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December 13, 2016

M E M O R A N D U M   **2016-023**

TO: License Plate Issuing Officials

FROM: Sherry Helms, Registration Section Manager
              Motor Vehicle Division

SUBJECT: Vehicle Document Retention Requirements

On October 20, 2016, representatives from the Motor Vehicle, Property Tax, and Sales Tax Divisions met with the Examiners of Public Accounts as well as several licensing officials to discuss document retention requirements for several vehicle transactions, as well as document retention requirements for print on demand temporary tags and registration receipts/decals.

1. **Temporary Tags (new)** – Copies of temporary tags/receipts are not required to be maintained; however, physical control over temporary tag inventory is necessary.   Temporary tags will be ordered by county licensing offices using the MVD Inventory Management System. Inventory control numbers will be assigned by PROS when the temporary tags are issued. See attached project document for additional information.
2. **Registration Receipt/Decal (new)** – Copies of registration receipts are not required to be maintained; however, physical control over registration receipt/decal inventory is necessary. Registration receipts/decals will be ordered by county licensing offices using the MVD Inventory Management System. A range of inventory control numbers will be issued to the licensing office when receipts are ordered. The licensing systems should assign inventory control numbers to the receipts when the receipt is issued. See attached project document for additional information.
3. **Weight Affidavit** – Licensing official may require the registrant to utilize the MV affidavit to declare the registered gross vehicle weight; however, registrant weight declaration is not required to be maintained for audit. A registrant may reduce the registered gross vehicle weight during the registration period upon return of the license plate; however a refund may not be issued for the difference in registration fees.
4. **Waiver of Penalty** – Administrative rule 810-5-1-.244 entitled Proration of Motor Vehicle Registration Fees, provides that registration fees on stored/inoperable vehicles may not be waived unless the vehicle has not been registered for an entire registration year. This rule further provides that the late registration penalty may be waived upon presentation of proper documentation which evidences stored/inoperable vehicles. Documentation regarding the waiver of penalty is required to be maintained for audit.

5. **Undercover Tags -** The Application for Undercover License Plate form (MV UC) should be utilized for issuance, including renewal, of undercover plates in accordance with Administrative Rule 810-5-1-.212 entitled <u>Undercover License Plates</u>. In lieu of form MV UC, law enforcement agencies may request renewal of undercover plates on law enforcement agency letterhead, which is signed by the agency director. The letter must include the acknowledgement that the vehicle(s) will be used for investigative or surveillance work in law enforcement in accordance with Administrative Rule 810-5-1-.212. The law enforcement agency may include a separate list of vehicles; however, the list must also be signed by the agency director. Undercover tag requests must be maintained for audit.

6. **Evidence of Insurance** – Evidence of insurance is not required to be maintained by the licensing official when the insurance information is documented as part of the registration record. Evidence of insurance and related documentation would only need to be maintained when it cannot be verified through OIVS, and is being submitted in response to an MLI inquiry. This would include any documentation submitted to support a non-use claim.

7. **Evidence of Identity** – Evidence of identity (i.e. driver license, state issued ID, FEIN, etc.) should be verified at the time of registration but is not required to be maintained for audit.

8. **Title Applications** – Applications for certificates of title created by the Electronic Title Application Processing System (ETAPS) is available. Licensing officials are not required to maintain a copy of the ETAPS title application created by a dealer or another licensing official if the title application record is available in ETAPS.

9. **Distinctive License Plates** – Documentation should be maintained in support of the issuance of a distinctive license plate which requires the registrant to "qualify" for the license plate. Note: Several distinctive license require annual validation.

10. **Other Documents** – Lease termination, junk vehicle affidavit, repossession, etc. must be maintained by licensing official when an ad valorem tax credit or refund is issued.

11. **Current Validation Decals** - 2018 roll validation decals supplied to licensing offices have been printed with seven (7) digits instead of six (6), as in previous years. The only change is a leading zero in the control number. The county indicator and leading zero in the control number can be omitted when entering this number in the registration record.

