

Department of Planning and Budget 2014 Fiscal Impact Statement

1. Bill Number: SB296

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron: Puckett

3. Committee: Passed Both Houses

4. Title: Motor Vehicle Dealer Board, motor vehicle dealers, and T&M vehicle dealers

5. Summary: This bill makes several fee and operational changes to provide for more efficient operations of the Motor Vehicle Dealer Board and ensure solvency of the Motor Vehicle Transaction Recovery Fund. The bill also exempts the determination of actual fees for licenses and certificates from the provisions of the Administrative Process Act.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Final. See Item #8.

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2014	-	-
2015	\$50,000	Transaction Recovery Fund*
	\$4,000	Motor Vehicle Dealer Board Fund
2016	\$50,000	Transaction Recovery Fund*
	\$4,000	Motor Vehicle Dealer Board Fund
2017	\$50,000	Transaction Recovery Fund*
	\$4,000	Motor Vehicle Dealer Board Fund
2018	\$50,000	Transaction Recovery Fund*
	\$4,000	Motor Vehicle Dealer Board Fund
2019	\$50,000	Transaction Recovery Fund*
	\$4,000	Motor Vehicle Dealer Board Fund
2020	\$50,000	Transaction Recovery Fund*
	\$4,000	Motor Vehicle Dealer Board Fund

*** The Transaction Recovery Fund is not appropriated but is carried on the books of the Commonwealth.**

8. Fiscal Implications: This “omnibus” bill includes four distinct issues.

Board representation by Department of Agriculture and Consumer Services – When the Motor Vehicle Dealer Board (MVDB) was established in 1995, statute required that a

representative of the Department of Agriculture and Consumer Services (VDACS) be a member of the Board. The consumer protection function that was at VDACS in 1995 was moved to the Office of the Attorney General effective July 1, 2012. This bill would allow the Governor to appoint a second citizen member to the Board to replace the VDACS representative.

Motor Vehicle Transaction Recovery Fund (TRF) – Automobile dealers currently pay \$250 into this fund for the first three years they are in business. This fee was established in the 1980s. When a consumer obtains a judgment of fraud against a dealer and the dealer does not pay, the consumer may apply to the TRF for relief. In FY 2013, 26 consumers received payment from the TRF. The current three-year average income for the fund has been \$132,179, with an average payout of \$163,954, jeopardizing the fund's solvency. It is estimated that increasing the fee by \$100 per year will generate \$50,000 annually for the TRF.

Exemption from requirement to promulgate regulations to set fees – The Code of Virginia currently sets the maximum fees the Board may charge dealers and salespersons for licenses and certificates. The Board must promulgate regulations to set the actual fees, a process that may take 18 months. This bill would exempt the Board from the requirement to promulgate fee regulations.

Certificates of registration - Dealers licensed in other states must secure a certificate of registration in order to sell vehicles at Virginia wholesale auctions. The registration is currently issued by the Department of Motor Vehicles. For efficiency and practicality, this legislation proposes that this registration be issued by the Motor Vehicle Dealer Board. No additional personnel would be required to assume this function. Currently there are 80 registrants that pay an annual registration fee of \$50 that is transferred to the MVDB. The bill allows the Dealer Board to set a fee for these registrations of up to \$100, generating \$4,000 annually to support agency operations.

9. Specific Agency or Political Subdivisions Affected: Motor Vehicle Dealer Board, Department of Motor Vehicles.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 3/4/14

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c: Secretary of Transportation