dealer tags will now be needed- have clerks been alerted to anticipate the increased requests?

KYTC RESPONSE:

MVL and county clerks cannot issue more dealer plates than allowed by a chart administered by the Dealer Commission. If a dealer has not yet requested their full allotment, there is no issue with quickly ordering and producing the full allotment. That chart of dealer plates is shown in 601 KAR 9:220.

- e. For vehicles with specialty plates that are dependent upon the vehicles (i.e., classic vehicles), presumably the plate still goes to the customer, but what role do dealers have (if any) in terms of verifying eligibility for re-use?

KYTC RESPONSE:

This should not change any from the previous system. Dealers would make requests for special plates for their customers on a regular basis, including dealers who sold classic cars. They were aware of the requirements, and those have not changed with KAVIS.

3. Tax Implications

- a. Clerks are telling dealers that they have been instructed not to process deals for any dealers who are delinquent on their taxes- to what taxes does this refer?

KYTC RESPONSE:

These are ad valorem (property) taxes on vehicles that are titled in the name of the dealership. Vehicles titled in the name of the dealership are treated as any other type of business, and delinquent ad val taxes prevent transfers or renews. Vehicles for resale must be dealer assigned to dealer inventory to avoid tax liability.

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- b. If property, how do we confirm that the assessed taxes are actually owed by the dealer, and not a prior vehicle owner?

KYTC RESPONSE:

Property taxes are assessed to the titled owner on January 1. So if a vehicle was owned by someone other than the dealer on January 1, then the dealer will not ever be held liable for property taxes. If the dealer had the vehicle titled (not DA) in their name on January 1, then they are liable for those property taxes.

- c. Dealer assignment is an option for out of state vehicles, if dealers elect to title a vehicle in the dealership name, taxes will be owed. BUT in the event of loaners paying MVUT at \$25/ month per KRS 138.4605, the MVUT at transfer is not owed, correct?

KYTC RESPONSE:

If the vehicle is used as a loaner and will eventually be resold, there is a code “DR” that the frontline clerk can input to exempt MVUT.