

ARKANSAS MOTOR VEHICLE COMMISSION

Enabling Laws

Act 169 of 2012
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.

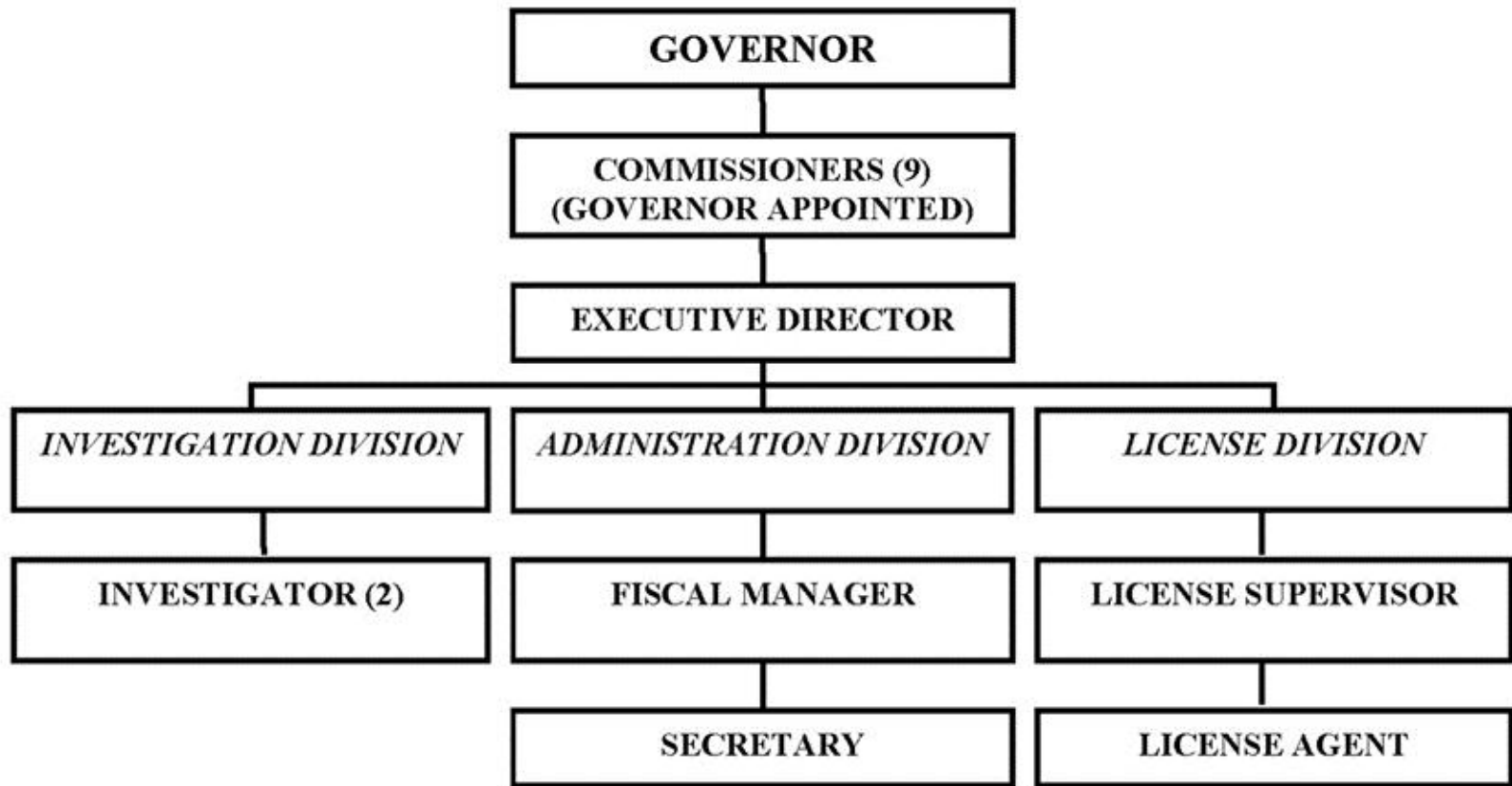
Act 1042 of 1999 primarily amended Subchapter 4, pertaining to unlawful practices by Manufacturers/Distributors.

