

MOTOR VEHICLE ADVISORY BOARD | MINUTES

May 17, 2021 | 2:00 pm MST | Utah State Tax Commission 210 N 1950 W SLC UT 84134

Attendees	Others in attendance:	
John Watson	Allan Shinney	Wayne Jones
Stephen Wade	Larry Ball	Craig Bickmore
Kirk Shneider	Cole McAfee	Jason Bickmore
Clint Martin	Maria Islas	Mike hunter
		Alecia Hunter

Agenda topics

Call to order

Public comment (members of the public wishing to address the Motor Vehicle Advisory Board for up to three minutes)

Previous meeting minute review

Change in the advertising rules allowing vehicles that are in transit to be advertised

Removing the “and additional dealer profit” from the Documentary Service Fee Sign language

Salvage title brands

Electronic titling update

Safety inspection considerations in the 2022 legislative session

Other board member items

Adjourn

Discussion items:

Call to order

Public Comment

Prior meeting minute review

Advertising review on transit vehicles

Removing the “and additional dealer profit”

Salvage title brands

Electronic titling update

Safety inspections considerations in the 2022 legislative session

Other board member items

Adjourn

Person responsible Title:

John Watson	Board Chair
John Watson	Board Chair
Open forum	None
John Watson	Board Chair
John Watson	Board Chair
Allan Shinney	MVED Director

Minute Details:

1. Meeting called to order
2. Public comment: No public comment
3. Minutes from October 2020 approved with unanimous vote.
4. Change in the advertising rules allowing vehicles that are on transit to be advertised
5. Removing the “and additional dealer profit” from the Documentary Service Fee Sign language
6. Salvage title brands
7. Electronic titling update
8. Safety inspection consideration in the 2022 legislative session
9. Other Board Member items
10. Adjourn

Change in the advertising rules allowing vehicles that are in transit to be advertised

- Craig Bickmore - From the new car dealers of Utah is in favor of this change.
- Stephen Wade - Stated it will give dealers and the customers the opportunity to sale something that will be ready.
- John Watson - It is possible to have that on our website before the vehicles are drooped. There is confusion out there for people if we don't allow the advertising process to take place. As Stephen mentioned probably the detriment to some of the franchises. They are suffering with it we are setting with a fraction of vehicles on the lot. To have people come in come in and want a vehicle prior to obtaining is a pretty critical thing.
- Craig Bickmore - I think that piece is just language that we would couple together. We would do IV and V together; we would propose that as a rule. As an industry we would take an additional profit and would correct the ability to advertise vehicles in transit as part of the rule change.
- Wayne Jones – I haven't seen any specific language on the rules change. We've had problems in the past with the RV side, were they have advertised a unit that is never on the lot and has been working it as a bait and switch, Does the language covers that? Or do we have to something that would help determine that so we don't have a bait and switch?
- Allan Shinney – That would be my biggest concern. We would have to differentiate between customers order and resale on inventory purposes. Any time you list something and advertise it, the bait and switch is definitely in effect. Only state mandate fees can be excluded from that price. That is predominately an RV issue that could run in to some issues and fines would be administer for sure.

- Wayne Jones – Could we put not a significant date that would have to be derived by? So that they have a reality that there is a vehicle connected to that advertising fees.
- Craig Bickmore – The language can be developed to determine if it is a special order or inventory.
- Wayne Jones – This needs to be pushed out until the language is corrected. This is about inventory that is going to be stock but is not yet grounded.
- Craig Bickmore – We can change the language to cover exclusive to inventory and not customers to avoid bait and switch.
- Wayne Jones – I would suggest New and Used car associations to get together in that process and find the language that will work with MVED for the next meeting.
- Craig Bickmore – I suggest our organization, Wayne Jones, and MVED get together in the next 30 days and find the language.
- Stephen Wade – Isn't it in there anytime language is used inappropriately you have the right to remove/take that ability away?
- Allan Shinney – That is already in statute that says any rules by the administrator. If it is already in rules is separate. It needs to be clarified at the rule level.
- Wayne Jones – I think our advertising rule got some language to that extent. There might be more to review, it still can be a problem on the enforcement side. I ask to have a motion to have used and new cars association and MVED to find the correct language to facilitate the advertising rule for vehicles in transit and to remove "the additional dealer profit" from the documentary service fee sign language.
- Motion passes.
- Wayne Jones – We did a suggestion on that. We put together some proposed changes from our associations on rules and part of that was covered when advertising picture with price it must be a similar model.
- John Watson – That needs to be done in the new car side. We need to make sure new dealers put a loaded heavy duty with every option on it. In reality they are advertising the basic model with basic price.
- Wayne Jones – There is clean up stuff that is common sense. I think we have a list of that. We will reconnect on that.