General rule of thumb…if money is collected, refunded or distributed, the licensing official must retain evidence of the transaction for examination by the Examiners of Public Accounts. Evidence may be retained in paper or electronic form.

Cc: James Hall, Examiners of Public Accounts
        Derrick Colman, Property Tax Division Director
        Rouen Reynolds, Sales and Use Tax Division Director

Temporary Tag Changes

The Motor Vehicle Division will be making changes to the temporary tags and receipts issued to registrants awaiting production/delivery of their license plate.

Currently, a yellow 60 day Temporary Tag is issued by licensing officials to Alabama residents while their plates are produced. These tags are displayed in the rear window of the vehicle or in a conspicuous location for law enforcement.

Currently, a blue 20 day Temporary Tag is issued by designated agents of the Department when a vehicle is being taken out of state for registration or if an AL resident has title issues, etc. that delay proper registration of the vehicle. These tags are displayed in the rear window of the vehicle or in a conspicuous location for law enforcement.

The Department is currently working with the Alabama Corrections Industry (ACI) to revise the temporary tag design for both the 60 and 20 day tags. One design will be used for both temporary tags.

a. Temporary tag material will be provided to licensing offices and designated agents by the Motor Vehicle Division.

b. The new temporary tag/receipt will be an 8 ½ x 11 sheet that will be printed on laser printers.

c. The material includes both the temporary tag and receipt. The material is perforated so that the receipt can be removed and carried in the vehicle.

d. The tag/receipt material is weather resistant, which will allow the tag to be attached to the license plate bolt holes on the rear of the vehicle.

e. Temporary tags will be available for both passenger vehicles and motorcycles.

f. When available, the new temporary tag/receipt material will be provided to licensing officials for issuance to registrants who order distinctive and/or personalized license plates (i.e. 60-day tags) using the PROS system.

g. PROS will also be used allow licensing offices and designated agents to issue 20-day temporary tags.

h. In order to maintain control of temporary tags/receipt inventory, when temporary tag/receipts are ordered through the Alabama Inventory Management System (AIMS), licensing officials' offices will be assigned a range of inventory control numbers that will be printed on the temporary tag/receipt when issued.

i. Copies of temporary tag receipts are not required to be maintained; however, licensing officials should maintain control of temporary tag/receipt inventory.

j. Temporary tag/receipt reports will be available from the PROS system for audit purposes. The reports will include the control number, plate number and registrant

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identifying information and will identify the office and clerk that processed the temporary tag.

The Department will be providing the updated material for licensing officials to begin using to replace both temporary tags in early 2017. With the implementation of Alabama Lien and Titles System (ALTS), the Department plans to provide the updated material to other designated agents to begin using to replace the blue 20 day temporary tag receipt. The creation of a 20 day temporary tag will be incorporated through PROS and will create a registration record in the state registration database, which will be available to law enforcement.

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Sample Passenger Temporary Tag and Receipt

Alabama Temporary Tag Receipt

Tag Number: _____ Issue Date: _____ Expiration Date: _____

Issued To: _____
           NAME   CITY / STATE / ZIP

Issued For: _____
           YEAR   MAKE   MODEL   VIN

Issued By: _____
           DEALER or COUNTY OFFICIAL   COUNTY   CITY

Control Number: _____ Designated Agent Number: _____

VALID FOR GROSS WEIGHT   UNLADEN WEIGHT ONLY

ALABAMA

ISSUED IN CONJUNCTION WITH A TEMPORARY TAG RECEIPT

EXPIRES	
MONTH	
DAY	
YEAR	

Control Number: _____

Temporary Tag

Sample Motorcycle Temporary Tag and Receipt

Alabama Temporary Tag Receipt

Tag Number: _____   Issue Date: _____   Expiration Date: _____

Issued To: _____
                NAME   CITY / STATE / ZIP

Issued For: _____
                YEAR   MAKE   MODEL   VIN

Issued By: _____
           DEALER or COUNTY OFFICIAL   COUNTY   CITY

Control Number: _____   Designated Agent Number: _____

VALID FOR GROSS WEIGHT   UNLADEN WEIGHT ONLY

ALABAMA

ISSUED IN CONJUNCTION WITH A TEMPORARY TAG RECEIPT

EXPIRES:	
MONTH	
DAY	
YEAR	
Control Number:	

Temporary Motorcycle Tag

<u>Print On Demand Tag Receipts & Validation Decals</u>

<u>History</u>

County license plate issuing officials have requested a print on demand (POD) solution for validation decals to improve the issuance of vehicle registrations and reduce administrative costs associated with maintaining validation decal inventories. After much research, the Department of Revenue, Motor Vehicle Division, is proposing the following POD solution.

