

ARKANSAS MOTOR VEHICLE COMMISSION

Enabling Laws

Act 128 of 2016
Act 388 of 1975 as amended
A.C.A. § 23-112-101 et seq.

History and Organization

The Arkansas Motor Vehicle Commission, funded by special revenue, was created under Act 388 of 1975 by the Seventieth General Assembly of the Arkansas Legislature in Regular Session. Rule I, Rule II and Regulation I were adopted and made part of the act on July 1, 1976 in accordance with the Administrative Procedures Act. In enacting Act 388 of 1975, the Legislature felt a need to exercise the state's police power to ensure a sound system of distributing and selling new motor vehicles through licensing and regulating the manufacturers, distributors, their branch offices and representatives and franchised dealers and salesmen operating within the State of Arkansas. In adopting Rule I and II, the Commission's general organization and hearing procedures were outlined. Regulation I, now Rule 3, is the Commission's attempt to define false and misleading advertising, classified as unauthorized acts under Subsection A, Section 5 in Act 300 of 1975. Act 838 of 1977 was enacted by the Seventy-First General Assembly in Regular Session. Act 838 of 1977 was approved by the Legislature in order to allow the Commission to seek injunctions to prevent violations of the Arkansas Motor Vehicle Commission Act or any Rule or Regulation subsequently adopted.

The objectives of the Arkansas Motor Vehicle Commission, under current statutory authorization, are to administer the requirements connected with the distribution of motor vehicles within the State of Arkansas in a fair and impartial manner, while being consistent in its interpretation of the persons required to be licensed. Act 388 of 1975 affords protection for the franchised dealer relative to attempts by manufacturers and distributors to coerce, intimidate, terminate or threaten to terminate without due cause contractual agreements in existence between the two parties.

Consumer complaints on vehicles covered by the original factory warranty are received and processed in accordance with the statutory authority given the Commission under Act 388 (6)(A)(10) of 1975, Section 6A (10), which provides grounds for suspension or revocation of licenses when warranty responsibilities are not fulfilled by manufacturers and distributors to the detriment of the public welfare.

Acts 620, 645, and 633 of 1987 reduced the number of wheels under the Motor Vehicle Commission Law definition motor vehicles from four (4) to two (2) which required dealers selling new Motorcycles and ATVs to be licensed and regulated by the Commission. Act 1058 of 1985

required the Motor Vehicle Commission to license and regulate all used car dealers and salesmen in the State. Act 169 of 1989 removed the used car dealers and salesmen from the Commission's legal jurisdiction. Act 568 of 1995 removed Wholesalers and Auto Auctions from the Commission's published Act and allowed the Commission's first fee increase since inception.

Act 1154 of 1997 permitted reciprocity with Motor Vehicle Commissions of other states with regard to Motor Vehicle Shows, provided procedures concerning warranty agreements and clarified various definitions.

