

COMMITTEE
MEETING
MINUTES

February 12, 2024



**TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE
DIVISION OF REGULATORY BOARDS
MOTOR VEHICLE COMMISSION
500 JAMES ROBERTSON PARKWAY, 2ND FLOOR
NASHVILLE, TENNESSEE 37243-1153
FAX (615) 741-0651 (615) 741-2711**

**TENNESSEE
MOTOR VEHICLE COMMISSION
COMMITTEE MINUTES**

DATE: February 12, 2024

PLACE: Room 1-A, Davy Crockett Tower

PRESENT: Commission Members:
Sandra Elam
John Barker
Debbie Melton
Farrar Vaughan
John Roberts
Karl Kramer
Eleni Speaker
Nelson Andrews
Tim Copenhaver
Charles West

Executive Director, Denise Lawrence called the roll. A quorum was established.

MEETING NOTICE: Notice advising the Commission of the time, date and location of the meeting being posted on the Tennessee Motor Vehicle Commission website and that it has been included as part of the year's meeting calendar was read into the record by Executive director, Denise Lawrence.

CALL TO ORDER: Chair of Audit Committee, Debbie Melton called the meeting to order at 10:00 am.

AGENDA: Chairperson Debbie Melton, requested the Commission review the agenda. Commissioner Barker made a motion to adopt the Agenda, Seconded by Commissioner Nelson. Chairperson Melton called for a roll call vote.

ROLL CALL

Debbie Melton	YES
Nelson Andrews	YES
Eleni Speaker	YES
Karl Kramer	YES
John Barker	YES
John Roberts	YES

MOTION CARRIED

AUDIT COMMITTEE

Chairperson Debbie Melton conveyed to the Audit Committee, the materials being presented represented the budget closing documents for FY20, FY21, FY22 and FY23. The document was reflective of the Commission's actual expenditures and revenue. Additionally, documents were presented entitled Motor Vehicle Commission (#3) which represented a projection for expenditures and revenue for FY24, FY25, FY26 and FY27. As is reflected in the projection document, without benefit of raising licensing fees, the MVC will exhaust its existing reserve and be insolvent by FY26. Chairperson Melton called for questions regarding the documents. Questions regarding the presented information was discussed. Absent additional questions, the Chair entertained a motion to adopt the budget projections as presented sans fee increase and recommend that the rules committee consider raising our fees.

Expenditure Document

REGULATORY BOARDS EXPENDITURES For Fiscal Years 2020-2023				
	FY19-20	FY20-21	FY21-22	FY22-23
EXPENDITURES BY OBJECT	MOTOR V	MOTOR V	MOTOR V	MOTOR V
Regular Salaries and Wages (70100)	\$ 314,381	\$ 349,269	\$ 345,078	\$ 375,151
Longevity (70102)	9,224	7,600	14,111	14,745
Overtime (70104)	-	-	-	-
Employee Benefits (702)	138,376	154,664	153,657	163,961
Payroll Expenditures	461,981	511,532	512,846	553,857
Travel (703)	4,741	-	4,206	3,114
Printing, Duplicating & Film Proc. (704)	-	-	-	15,100
Utilities and Fuel (705)	-	-	-	-
Communications & Shipping (706)	16,457	20,823	11,018	12,091
Maint., Repairs and Svcs by Others (707)	-	-	-	-
Third Party Prof. & Admin. Svcs (708)	22,477	33,460	24,988	36,717
Supplies and Office Furniture (709)	292	86	-	-
Rentals and Insurance (710)	433	142	-	-
Motor Vehicle Operation (711)	-	-	-	-
Awards and Indemnities (712)	-	-	-	-
Grants and Subsidies (713)	-	-	-	-
Unclassified Expenses (714)	-	-	-	-
Training of State Employees (721)	-	-	5,335	175
Computer Related Items (722)	2,496	-	1,293	61
State Prof. Svcs. (725)	1,207,665	1,295,446	1,272,312	1,666,878
Total Other Expenditures	1,254,562	1,349,957	1,319,152	1,734,136
GRAND TOTAL	1,716,542	1,861,490	1,831,997	2,287,992
Cost Backs (included in Account 726 in FY20 & FY21):				
Administration	174,028	165,230	140,276	152,782
Investigation	295,143	329,348	365,360	585,732
Legal	305,987	364,843	284,741	421,987
Field Enforcement	213,986	233,903	250,750	342,824
Customer Service Center	71,195	81,903	81,650	86,074
Centralized Complaints	51,129	40,490	45,806	63,458
Total Cost Backs	1,111,469	1,216,317	1,168,583	1,652,857
TOTAL EXPENDITURES	1,716,542	1,861,490	1,831,997	2,287,992
Licensing Revenue	1,520,341	2,074,879	1,493,621	2,050,713
Case and Complaint Revenue	99,957	118,350	138,100	98,275
Less: State Regulatory Fee	108,360	113,650	103,610	117,600
Net Revenue	1,511,937	2,079,579	1,528,111	2,031,388
FISCAL YEAR BALANCE	(204,605)	218,089	(303,887)	(256,605)
PRIOR FISCAL YEAR RESERVE	2,374,776	2,170,171	2,234,169	1,930,282
RESERVE BALANCE	2,170,171	2,388,261	1,930,282	1,673,677
CORE Expense	-	154,092	-	-
RESERVE BALANCE AFTER CORE EXPENSE	2,170,171	2,234,169	1,930,282	1,673,677