Phase one of the POD solution will allow registrations with imbedded validation decals to be issued utilizing existing laser printers. The decision to utilize a laser printed POD solution was based on discussions with representatives from Florida and Kentucky regarding the implementation of their POD solutions, in which both laser printers and thermal printers were tested. The laser printed solution does not require additional thermal printers and should allow most officials to utilize their current laser printers. Phase two of the POD solution will include kiosks.

The Department conducted preliminary testing using the receipt/decal material currently used in FL. This was a non-standard sized paper which was found to be an issue during testing in several of the printers currently utilized by licensing offices. This delayed the proposed January 2017 implementation date.

<u>Materials</u>

Alabama Corrections Industries (ACI) will supply the material and is working on a bid to secure a contract with a receipt material vendor. Once a vendor is selected, the MVD will supply the material for testing to the licensing offices and their system vendors.

The registration receipt will be provided to licensing offices by the Department. Licensing offices will order receipts through the MVD Inventory Management system. The receipt will be printed on one side. The receipt will include an imbedded validation decal – see sample tag receipt. The receipt material will be a standard 8.5 x 11 sheet with perforation and will tri-fold to fit within a standard window envelope. The folds will be perforated. The only information preprinted on the receipt material will be the affidavit information as well as decal instructions for the registrant. Licensing officials should be able to use their current laser printers and will create a PDF of the receipt, the decal, and assign a control number (replaces the decal number). Printer specifications are included in this document.

Registrant signature is not required to be captured on the receipts. Prior to the Online Insurance Verification System (OIVS) implementation (Act 2011-688), registrants were required to sign the tag receipt affirming that minimum liability insurance coverage was maintained on the registered vehicle. The Examiners of Public Accounts has confirmed that physical copies of

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registration receipts are not required to be maintained by licensing officials, as long as the registration record can be reproduced or a report provided for audit purposes.

Since licensing officials must maintain strict control of registration receipt/decal inventory, it is suggested that copies of registration and tax receipts (Manufactured Home and escape) be printed on plain paper. Reprints, corrections, duplicates, etc. must be documented by licensing official if printed on state issued receipt. A copy of the damaged/returned receipt is not required to be maintained; however, this information should be documented for audit purposes.

<u>Decal Printing</u>

The Department's printing and mailing vendor assisted in testing the receipt printing process. It was suggested that the paper setting be Vinyl, Color, or Label in order to allow the print job to adhere properly to the decal material. The most important factor is that the print job slows down to allow more heat to be applied to the material as it is processing through the printer. A two-digit renewal month and two-digit registration expiration year will be printed on the imbedded decal when the registration is issued. The assigned tag number will be printed on the decal to ensure that the decal is attached to the correct license plate. See sample decal below. The printing of the decal is as follows: the month and year are Helvetica Bold font at 66 pt. and 50% width for month and year, AL text is Arial Black font at 25 pt. and 75% horizontal scaling, the tag number at the bottom of the decal is 16 pt. Helvetica Bold font.

<u>Control Number Printing</u>

The Examiners of Public Accounts advised that the licensing offices' systems should generate and print a sequential control number on the receipt to account for all decals/receipts provided by the ADOR which have been issued, voided or deleted. ADOR will assign a range of control numbers when material is ordered/shipped to officials' offices. This will allow the licensing office systems to assign a control number when a receipt is issued to a registrant. The examiners also advise that the licensing official's software must be able to create reports providing a beginning and ending control number listing for any time period requested (monthly, yearly, etc.) and sortable (by clerk). Strict control of all receipts and control numbers assigned to the licensing office must be maintained. Note: The Examiners of Public Accounts request a report of license plates and decals issued to each county every year by ADOR. The inventory control number should be captured in the registration record that is uploaded to the state registration database. The control number should be reflected in the Decal field which allows for eight (8) characters according to the current file format. Month decals will be phased out depending upon the redesign of the each license plate as scheduled to eliminate the month decal "pocket". Alabama law requires license plates to be redesigned every five (5) years.

