



WYOMING LEGISLATIVE SERVICE OFFICE

Research Memorandum

ADOPTION OF ELECTRONIC LIEN AND TITLE SYSTEMS IN THE UNITED STATES

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by

Clayton Caldwell, Associate Research Analyst

QUESTION: What have other states done to create electronic titling systems?

SHORT ANSWER:

States typically begin creating electronic titling systems by creating an electronic lien and title system. Twenty-eight states have implemented an electronic lien and title system, with fourteen being mandatory systems and fourteen being voluntary. Thirteen additional states, including Wyoming, have the statutory authority to create an electronic lien and title system.¹ Eight out of these thirteen states, including Montana, have enacted statutory initiatives to develop an electronic lien and title system.

DISCUSSION:

Electronic Titling and ELT Systems

Electronic titling is the act of creating, storing, and transmitting an electronic record of vehicle ownership.² Electronic titling includes multiple components like electronic lien and title (ELT), electronic vehicle registration, electronic registration and title, electronic dealer reassignments, and electronic title transfers.³ States typically begin electronic titling by creating an ELT system.⁴ An ELT system allows the state and financial institutions to exchange vehicle title information

¹ In 2009, the Wyoming Legislature passed a Joint Transportation Committee sponsored bill, SF 58, Vehicle title and registration, which added language to the Title 31 motor vehicle statutes to allow for future electronic titling.

² Carvana, *A Vision for State-to-State Electronic Titling*, 3 (2023), <https://online.visual-paradigm.com/share/book/a-vision-for-state-to-state-electronic-titling-1hle937ufw>.

³ *Id.*, 2.

⁴ Carvana, *Electronic Lien and Title (ELT) Program*, 1 (2024)

https://drive.google.com/file/d/1M2V0MSLCPiBcUIEIXVbXSlr_hAB0_wc2/view.

electronically and release security interests when vehicle loans are satisfied.⁵ An ELT system generally aims to facilitate an electronic titling process while accommodating the potential need to print a paper title when an electronic title will not suffice.⁶

Electronic titling systems provide multiple advantages compared to paper title processes, which are often hampered by extensive paperwork, delays, fraud, and title process inconsistencies across states.⁷ The benefits of using an ELT system include:

- Eliminating the costs of generating, printing, and routing a paper title at lien filing;
- Allowing for more timely lien notification delivery;
- Improving data accuracy;
- Reducing fraud risk and improving the security of the title process;
- Increasing efficiency for the lender, automobile dealer, and consumer;
- Reducing title storage and mailing costs; and
- Automating otherwise manual processes.⁸

ELT Systems in Different States⁹

Twenty-eight states have implemented an ELT system, with fourteen being mandatory systems and fourteen being voluntary. Thirteen additional states, including Wyoming, have the statutory authority to create an ELT system.¹⁰ Eight out of these thirteen states have an active statutory initiative to develop an ELT system. For a map of ELT systems in each state, see **Figure 1**.

⁵ Carvana, *A Vision for State-to-State Electronic Titling*, 3 (2023), <https://online.visual-paradigm.com/share/book/a-vision-for-state-to-state-electronic-titling-1hle937ufw>.

⁶ American Association of Motor Vehicle Administrators, *Electronic Titling Framework*, 8 (2021), https://www.aamva.org/getmedia/855615a8-b71d-4641-a422-f7706716faf2/Electronic-Titling-Framework_final.pdf.

⁷ Bobbie Frank, *Advancing Electronic Titling Initiatives*, GoWest Association, 1-2 (2023).

⁸ National Title Solutions Forum, *State ELT Implementation White Paper*, American Financial Services Association, 3 (2018),