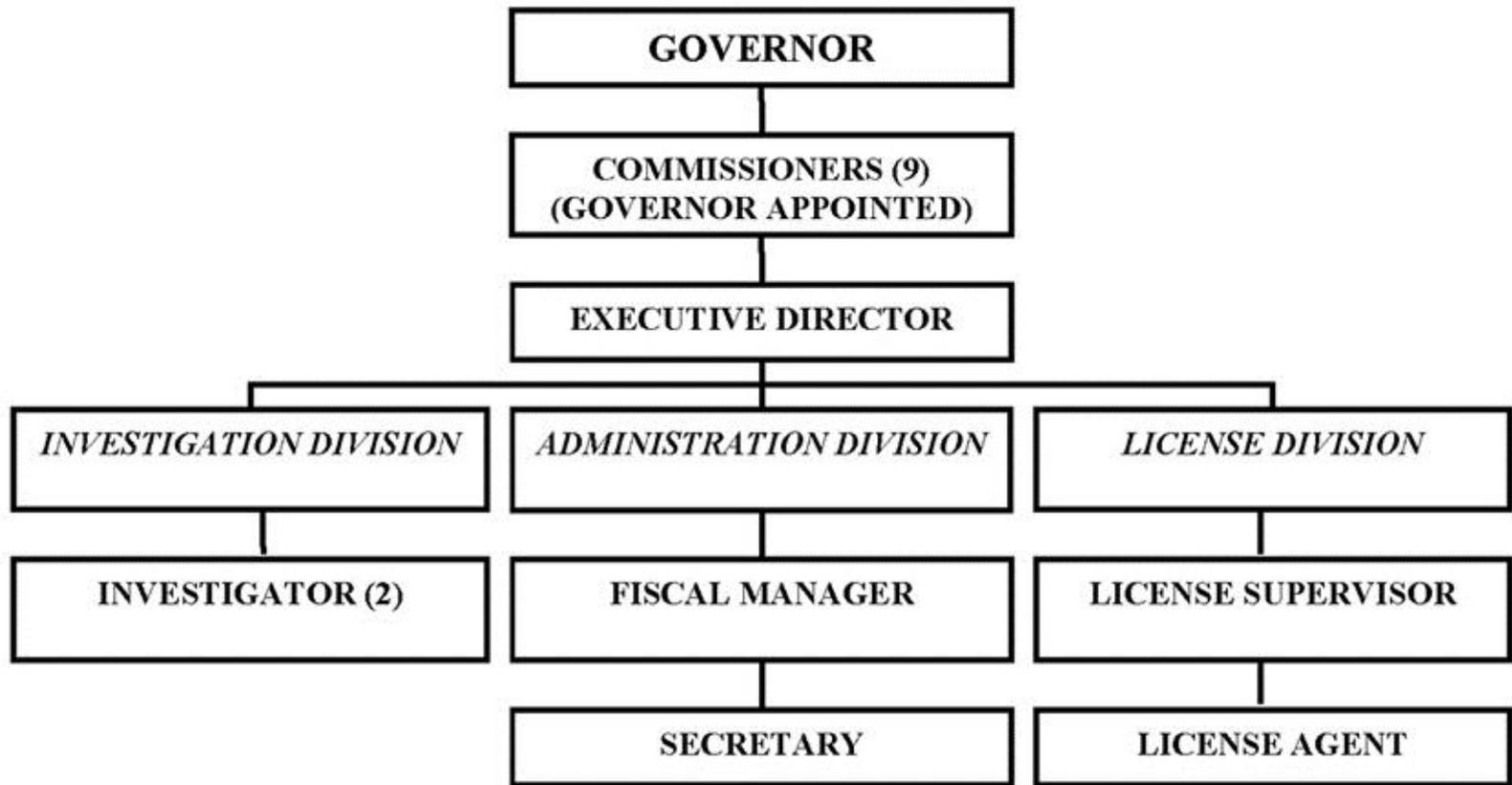
Act 1042 of 1999 primarily amended Subchapter 4, pertaining to unlawful practices by Manufacturers/Distributors.

Act 1053 of 2001 added the definition of ATVs and clarified various definitions. Act 1600 of 2001 provided for motor vehicle dealer Documentary Fees and authorized the Commission to promulgate rules and regulations to implement, enforce and administer the enabling section.

Act 1722 of 2003 authorized the Commission to promulgate rules and regulations to set a reasonable limit on the amount to be charged for a Documentary Fee. Act 1098 of 2003 amended the definition of an ATV, and added motor scooters to the definition of a motor vehicle. Act 1027 of the Second Extraordinary Session of 2003 added Section 106 to Subchapter 1 of the Arkansas Motor Vehicle Commission Act, enabling enforcement by the Commission under certain conditions.

Act 1687 of 2005 established procedures for the delivery prior to sale of a motor vehicle to a consumer.

Act 235 of 2007 provides an exemption for special motorcycle events to allow dealers to display and sell motorcycles at special events that have significant positive economic impact on an area. Act 366 of 2007 amends the Motor Vehicle Consumer Protection Act regarding fees charged for handling and processing the sale or lease of a vehicle. The maximum fee charged can be no more than \$129. Act 746 of 2007 amends the Motor Vehicle Commission Act § 23-112-101 et seq.



Agency Commentary

The Commission is a Special Revenue agency with funding derived solely from license fees, penalties, and fines collected from new motor vehicle manufacturers, distributors, factories and branches, as well as representatives, dealers, sales personnel and motor vehicle lessors. The Commission receives no General Revenue funds.

The Commission is requesting Base Level appropriation and funding for the 2017-2019 Biennium. This base level request is the result of continued growth in the Commission's licensee base and the full implementation of the Education and Training Grant Program. This increased work load, which is being distributed among existing Commission staff, necessitates maintaining the base level funding request.