<u>Validation Year Decals for Issuance in 2017</u>

An initial and secondary shipment of 2018 roll decals has been ordered and shipped to licensing offices for issuance beginning in 2017. Once available, licensing offices may convert to the POD

receipt solution anytime in 2017. Roll decals for the 2018 license year will continue to be available throughout the 2017 calendar year, as needed by officials. 2018 roll validation decals supplied to licensing offices have been printed with seven (7) digits instead of six (6), as in previous years. The only change is a leading zero in the control number. The county indicator and leading zero in the control number can be omitted when entering this number in the registration record. Please be advised that it is ADOR's intention to discontinue providing roll decals by the end of the 2017 calendar year.

Law Enforcement

Alabama law enforcement was contacted for their input regarding the proposed POD decal solution. They were generally supportive of a POD solution and agreed to eliminate the renewal month decal; however, they preferred to maintain a three (3) color rotation (red, green and yellow) for the validation decals, so that they could easily determine the year of registration expiration. Please be advised that the multi-color decal rotation may require licensing offices to evaluate their current printers in order to determine if additional paper trays will be necessary to accommodate registration receipts for multiple license years, or if additional printers may need to be purchased.

Printers

Please find attached document (Printer Suggestions from Receipt Manufacturer) providing information on printers that have proven to work well, as tested by the receipt material vendor. FL officials also indicated success with the following additional printers: Lexmark T652 and Lexmark MS711.

The Department tested printing the receipt material/decal on various printers in our offices as well as at several pilot county offices. Once a contract is in place with a receipt material vendor, the Department will distribute sample receipt material to all officials and their system vendors to further test licensing office printers and also to ensure the print quality of the decal material before implementation of the POD solution. The Department will assist in the testing of all printer types within licensing offices and request sample print jobs from these printer types. The vendor print specialist will test these print jobs to determine the quality and durability. See below (Response from Receipt Vendor on Testing Results from Printers) for responses from vendor related to printers tested by ADOR so far.

Please provide any response, input, and/or questions to:

> Sherry Helms
> Alabama Department of Revenue
> Motor Vehicle Division
> (334)242-9013
> sherry.helms@revenue.alabama.gov

Sample Printed Decal:

Sample Tag Receipt Material as will be Provided from ADOR:

DECAL VOID IF ALTERED

ALABAMA

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Place Decal Here

Decal Instructions

Peel the decal attached from the backing and place on a clean dry surface in the **UPPER RIGHT** corner of your license plate. It is not necessary to remove the old decals.

The new decal must be clearly visible on the plate within the area idicated.

ALABAMA LAW REQUIRES THAT CURRENT PROOF OF LIABILITY INSURANCE COVERAGE AND A CURRENT AND VALID REGISTRATION RECEIPT BE CARRIED WITHIN THE VEHICLE.

ALABAMA LAW PROVIDES A MAXIMUM PERIOD OF 12 MONTHS TO OBTAIN AD VALOREM TAX CREDIT AFTER THE DATE A MOTOR VEHICLE IS SOLD, TRADED, TOTALLY DESTROYED, PERMANENTLY REMOVED FROM ALABAMA, STOLEN WITHOUT RECOVERY, OR OTHER TRANSFER.

YOUR POSSESSION OF THIS DOCUMENT DECLARES THAT YOU HAVE KNOWLEDGE OF FEDERAL MOTOR CARRIER SAFETY REGULATIONS AND FEDERAL HAZARDOUS MATERIALS REGULATIONS AS ADOPTED BY THE STATE OF ALABAMA. THIS NOTICE APPLIES TO ANY COMMERCIAL VEHICLE WITH GROSS WEIGHT RATING (GVWR) FROM THE MANUFACTURER EXCEEDING 10,000 POUNDS OR USED TO HAUL HAZARDOUS MATERIALS.