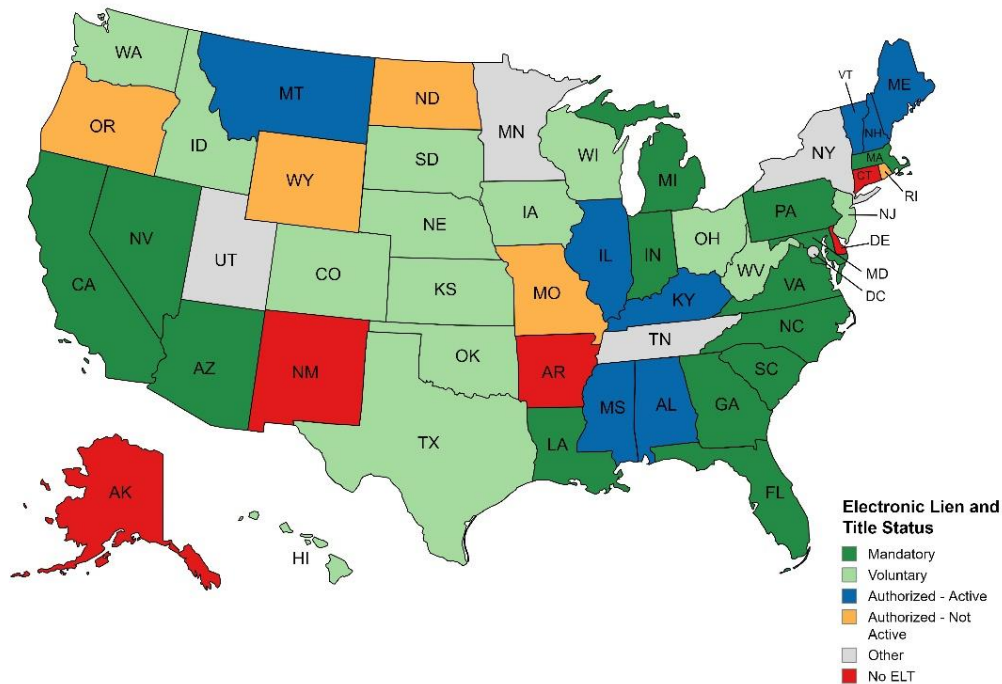
<https://www.afsaonline.org/portals/0/Meetings/State%20ELT%20Implementation%20white%20paper%20ver%203.1.pdf>.

⁹ Carvana, *Electronic Lien and Title (ELT) Program*, 2 (2024),

https://drive.google.com/file/d/1M2V0MSLCPIBcUIEIXVbXSlr_hAB0_wc2/view.

¹⁰ In 2009, the Wyoming Legislature passed a Joint Transportation Committee sponsored bill, SF 58, Vehicle title and registration, which added language to the Title 31 motor vehicle statutes to allow for future electronic titling.

Figure 1: Electronic Lien and Title Systems in Each State.



Created with mapchart.net

Source: Information compiled by LSO staff from Carvana, *Electronic Lien and Title Program* (April 2024).

This memo will provide an overview of ELT statutes in three mandatory states (Arizona, California, Nevada), four voluntary states (Colorado, Nebraska, South Dakota, and Texas), and one state (Montana) with a statutory ELT pilot program.

Mandatory ELT Systems: Arizona, California, and Nevada

Arizona, California, and Nevada each have mandatory ELT systems requiring all lienholders to participate in the system.¹¹ To participate, lienholders must become a state-approved ELT service provider or contract/enroll with a state-approved ELT service provider.^{12,13,14} The California ELT statute allows the Director of the California Department of Motor Vehicles (California DMV) to establish a business volume threshold below which a lienholder is not required to participate in the

¹¹ Ariz. Rev. Stat. § 28-2064; California Veh. Code § 4450.5(a); Nev. Rev. Stat. § 482.4285.

¹² Arizona Department of Transportation Motor Vehicle Division, *Vehicle Liens*, <https://azdot.gov/mvd/services/vehicle-services/title-and-registration/vehicle-liens> (last accessed May 8, 2024).

¹³ State of California Department of Motor Vehicles, *Electronic Lien and Title Program*, <https://www.dmv.ca.gov/portal/vehicle-industry-services/electronic-lien-and-title-program> (last accessed May 2, 2024).

¹⁴ Nevada Department of Motor Vehicles, *Electronic Lien and Title*, <https://dmv.nv.gov/elt.htm> (last accessed May 8, 2024).

ELT program.¹⁵ Additionally, California does not deny a lender a title if they are not enrolled in the California ELT Program.¹⁶ Similarly, participation in the Nevada ELT system is not required for lienholders not normally in the business of vehicle financing.¹⁷

The California DMV implements the state's ELT program while the Nevada and Arizona ELT programs are implemented by contracted third parties.¹⁸ The Nevada ELT statute includes provisions, such as audits and fee limits, to protect against predatory pricing by the ELT system contractor.¹⁹

Voluntary ELT Systems: Colorado, Nebraska, South Dakota, and Texas

Colorado, Nebraska, South Dakota, and Texas each have voluntary ELT systems.²⁰ The voluntary ELT system in each state is implemented by the state's department of motor vehicles.²¹ To participate in the Colorado, Nebraska, and South Dakota ELT systems, lienholders and lenders must enter an "established agreement" with a state-approved ELT service provider.²² In Texas, lienholders and providers must enter into a contract with the Texas Department of Motor Vehicles (Texas DMV) to participate.²³ Texas statutes specify participation in the Texas ELT system is voluntary²⁴ but also state the Texas DMV may require a lienholder to participate in the system.²⁵

¹⁵ California Veh. Code § 4450.5(b).

¹⁶ *Email from Christina King, Manager/Administrator, State of California Department of Motor Vehicles*, to Clayton Caldwell, Associate Research Analyst, Legislative Service office (May 2, 2024) (on file with author).

