

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: HB1838

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Garrett

3. Committee: Transportation

4. Title: Motor vehicle dealers; bonding requirements; limitations on recoveries from Motor Vehicle Transaction Recovery Fund

5. Summary: This bill eliminates apparent contradictions between provisions of two sections dealing with the Motor Vehicle Transaction Recovery Fund and recoveries from that fund.

6. Budget Amendment Necessary: No.

7. No fiscal impact. Preliminary. See Item #8.

8. Fiscal Implications: The Motor Vehicle Transaction Recovery Fund (TRF) is a special fund with resources provided by assessments made on dealers. Dealers who have been in business for three or fewer years also carry a \$50,000 bond. Both the bond and the TRF are designed to compensate consumers who have received a judgment of fraud against a licensed motor vehicle dealer and the dealer does not satisfy the judgment. Currently, the Code is clear in that there is a limit of \$20,000 that may be paid out of the TRF per transaction.

The law as currently written could be interpreted to allow a consumer filing a claim against a dealer who has a bond to collect \$50,000 from the bond and another \$20,000 from the TRF, for a total of \$70,000. The bill clarifies that a consumer is entitled to collect no more than a total of \$20,000 between the bond and the TRF.

9. Specific Agency or Political Subdivisions Affected: Motor Vehicle Dealer Board.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/28/11

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cc: Secretary of Transportation