Additionally, the agency is requesting an increase in its Capital Outlay appropriation for the purchase of two (2) replacement vehicles over the biennium. The amount requested is based on the current vehicle contract price with a slight increase for according to the Office of Procurement and includes \$20,500 for one (1) replacement vehicle for FY18 and \$20,500 for one (1) replacement vehicle for FY19. These vehicles will replace agency vehicles which will meet the Department of Finance and Administration vehicle use and management replacement criteria.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS MOTOR VEHICLE COMMISSION
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2016

None

Employment Summary

	Male	Female	Total	%
White Employees	2	1	3	50 %
Black Employees	1	2	3	50 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			3	50 %
Total Employees			6	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
7	5	2	7	0	28.57 %	7	6	1	7	0	14.29 %	7	6	1	7	0	14.29 %

Analysis of Budget Request

Appropriation: 048 - Arkansas Motor Vehicle Commission

Funding Sources: SAB - Arkansas Motor Vehicle Commission Fund

The Motor Vehicle Commission uses the resources authorized in this appropriation to regulate and license new car manufacturers, dealers, and salesmen doing business in Arkansas. Funding for this special revenue appropriation is derived from license fees paid by automobile salesmen, dealers, manufacturers, and manufacturers' representatives pursuant to A.C.A. §23-112-101 et seq.

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. The Base Level request for Regular Salaries includes board member stipend payments.

The Agency is requesting a Change Level request in Capital Outlay of \$20,500 each year of the 2017-2019 Biennium. The request is needed for the purchase of two replacement vehicles.

The Executive Recommendation provides for the Agency Request for Capital Outlay to replace aging, high mileage vehicles in accordance with A.C.A. §22-8-201 et seq., Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement.

Appropriation Summary

Appropriation: 048 - Arkansas Motor Vehicle Commission

Funding Sources: SAB - Arkansas Motor Vehicle Commission Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	268,947	310,857	286,426	311,557	311,557	311,557	311,657	311,657	311,657
#Positions		6	7	7	7	7	7	7	7	7
Personal Services Matching	5010003	94,610	103,004	98,457	104,860	104,860	104,860	104,883	104,883	104,883
Operating Expenses	5020002	104,714	181,197	181,197	181,197	181,197	181,197	181,197	181,197	181,197
Conference & Travel Expenses	5050009	1,679	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Professional Fees	5060010	722	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Grants and Aid	5100004	149,449	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Capital Outlay	5120011	0	0	0	0	20,500	20,500	0	20,500	20,500
Total		620,121	757,558	728,580	760,114	780,614	780,614	760,237	780,737	780,737
Funding Sources										
Fund Balance	4000005	2,349,123	2,275,104		2,037,546	2,037,546	2,037,546	1,797,432	1,776,932	1,776,932
Special Revenue	4000030	546,102	520,000		520,000	520,000	520,000	520,000	520,000	520,000
Total Funding		2,895,225	2,795,104		2,557,546	2,557,546	2,557,546	2,317,432	2,296,932	2,296,932
Excess Appropriation/(Funding)		(2,275,104)	(2,037,546)		(1,797,432)	(1,776,932)	(1,776,932)	(1,557,195)	(1,516,195)	(1,516,195)
Grand Total		620,121	757,558		760,114	780,614	780,614	760,237	780,737	780,737

FY17 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2015-2017 Biennium.

Change Level by Appropriation

Appropriation: 048 - Arkansas Motor Vehicle Commission
Funding Sources: SAB - Arkansas Motor Vehicle Commission Fund

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	760,114	7	760,114	100.0	760,237	7	760,237	100.0
C01	Existing Program	20,500	0	780,614	102.7	20,500	0	780,737	102.7

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	760,114	7	760,114	100.0	760,237	7	760,237	100.0
C01	Existing Program	20,500	0	780,614	102.7	20,500	0	780,737	102.7

Justification

C01	The agency is requesting an increase in Capital Outlay appropriation for the purchase of two (2) replacement vehicles over the biennium. The amount requested is based on the current vehicle contract price with a slight increase for according to the Office of Procurement and includes \$20,500 for one (1) replacement vehicle for FY18 and \$20,500 for one (1) replacement vehicle for FY19. These vehicles will replace agency vehicles which will meet the Department of Finance and Administration vehicle use and management replacement criteria.
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