Salvage Title Brands

- Wayne Jones – The result of Salvage/branded title issue is a result of a bill from Christiansen. We were going to form this committee to discuss this with all players due to covid we had to re-committee the following session. We would form a salvage vehicle task force. We have decided that interstate commerce is always going to be the difficult part. We can't control what goes in any other states, we need to make sure ours here is proper in what we are doing here. We have a meeting a week from tomorrow; we are going to start discussing solutions. We need to look at the salvage disclosure and look carefully at the insurance side even self-insure places and the enforcement side. The goal is by the 1st of September to have anything that needs to be done legislatively.

- John Watson – How do we come back to a dealership years later? Where do we drill deep enough to have the injured taken care of?
- Wayne Jones – Christiansen wants to do a required deeper dive in all vehicles. How do we focus on the ones causing problems and still protect the innocent buy standards? That can be a challenge.
- John Watson – Customer and dealer that had no input have to be protected.
- Allan Shinney – We are neutral, we enforce the law how is written. First responsibility is consumers purchase and safety of that purchase. 90% of the time the dealer that is selling it doesn't know anything about it. There is now the technology available to us that we can do it. On any vehicle that comes from out of state has a 30 day review process that is inspected. MVED has no problem getting involved the issue here is the DMV rules and regulations; they don't co-exist with our project. We have the authority to investigate any vehicle that comes from out of state is just the amount of time to make a decision that could affect one or two purchasers down the road. I am not trained on that field nor do we require it. I recommend for the board to have a separate opinion than this committee. We may not be able to stand for the find on this committee.
- John Watson – Continue to work on this committee and difficulties ultimately it needs to come back to this board to try to help with the process prior to legislation. I would suggest to work as quickly as we can, everybody can have their agenda on it.
- Wayne Jones – That is our number one item on our agenda. We are in the customer service industry not the car business and number two to protect that dealer. We need to take care of the ones that are not doing it right.
- Allan Shinney – It really comes down to the source of the vehicle. In theory if is a total loss I believe it should go through a salvage auction, there shouldn't be any vehicles floating that are declared. Rental companies that are insured and bonded they don't go through the same process. We are trying to bring two things together that are not going to co-exist; the state DMV law and procedure, they are hiding behind liability to keep a lid on it. I have to go where the facts take us.
- John Watson – Salvage titles were not an issue in my 45 years on this business. Salvage has become a really big business now, they were being cleaned and no one new about it. Most purchasers know the vehicle has been salvage but typically there is one that slips trough. We have to find a solution.
- Wayne Jones – That is the tool we need take care of what you just stated.
- Craig Bickmore – If it comes in and is a salvage title in the state of Utah it stays as a salvage title, why would we clean that?

Allan Shinney – We can now.

Wayne Jones – If it has a brand is going to keep it.

John Watson – If is adjudicated a salvage title is going to stay as a salvage title, is the ones that slip through the cracks that this would apply.

Craig Bickmore – If it has been cleaned in another state but it was salvage could we change that?

Allan Shinney – We don't re-invent the wheel, it stays clean.

Craig Bickmore – Is there a way to go back and say no?

Allan Shinney – There is a way and we do that. In 30 days we have the authority to brand that vehicle, there is also appeal rights. We do have the ability to change brands. The vehicle could have been clean in another state legally and we don't have the right to undo what they did lawfully. A lot of states are doing it. It's all about NMVTIS, Carfax, and ISO; ISO is the best data base available. This salvage quest was to protect the citizens and it has taken different directions and we are not even talking about parts cars, a lot of states are not allowing parts go in to other vehicles; this will come our way.

John Watson – We won't solve this at this board meeting today. Let's continue to press forward together in enough time to find some language and ideas to make it to the hill and use all the state codes to benefit the customer.

Wayne Jones – I will have a report for the next meeting on this.

John Watson – there are so many things that are involved. We need to have to be cautious on how we approach this and we also cannot destroy two or three industries in the process.

Wayne Jones – If we end up doing legislation and it comes for the dealers association or the board meeting, we can tell the legislators we did our diligence here and all the different industries involved.

Electronic Titling Update

- Craig Bickmore – We have been working with DMV, MVED, and also DMS providers. We have a meeting set up for the 13th of July. In the process in moving to the next step from what we've already done is to see if we can now integrate back in to the DMS system so the open architecture the state has already made it favorable and the way it adds up, that we can hopefully integrate that.
- Allan Shinney – I think this is the way to go. Is logical and it makes a lot of sense. This is a first defense to protect the vehicle that is coming in to our state for new and used. I believe in a year we may have it, we'll know more after this upcoming meeting.
- Stephen Wade – Allan in one minute was able to change my staff's opinions on this change. It will take some training for it to be sufficient.
- Craigh Bickmore – There is a lot of things that come after this, this is just one step to get to the E-titling.

Safety Inspections Considerations in the 2022 Legislative Session

- Jason Bickmore – There is a meeting this week with legislator to talk about this issue. We New car Dealers of Utah would like to see this come back; we think there is value in having inspections and having people be held accountable for the safety of their cars and for the overall benefit of the motoring public. We will provide input on that and a thought process to that conversation and to be involved in that legislation and see where it goes. We can report back.