Projection Document

Motor Vehicle Commission

	Actual Expenditures and Revenues			Estimated	Projected Expenditures and Revenues		
	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
Payroll	\$511,532	\$512,846	\$553,857	\$570,472	\$587,587	\$605,214	\$623,371
Operational	\$1,349,958	\$1,319,152	\$1,734,136	\$1,786,160	\$1,839,745	\$1,894,937	\$1,951,785
Other - extraordinary	\$154,092	\$0	\$0	\$53,734	\$0	\$0	\$0
Total Expenditures	\$2,015,582	\$1,831,997	\$2,287,992	\$2,410,366	\$2,427,331	\$2,500,151	\$2,575,156
Revenue	\$2,079,579	\$1,528,111	\$2,031,388	\$1,500,000	\$2,000,000	\$1,500,000	\$2,000,000
Net	\$63,996	(\$303,887)	(\$256,605)	(\$910,366)	(\$427,331)	(\$1,000,151)	(\$575,156)
Cumulative Reserve	\$2,234,168	\$1,930,281	\$1,673,677	\$763,311	\$335,980	(\$664,171)	(\$1,239,327)



MVC – Budget Overview

- ❖ The Commission receives approximately 95% of its operating revenue from licensing fees with the remaining 5% derived from penalties assessed through the complaint process.
- ❖ Commission licenses run on two-year cycles, typically operating at a deficit in even years and a surplus in odd years when our higher priced licenses (Manufacturer, Distributor, Auctions) all renew.
- ❖ In FY20-21 the Commission realized a net gain of \$218,089 resulting in a total reserve balance of \$2,234,169 after technology fees were assessed.
- ❖ In FY21-22 the Commission incurred a deficit of \$303,887 resulting in a reserve balance of \$1,930,282.
- ❖ In FY22-23 the Commission had a deficit of \$256,605 resulting in a reserve balance of \$1,673,677.
- ❖ Our current fee structure established by rule in 2010 is as follows:

License Type	Fee		Adjusted Fee @ 50% increase
➤ Salesman	\$ 35	➡	\$ 50
➤ Dealer	\$ 400	➡	\$ 600
➤ RV Dealer	\$ 400	➡	\$ 600
➤ Dismantler/Recycler	\$ 400	➡	\$ 600
➤ Auctions	\$ 800	➡	\$ 1,200
➤ Manufacturer/Distributor	\$ 1,600	➡	\$ 2,400
➤ Representatives	\$ 400	➡	\$ 600
➤ RV Manufacturers	\$ 1,600	➡	\$ 2,400
➤ Mfg fee per franchise dealer	\$ 50	➡	\$ 75



