



Notice of Intended Regulatory Action (NOIRA) Agency Background Document

Agency name	Motor Vehicle Dealer Board
Virginia Administrative Code (VAC) citation	24 VAC 22-20-10 et seq.
Regulation title	Motor Vehicle Dealer Fees
Action title	Adjust fees
Date this document prepared	September 1, 2006

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Orders 21 (2002) and 58 (1999), and the *Virginia Register Form, Style, and Procedure Manual*.

Purpose

Please describe the subject matter and intent of the planned regulatory action. Also include a brief explanation of the need for and the goals of the new or amended regulation.

The Motor Vehicle Dealer Board (MVDB) is a Special Fund agency in that it receives no General Fund monies and operates on the fees paid by motor vehicle dealers. The current fee structure was established more than 10 years ago. When the current fee schedule was established, the financial plan was for the Board to build a surplus in revenue in the Special Fund in the first three years and those surplus revenues would cover revenue deficiencies in the last three years of the six year financial plan. A combination of lower than projected expenditures and higher than expected revenues have allowed the Board to stretch its six year plan to about ten years. Without an adjustment to the fee structure, it is projected that the agency will be close to running out of funds around January of 2008.

Legal basis

Please identify the state and/or federal legal authority to promulgate this proposed regulation, including (1) the most relevant law and/or regulation, including Code of Virginia citation and General Assembly chapter number(s), if applicable, and (2) promulgating entity, i.e., agency, board, or person. Describe the legal authority and the extent to which the authority is mandatory or discretionary.

Va Code Sections 46.2-1519 and 46.2-1546 authorize the MVDB to set fees within maximum limits. Section 46.2-1506 authorizes the MVDB to promulgate regulations.

Need

Please detail the specific reasons why the agency has determined that the proposed regulatory action is essential to protect the health, safety, or welfare of citizens. In addition, delineate any potential issues that may need to be addressed as the regulation is developed.

Licensing motor vehicle dealers and salespersons is essential to protecting consumers who purchase motor vehicles. Timely licensing of dealers and salespersons contributes to the good health of Virginia’s economy and employment. If fees are not adjusted, the MVDB would not be able to continue to provide an adequate level of service.

Substance

Please detail any changes that will be proposed. For new regulations, include a summary of the proposed regulatory action. Where provisions of an existing regulation are being amended, explain how the existing regulation will be changed.

The table below shows the maximum fees allowed by Code; the current fees and the proposed fees

	FEES		
	Maximum By Statute	Current	Proposed
Application for Dealer-operator Certificate of Qualification	\$50	\$25	\$25
Application for Salesperson Certificate of Qualification	\$50	\$25	\$25
Dealer License (Certificate):	\$300	\$200	\$250
Supplemental License	\$40	\$40	\$40
Salespersons License	\$50	\$20	\$25
Dealer license plates	\$30	\$40 for the first two plates (Two for \$40.) and \$15 for each additional plate.	\$30 for the first two plates (Two for \$60.) and \$20 for each additional plate.

NOTE: The fee for the first two dealer's plates can not be less than twenty-four dollars and the fee for additional dealer's license plates can not be less than ten dollars and forty cents each. For the first two dealer's license plates, twenty-four dollars is deposited into the Transportation Trust Fund and the remainder is deposited into the Motor Vehicle Dealer Fund. For each additional

dealer's license plate issued to a dealer, ten dollars and forty cents is deposited into the Transportation Trust Fund and the remainder is deposited into the Motor Vehicle Dealer Fund.

Alternatives

Please describe all viable alternatives to the proposed regulatory action that have been or will be considered to meet the essential purpose of the action. Also, please describe the process by which the agency has considered or will consider other alternatives for achieving the need in the most cost-effective manner.

The Code sets maximum fees that the MVDB may assess. An inquiry was made to the Office of the Attorney General, asking if the Board could vote to realign fees within the statutory limit rather than promulgating regulations. An informal response from the Office of the Attorney General indicated that the agency must promulgate regulations.

It is the belief that since it has been more than ten years since the fees have been adjusted, that the modest increases proposed will not be controversial. Towards that end, the agency is also pursuing amending these regulations via the “fast-track” option. If approval is given to amend these regulations via the fast-track option, the agency will withdraw this NORIA.

Public participation

Please indicate the agency is seeking comments on the intended regulatory action, to include ideas to assist the agency in the development of the proposal and the costs and benefits of the alternatives stated in this notice or other alternatives. Also, indicate whether a public hearing is to be held to receive comments on this notice.

The agency is seeking comments on the intended regulatory action, including but not limited to 1) ideas to assist in the development of a proposal, 2) the costs and benefits of the alternatives stated in this background document or other alternatives and 3) potential impacts of the regulation. The agency is also seeking information on impacts on small businesses as defined in § 2.2-4007.1 of the Code of Virginia. Information may include 1) projected reporting, recordkeeping and other administrative costs, 2) probable effect of the regulation on affected small businesses, and 3) description of less intrusive or costly alternative methods of achieving the purpose of the regulation.

Anyone wishing to submit written comments may do so by mail, email or fax to Bruce Gould, 2201 West Broad Street, Suite 104, Richmond, VA 23220, 804-367-1100; ext 3002; FAX: 804-367-1053; email bruce.gould@mvdb.virginia.gov. Written comments must include the name and address of the commenter. In order to be considered comments must be received by the last day of the public comment period

A public hearing will be held and notice of the hearing may be found on the Virginia Regulatory Town Hall website (www.townhall.virginia.gov) and can be found in the Calendar of Events section of the Virginia Register of Regulations. Both oral and written comments may be submitted at that time.

Participatory approach

Please indicate, to the extent known, if advisers (e.g., ad hoc advisory committees, technical advisory committees) will be involved in the development of the proposed regulation. Indicate that 1) the agency is not using the participatory approach in the development of the proposal because the agency has authorized proceeding without using the participatory approach; 2) the agency is using the participatory approach in the development of the proposal; or 3) the agency is inviting comment on whether to use the participatory approach to assist the agency in the development of a proposal.

The agency will seek advice from its list of interested parties and specifically from the two trade associations that represent motor vehicle dealers. Advice and comments will also be sought from the motor vehicle dealers through the agency's newsletter "Dealer Talk".

Family impact

Assess the potential impact of the proposed regulatory action on the institution of the family and family stability including to what extent the regulatory action will: 1) strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; 2) encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents; 3) strengthen or erode the marital commitment; and 4) increase or decrease disposable family income.

The proposal does not impact families.