☐ AFFIDAVIT OF DISABILITY - UNITED STATES VETERAN
I, the undersigned, certify that I am currently evaluated by the U.S. Department of Veterans Affairs as ____ % disabled and I have previously provided this county's license plate issuing official proof from the U.S. Department of Veterans Affairs that I am a disabled veteran and entitled to the registration fee exemptions as provided in the Code of Alabama 1975.

☐ AFFIDAVIT OF NON-USE OF A MOTOR VEHICLE
I, the undersigned, am the lawful and true owner of the vehicle described on the reverse side of this document. I hereby certify, under the penalties of perjury, that this vehicle has not been used or operated on any public street, road or highway within the State of Alabama during the registration period below:
_____ through _____
I understand that Alabama law provides for an annual registration fee (license tax), collected on a staggered monthly basis for use or operation of this vehicle on public roads or highways of this State and that this "Affidavit of Non-Use" could provide an exemption from the registration fee (license tax) and/or penalty, if applicable, during the period cited above.

Owner's Signature _____   Date _____

Response from Receipt Vendor on Testing Results from Printers

1. Ricoh Aficio (model ?)....I do not have a Ricoh but I need to get one. The print on this decal had Very Good to Great adhesion. Very clean Print. I'm going to assume that the Operator was using Printer Default Setting (Original) to print this.. This is a very good print job on this decal.
2. E260d Lemark...The sample you gave me failed the adhesion test. A different SETTING would need to be used like Vinyl or Color to help melt the toner better. This is not acceptable the way it is for applying to a plate.
3. MS312 Lexmark...Good print but should be set to a Vinyl or Color Setting to allow more melt time.
4. Dell B5460....Fair but I've found that the Dell 5400 series needs to run at Vinyl Setting and No.5 toner Setting in order to be durable enough for outdoor use.

Printer Suggestions from Receipt Manufacturer

TO OUR CUSTOMERS:

Disclaimer: We cannot endorse certain laser printer manufactures because we are objective until we have actually tested the equipment. We can recommend printers that we've found in the open market that perform to the standards required for durable print on our product lines. There may be other printers out there that may work for this product line. We ask our customers that if they currently have laser printers, that we send media to them to test in it and then send it back after they test it and we will do our durability testing to qualify the printer.

Below is a short list of printers that have worked out well and passed our testing criteria. [NOTE: The problem with printers is that they constantly change. Laser Printer makers are ALWAYS upgrading systems to gain more market share. We've found laser printer makers typically put more intelligence/software and memory in the equipment for market share, but cheapen the internal engineered mechanisms for better profits. To sort out the Good from the Bad we have a Laser and Thermal Print.q1 take customer product and try it through different laser printers.

The printers that have proven to work well with our product lines are:

1. Lexmark MS710. Many large chain stores and hospitals use Lexmark's because of their durability. They work quite well and generally have 3 times the wearing-out life expectancy as comparable other manufactures. This printer past with an Exceptional print durability + factor.

2. Dell B3460,. This printer is basically made by Lexmark and Dell adds it's knowledge about software and computer interfacing. This printer has the same durability print as the Lexmark printer. Very good print durability.

3. Kyocera FS 4200: Very durable printer. Good toner anchorage. Very dependable. Good print durability.

4. Samsung 2151 and 3712: We have tested both the 3712 and 2151. Both print quite well and are low cost. The 3712 is on the declining side of models (it's about 10 years old). The 2151 is the newer substitutes but I've still found the 3712 to be more durable. . Good durability.

We found that some HP's printers do a good job but lack the anchorage on the toner portion when it comes to the decals. They may qualify for our product lines, but I would need to test such.

Laser printers change models and such all the time. We found the best advice to give to our customer is to Task Their Printer Supplier. When you have a printer or printers in mind, contact that Printer Sales Rep and have them do a demo for you using the form you want to run through it or something similar.