

Understanding Single Sticker

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From the cover story of the *Texas Dealer* February 2015 issue:

“Single Sticker” Goes Into Effect

By Danny Langfield
TIADA Deputy Director

March will bring an enormous change to the process of inspecting and registering vehicles in the state of Texas, both for dealers and for the motoring public at large. As of March 1, 2015, the state will no longer be issuing inspection stickers – a vehicle’s registration sticker will serve as proof of both inspection and registration.

According to TxDMV, there are two general steps for dealers regarding the single sticker initiative, dubbed, “Two Steps, One Sticker.” The first step is inspection. Dealers are still required to ensure that vehicles riding on a buyer’s temp tag have a current inspection (vehicles riding on a dealer temp tag are still not required to have current inspection). Once a vehicle has been inspected, the results will be entered into the state’s inspection database.

The second step is registration. When a dealer goes to transfer a vehicle at the county, the vehicle’s inspection status will be electronically verified and the buyer will be issued a registration sticker to serve as proof of inspection and registration. The date on the registration sticker is now the expiration date for both inspection and registration.

How will I know if a vehicle needs to be inspected before it is transferred?

TxDmv has stated that a tool will be made available on www.TwoStepsOneSticker.com which will allow dealers to check the date of last inspection. Dealers will enter the VIN into the look-up tool and it will return information about the type of inspection performed, the date of last inspection, and any associated fees.

The agency has also indicated that the tax office will be accessing this same database to determine the vehicle’s inspection status.

Generally, as long as the vehicle has current inspection at the time the county transfers it, no new inspection will be required. **IMPORTANT EXCEPTION:** if the inspection is due to expire the **same month** the vehicle is being transferred, a new inspection **WILL** be required. For example...

<u>Month Inspection Expires</u>	<u>Month of Transfer</u>	<u>Inspection Required?</u>
June (or earlier)	July	YES
July	July	YES
August (or later)	July	NO

What about the inspection fees?

Instead of paying the entire fee to the inspection station, part of the fee will be paid at the time of inspection, and the remainder will be paid at registration. According to TxDMV, the cost of neither inspection nor registration will increase.

Inspection fees will continue to be an acceptable line item charge on a retail installment contract, provided documentation of the actual expense to the dealer is retained (receipt from the inspection station). As always, a dealer may only include the actual charges incurred.*

What about vehicles riding on a buyer's temp tag?

As stated above, vehicles being operated on a buyer's temp tag will still be required to have current inspection. However, TxDMV has indicated that law enforcement will be made aware that such a vehicle is NOT required to have any windshield sticker. TxDMV strongly recommends that the printed vehicle inspection report be kept in the glove box until the plates and sticker are mounted.

What about vehicles riding on a metal dealer's plate?

Similar to a buyer's temp tag, vehicles being operated on a metal dealer's plate will still be required to have current inspection. Again, law enforcement is supposed to be aware that such a vehicle is NOT required to have any windshield sticker. As with a buyer's tag, although it is not required, TxDMV strongly recommends that the printed vehicle inspection report be kept in the glove box of any vehicle riding on metal dealer plates.

How will this be handled once webDEALER has been implemented for used vehicles?

As many of you know, webDEALER is an online system that will allow dealers to transfer titles from any internet-connected computer (see the article, "Coming Soon: webDEALER for Used Vehicles," from the November 2014 issue of this magazine). TxDMV states that webDEALER will calculate all fees due at the time of title and registration, including the state's portion of the inspection fee, as well as allow for a manual verification of inspection.

Additional changes starting March 1, 2016

Once "single sticker" has been fully implemented (expected to be March 1, 2016), a used vehicle sold by a dealer will be required to have been inspected in the 180 days preceding the sale date in order to be registered. (In a private sale, or registration renewal, the time period will be 90 days.)

Dealers are encouraged to visit www.twostepsonesticker.com for additional information.

From the Regulation Matters section of the *Texas Dealer* March 2015 issue:

The “Single Sticker” Dealer Dance: Fees, Contracts, TT&L

By Danny Langfield
TIADA Deputy Director

A packed media room was the scene of a press conference held February 2nd at the Capitol in Austin as various state luminaries held forth on the “Two Steps, One Sticker” initiative. As the reader is no doubt aware, this is the initiative whereby the inspection sticker is eliminated, its function replaced by the registration sticker. The program’s PR tagline is, “Kick up your heels for the new Texas Two Step!”