MOTOR VEHICLE COMMISSION

	Actual Expenditures and Revenues			Estimated	Projected Expenditures and Revenues with Fee Increase 50%		
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Payroll	\$511,532	\$512,846	\$553,857	\$570,472	\$587,587	\$605,214	\$623,371
Operational	\$1,349,958	\$1,319,152	\$1,734,136	\$1,786,160	\$1,839,745	\$1,894,937	\$1,951,785
Other - extraordinary	\$154,092	\$0	\$0	\$53,734	\$0	\$0	\$0
Total Expenditures	\$2,015,582	\$1,831,997	\$2,287,992	\$2,410,366	\$2,427,331	\$2,500,151	\$2,575,156
Revenue	\$2,079,579	\$1,528,111	\$2,031,388	\$1,500,000	\$3,047,081	\$2,250,000	\$3,138,494
Net	\$63,996	(\$303,887)	(\$256,605)	(\$910,366)	\$619,750	(\$250,151)	\$563,338
Cumulative Reserve	\$2,234,168	\$1,930,281	\$1,673,677	\$763,310	\$1,383,060	\$1,132,909	\$1,696,247

Chairperson Debbie Melton, called for a motion to adopt the budget projections as presented without the fee increase and recommended that the rules committee consider raising the licensing fees. Commissioner Barker made a motion to adopt as presented, Seconded by Commissioner Kramer. Chairperson Melton called for a roll call vote.

ROLL CALL

Debbie Melton	YES
Nelson Andrews	YES
Eleni Speaker	YES
Karl Kramer	YES
John Barker	YES
John Roberts	YES

MOTION CARRIED

RULES COMMITTEE

Chair, Farrar Vaughan address the members of the Rules Committee and asked if there were questions regarding the budget closing docs and the projections without benefit of a fee increase.

Chairperson Vaughan then drew the Committee's attention to the Budget Overview with Fee increase document. This document represents staff's recommendation for a 50% across the board fee increase for all licensees. The Chair went on to say the second page in this document reflected revised projections with the implementation of the proposed fee increase. The specific changes were provided in the redline document for the rulemaking hearing. Chairperson Vaughan deferred to the program attorney, Neil Stauffer for further explanation.

Mr. Stauffer reviewed several proposed rule changes with the Committee. The proposed rule changes were:

- **Rule 0960-01-.06 NOTICE OF TERMINATION, CANCELLATION OR NON-RENEWAL**
- **0960-01-.11(4) INSPECTION OF BUSINESS RECORDS**
- **Rule 0960-01-.11(4)(a) INSPECTION OF BUSINESS RECORDS**
- **Rule 0960-01-.11(4)(b) INSPECTION OF BUSINESS RECORDS**
- **Rule 0960-01-.14 LICENSE FEES**
- **Rule 0960-01-.23 MAIL FROM COMMISSION AND COMPLAINTS**

Chairperson Vaughan called for discussion of the proposed rule changes. The Committee discussed each proposal at length. Chairperson Vaughan then called for a motion to approve the rule amendments as presented. Commissioner Elam made a motion to adopt the staff recommendations and full redline as presented by legal counsel, seconded by Commissioner Kramer. Chairperson Vaughan called for a roll call vote.

ROLL CALL VOTE

Charles West	YES
Sandra Elam	YES
Tim Copenhaver	YES
Farrar Vaughan	YES
Karl Kramer	YES
John Roberts	YES

MOTION CARRIED

NOTICE OF RULEMAKING HEARING - REDLINE

Department of State Division of Publications 312 Rosa L. Parks Ave., 8th Floor, Snodgrass/TN Tower Nashville, TN 37243 Phone: 615-741-2650 Email: publications.information@tn.gov	For Department of State Use Only Sequence Number: _____ Notice ID(s): _____ File Date: _____
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Notice of Rulemaking Hearing – REDLINE

Hearings will be conducted in the manner prescribed by the Uniform Administrative Procedures Act, T.C.A. § 4-6-204. For questions and copies of the notice, contact the person listed below.