- John Watson – Do you have a lot of people that want to see that comeback? I think the used dealerships are interested on this.
- Allan Shinney – Safety inspection is a valuable thing. This is not a dealership issue. The inspections for salvage have to be separated. There should be a paper inspection on salvage, frame inspection, and inspections on parts being used. MVED has always supported safety inspections, it needs to be fairly categorized. We should as a board stay neutral until a decision is made.
- Jason Bickmore – A lot of people are unaware of circumstances on their vehicles without that inspection.
- Wayne Jones – We cannot expect highway to enforce if a vehicle is good enough to be driven. There needs to be a stop to that. We have put more dangerous cars on the roads since this law was changed than ever before. Let's make sure we are giving the appropriate information.
- Craig Bickmore - We had a study that came from the state of Pennsylvania 80+ page document about their experience with safety inspections, that was not even consider. People did not want safety inspections. I am sure unless there is a fatality highway will investigate.
- John Watson - I would say because of this change there has been loss of lives out there in the state of Utah.
- Wayne Jones - I think there is a great deal of knowledge that is not out in the public even among the dealers. We need enforcement on that for the public selling vehicles we need to have the right structure for it to pass. We need to have the right structure for it to pass.
- John Watson - I encouraged to work on that.
- Allan Shinney - One thing to consider is that every state that has lost safety inspection has not been able to bring that back.
- John Watson - Highway patrol is making more information available on vehicles that are not passing like that they never did before. I think we're going to see more reporting on the public safety which will hopefully help our cause.

Bonds

- John Watson - I think Allan has a comment about bonds.
- Allan Shinney- I would like to introduce our new office manager Maria Islas, she has been with us since 2013 she comes from her license in section.
- Wayne Jones- In previously legislation there has been a pressure to put the bond amount up and up, we are not fixing any of the symptoms. Where is all the money going for the bonds? With the number of dealers we have and with the premium paying we are praying about 1.3 to \$1.5 million dollars in the pockets of insurance companies. I think we can do a program in Utah where we can keep and utilize all the money that dealers have been paying. We should be able to keep that money for the state of Utah to use. 30 to 40% goes to agent's commission, court decides the amount of insurance companies pay out. The insurance company goes after the violator for restitution that is why they are always held harmless. Why not fund bonds in a different way by a small increase in temporary permit, 3 to 5 dollars increase that would

generate the same amount a dealer is paying in bond premium. We can put a program in place to have a dealer generate funds to have claims cover and to include dealer education to be available. We need to do more in the customer advertising and understand how to buy its going to reduce the number of claims. We would only charge where that money goes for pay of loss. Separate funds adding someone from the AJ's office.

- Stephen Wade - Whatever is at the end of the year we can return that.
- Wayne Jones - It would allow us to increase that 75,000 to maybe 80,000 90,000 or 100,000 or were we need this and naturally progress. We could reduce the number of claims by those two educations complements.
- Allan Shinney - It would lapse funds. Is not any different on how our division is operated. We don't get any general fund money we are self-funded by the temporary permit money. If we go into recession I will have to lay people off and more complaints are going to come in. It will exasperate your funds really quick. That needs to be taken into account if we going to research and there is going to be a distribution problem.
- John Watson - It would make really good sense if you could couple with ideas that there are ups and downs in our industries.
- Wayne Jones - I like that it will provide flexibility in the ups and downs. It goes far by increasing one dollar there's a lot of details.
- John Watson - It will be terrible to take from dealers that is the cost.
- Wayne Jones - I found in my research the state requires the bond companies to report balance to Allan's office but they're not doing that.
- Allan Shinney - They might be thinking that they are sufficing that by reporting it to the courts. Courts distributes the bond money. We're trying to open our own security business and we were denied a license by commerce because we are exempt being police officers. Maybe there should the more criteria on becoming a dealership, in about three years a lot of the new dealers are out. Merit to be signed on the increase of the amount on the bonds.
- Wayne Jones - This is a new path to address all title issues.
- John Watson - We need to come up with ideas to optimal our business.
- Wayne Jones - I can do a report for you for the next meeting.
- Allan Shinney - This is going to make some people upset. There is definitely a difference between new and used dealers in the state of Utah. That needs to be addressed.
- Wayne Jones - We just need to combine the right process and information. Would like to have a bill this common session.
- John Watson - Everybody needs to know what we are trying to do.
- Wayne Jones - there is also a major component with lien holders. There needs to be some responsibility in financial institutions.

Renewals and resignation of John Watson

- John Watson - I applaud the portal for renewals, it is a simple process that simplifies renewals.

- Allan Shinney - We have a step by step on our MVED.UTAH.GOV website to help with renewals.
- John Watson - I resigned from the board of directors in the last meeting. I would tender my resignation. I am no longer a dealer in the state of Utah.
- I propose Stephen Wade be Chair of the Advisory Board.
- Stephen Wade - Accepts to be the Chair of the Advisory board.
- Motion passes.

Meeting adjourned. _