Based on the calls I’ve been getting here at TIADA, I am dubious that many independent dealers will be indulging in any celebratory dance steps as the program gets underway this month.

Left unaddressed amidst the pomp and circumstance of the “presser” were most of the details regarding exactly how this program will be integrated into the dealer sales process.

Last month’s Texas Dealer cover story featured a detailed description of the “single sticker” process and how it would affect dealers. That article also promised a follow up on the inspection fee, the retail installment contract, and TT&L calculations. This article is that follow up, and it will be assumed below that the reader is already familiar with the basics of the “single sticker” process.

Let’s begin with TT&L. In the good old days (prior to March 1, 2015), TT&L had nothing to do with inspection fees. Now it does. Prior to calculating title and registration fees on a transaction, a dealer will now need to visit www.twostepsonesticker.com and enter the VIN of the vehicle in the lookup tool provided. {Editor’s Note: This tool was not available at press time. TxDMV has indicated that it will be live on March 1.}

The lookup tool is meant to provide data on the last inspection type, date and whether the state’s portion of the inspection fee will be due at registration.

Do you care? Do I? We should. If the state’s portion IS due, it will be added to the title and licensing fees you normally pay at the county and will be reflected on the white slip. So, if the fee is due and you have not included it in your payment, the deal could be kicked back by the county. If you DO include the fee and it is NOT due, you have overpaid and that could slow down your transfer as well. Good times.

Ok, so what about the retail installment contract? Many RIC’s have a separate line item where the inspection fee can be listed. The OCCC has long taken the position that the inspection fee may be passed through to the customer in full, provided the dealer has documented the actual expense incurred (saved the inspection receipt).

If a dealer has paid for an inspection prior to March 1, the entire charge may be passed through on the contract as normal.

If a dealer pays for an inspection on or after March 1, the state's portion of the inspection fee will be due upon transfer. The OCCC has indicated that the portion paid by the dealer at inspection should be included in the inspection fee box on the RIC. The state's portion of the fee, which will be collected by the county at transfer, should be included on the RIC where license and registration fees are tallied. If passed through to the customer, the inspection fee receipt still must be retained, as well as the white slip from the county (which is required to be retained anyway).

What about dealers who do not pass the inspection fee through to the customer? Not a problem, but keep in mind that starting March 1, if the state's portion of the fee is due, the county will be collecting it at transfer regardless.

So, wouldn't it make sense to simply add the state's portion of the inspection fee to every deal? Unfortunately, no, as illustrated below.

Scenario One: A vehicle has been inspected after March 1, but **has not** been registered since. In this case the state's portion of the fee WILL be due when the dealer transfers at the county.

Scenario Two: A vehicle has been inspected after March 1, and **has** been registered since. In this case the state's portion of the fee WILL NOT be due when the dealer transfers at the county, since it was collected when the vehicle was registered.

Conclusion

First, dealers should be aware that, for any vehicle sold after March 1, you will need to utilize the VIN lookup tool found at www.twostepsonesticker.com to determine whether the state's portion of the inspection fee is due. This is necessary to ensure that the correct dollar amount is remitted to the county for each vehicle being transferred.

Second, it is important for dealers to bear in mind that the only fees that may be legally passed through to the customer are those that are actually incurred (and documented) by the dealer. Any overcharges (intentional or not) detected by the OCCC may result in an order to refund the customer or credit his/her account.

Postscript: Hope on the horizon...

TxDMV's webDEALER application allows a dealer to do title transfers online without ever leaving the store. This app is currently being beta tested for used vehicles and is expected to be rolled out statewide sometime this year. TxDMV has indicated that webDEALER will automatically tally all fees due (including inspection). To quote Hamlet, "'Tis a consummation devoutly to be wished..."

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Texas Independent Automobile Dealers Association

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Select one: Dealer Member Associate Member

Contact Person: _____

Address: _____

City: _____ State: _____

Zip: _____ County: _____

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Who referred you to TIADA? _____

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Mail or Fax Application To: TIADA Membership Services, 9951 Anderson Mill Rd., Suite 101, Austin, TX 78750

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