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

Funding for this Special Revenue appropriation is derived solely from license fees 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 for the 2013-2015 biennium, as well as Capital Outlay in the amount of \$40,000 to replace two (2) vehicles when necessary in FY14.

In order to improve the utilization of motor vehicle education and training funds, the Commission is requesting the Fund Transfer - Motor Vehicle Education and Training special language be removed and a Grant program be created for secondary and post-secondary institutions that offer motor vehicle education and training. Total amount per fiscal year not to exceed \$150,000 in each FY14 and FY15.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS MOTOR VEHICLE COMMISSION
 FOR THE YEAR ENDED JUNE 30, 2010

Findings	Recommendations
None	None

State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

Employment Summary

	Male	Female	Total	%
White Employees	2	3	5	83 %
Black Employees	1	0	1	17 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			1	17 %
Total Employees			6	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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	6	1	7	0	14.29 %	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 includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases. Base Level is \$595,036 for the 2013-2015 Biennium.

A Grants and Aid appropriation of \$150,000 is requested each year of the biennium to create a Grant program for secondary and post-secondary institutions that offer motor vehicle education and training for both FY14 and FY15. This grant program replaces the Motor Vehicle Education and Training program provided by the Fund Transfer special language. The special language allows for transfers to the Department of Workforce Education Fund Account to provide funds for expenses related to motor vehicle education and training.

The Commission is requesting an appropriation increase in Capital Outlay of \$40,000 to replace two (2) vehicles when necessary in FY14.

The Executive Recommendation provides for the Agency Request.

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			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	288,024	300,954	310,318	301,654	301,654	301,654	301,654	301,654	301,654
#Positions		6	7	7	7	7	7	7	7	7
Personal Services Matching	5010003	93,249	97,763	93,991	99,685	99,685	99,685	99,685	99,685	99,685
Operating Expenses	5020002	116,872	181,197	181,197	181,197	181,197	181,197	181,197	181,197	181,197
Conference & Travel Expenses	5050009	200	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Professional Fees	5060010	3,330	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	0	0	0	0	150,000	150,000	0	150,000	150,000
Capital Outlay	5120011	0	18,000	18,000	0	40,000	40,000	0	0	0
Total		501,675	610,414	616,006	595,036	785,036	785,036	595,036	745,036	745,036

Funding Sources										
Fund Balance	4000005	2,420,175	2,345,370		2,104,956	2,104,956	2,104,956	2,029,920	1,839,920	1,839,920
Special Revenue	4000030	496,077	520,000		520,000	520,000	520,000	520,000	520,000	520,000
Transfer to Workforce Ed	4000682	(69,207)	(150,000)		0	0	0	0	0	0
Total Funding		2,847,045	2,715,370		2,624,956	2,624,956	2,624,956	2,549,920	2,359,920	2,359,920
Excess Appropriation/(Funding)		(2,345,370)	(2,104,956)		(2,029,920)	(1,839,920)	(1,839,920)	(1,954,884)	(1,614,884)	(1,614,884)
Grand Total		501,675	610,414		595,036	785,036	785,036	595,036	745,036	745,036

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 biennium.

Change Level by Appropriation

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

Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	595,036	7	595,036	100.0	595,036	7	595,036	100.0
C01	Existing Program	40,000	0	635,036	106.7	0	0	595,036	100.0
C02	New Program	150,000	0	785,036	131.9	150,000	0	745,036	125.2

Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
BL	Base Level	595,036	7	595,036	100.0	595,036	7	595,036	100.0
C01	Existing Program	40,000	0	635,036	106.7	0	0	595,036	100.0
C02	New Program	150,000	0	785,036	131.9	150,000	0	745,036	125.2

Justification

C01	The Commission is requesting \$40,000 of Capital Outlay appropriation in FY2014 to replace two vehicles when necessary.
C02	The Commission requests \$150,000 of appropriation in a Grants/Aid line item for FY2014 and FY2015 to improve the utilization of motor vehicle education and training funds by creating a grant program for secondary and post-secondary institutions that offer motor vehicle education and training.