¹⁷ Nev. Rev. Stat. § 482.4285(6).

¹⁸ National Title Solutions Forum, *State ELT Implementation White Paper*, American Financial Services Association, 11 (2018),

<https://www.afsaonline.org/portals/0/Meetings/State%20ELT%20Implementation%20white%20paper%20ver%203.1.pdf> (Appendix 2 summarizes how ELT systems are integrated by state as indicated in each state's ELT statutes).

¹⁹ Nev. Rev. Stat. § 482.4285(4),(5).

²⁰ Colo. Rev. Stat. § 42-1-234; Neb. Rev. Stat. § 60-164; S.D. Codified Laws § 32-3-70; Tex. Admin. Code § 217.104.

²¹ National Title Solutions Forum, *State ELT Implementation White Paper*, American Financial Services Association, 11 (2018),

<https://www.afsaonline.org/portals/0/Meetings/State%20ELT%20Implementation%20white%20paper%20ver%203.1.pdf>.

²² Colorado Department of Revenue, *Colorado Electronic Lien & Title (ELT) Guide*, 3 (2023),

https://dmv.colorado.gov/sites/dmv/files/documents/CO_ELT_Guide_2023.pdf; South Dakota Division of Motor Vehicles, *South Dakota Electronic Lender Guide*, 3 (2012), <https://dor.sd.gov/media/jkbnwr0z/sd-elt-guide.pdf>;

State of Nebraska Department of Motor Vehicles, *Nebraska Electronic Lender Guide*, 1 (2024),

<https://dmv.nebraska.gov/sites/dmv.nebraska.gov/files/doc/dvr/elt/Nebraska-ELT-Guide.pdf>; South Dakota

Division of Motor Vehicles, *South Dakota Electronic Lender Guide*, 3 (2012),

<https://dor.sd.gov/media/jkbnwr0z/sd-elt-guide.pdf>.

²³ Tex. Admin. Code § 217.104(b).

²⁴ Tex. Admin. Code § 217.104(a).

²⁵ Tex. Trans. Code § 501.117(a).

Colorado, Nebraska, and South Dakota store all certificates of title electronically upon lien notation and do not provide printed title copies for lenders unless specifically requested.²⁶ Participating lienholders in Texas may request to convert an electronic title to a paper title or reassign a lien electronically to a new lienholder if the lienholder meets ELT system requirements.²⁷ The South Dakota Motor Vehicle Division can issue a printed title if the owner is relocating to another state, if the owner listed on the title is being changed, or if the titled vehicle is considered a salvage vehicle.²⁸ Upon lien satisfaction, all four states print and mail the certificate of title to the owner.^{29,30}

Statutory ELT Initiative: Montana

Montana statutes require the Motor Vehicle Division to develop and implement a pilot program for electronic title, lien filing, and registration.³¹ Montana is currently creating a comprehensive electronic titling system expected to be completed in 2025.³² The current electronic titling process allows electronic titles to be used for sales between Montana residents or in cases where a Montana dealer accepted a vehicle on trade from a titled Montana owner and sold the vehicle to another individual.³³ Paper titles are required for other transactions.³⁴

If you have any further questions, please do not hesitate to contact LSO Research at 777-7881.

²⁶ Colorado Department of Revenue, *Colorado Electronic Lien & Title (ELT) Guide*, 3 (2023), https://dmv.colorado.gov/sites/dmv/files/documents/CO_ELT_Guide_2023.pdf; State of Nebraska Department of Motor Vehicles, *Nebraska Electronic Lender Guide*, 1 (2024), <https://dmv.nebraska.gov/sites/dmv.nebraska.gov/files/doc/dvr/elt/Nebraska-ELT-Guide.pdf>; South Dakota Division of Motor Vehicles, *South Dakota Electronic Lender Guide*, 3 (2012), <https://dor.sd.gov/media/jkbnwr0z/sd-elt-guide.pdf>.

²⁷ Tex. Admin. Code § 217.104(e),(f).

²⁸ S.D. Codified Laws § 32-3-70.

²⁹ *Id.*

³⁰ Texas Department of Motor Vehicles, *Lienholders*, <https://www.txdmv.gov/lienholders> (last accessed May 8, 2024).

³¹ Mont. Code Ann. § 61-3-109.

³² *Telephone Interview with Montana Motor Vehicle Division Representative*, Representative, Montana Motor Vehicle Division (Apr. 25, 2024).

³³ Motor Vehicle Division, *Title Manual*, Montana Department of Justice, 26 (2022), <https://mvdmt.gov/wp-content/uploads/2023/11/MT-Montana-Title-Manual.pdf>.

³⁴ *Telephone Interview with Montana Motor Vehicle Division Representative*, Representative, Montana Motor Vehicle Division (Apr. 25, 2024).