Agency/Board/Commission:	Tennessee Motor Vehicle Commission
Division:	Regulatory Boards
Contact Person:	Nell Stauffer
Address:	500 James Robertson Parkway, Nashville, Tennessee
Phone:	(615) 347-8480
Email:	Nell.Stauffer@tn.gov

Any individuals with disabilities who wish to participate in these proceedings (to review these filings) and may require aid to facilitate such participation should contact the following at least 10 days prior to the hearing:

ADA Contact:	Don Coleman
	500 James Robertson Parkway
	Davy Crockett Tower
Address:	Nashville, TN 37243
Phone:	(615) 741-0481
Email:	Don.Coleman@tn.gov

Hearing Location(s) (for additional locations, copy and paste table)

Address 1:	500 James Robertson Parkway
Address 2:	Conference Room 1-A
City:	Nashville
Zip:	37243
Hearing Date:	TBA
Hearing Time:	TBA <input checked="" type="checkbox"/> CST/CDT <input type="checkbox"/> EST/EDT

Additional Hearing Information:

TBA

Revision Type (check all that apply):

- Amendment
- New
- Repeal

Rule(s) (ALL chapters and rules contained in filing must be listed. If needed, copy and paste additional tables to accommodate more than one chapter. Please enter only ONE Rule Number/Rule Title per row.)

Chapter Number	Chapter Title
0960-01	General Rules
Rule Number	Rule Title
0960-01-.06	Notice of Termination, Cancellation or Non-Renewal
0960-01-.11	Inspection of Business Records
0960-01-.14	License Fees
0960-01-.23	Mail from Commission and Complaints

Chapter 0960-01
General Rules
Amendments

Rule 0960-01-.06 NOTICE OF TERMINATION, CANCELLATION OR NON-RENEWAL is amended by creating a new paragraph (4) so that, as amended, Rule 0960-01-.06(4) shall read:

- (4) The Chairperson or Acting Chairperson of the Tennessee Motor Vehicle Commission may grant or deny a petition for reconsideration of a final order, as provided in Rule 1360-04-01-.18(1)(b), and shall report any such decision to the Commission.

Authority: T.C.A. §§ 4-5-219, 4-5-317.

Rule 0960-01-.11 INSPECTION OF BUSINESS RECORDS, Paragraph (4) is amended by deleting the language "55-17-129" and substituting the language "55-17-128" so that, as amended, the paragraph shall read:

- (4) All motor vehicle dealers or recreational vehicle dealers who are operating an additional business at the dealership in accordance with T.C.A. § ~~55-17-128~~ ~~55-17-129~~ or T.C.A. § 55-17-416, as applicable, shall, upon written request by the Commission, or its agent:

Authority: T.C.A. §§ 55-17-107, 55-17-128, 55-17-402, and 59-17-416.

Rule 0960-01-.11 INSPECTION OF BUSINESS RECORDS, Subparagraph (4)(a) is amended by deleting the language "55-17-129" and substituting the language "55-17-128" so that, as amended, the subparagraph shall read:

- (a) Within fifteen (15) days of receipt of the written request, provide certification to the Commission, or its agents, certifying that the space used by the motor vehicle dealer or recreational vehicle dealer, and the space used by the additional business, are in compliance with T.C.A. § ~~55-17-128~~ ~~55-17-129~~ or T.C.A. § 55-17-416, as applicable. This certification shall be completed on a form approved by the Commission, if any such form exists at the time of request.

Authority: T.C.A. §§ 55-17-107, 55-17-128, 55-17-402, and 59-17-416.

Rule 0960-01-.11 INSPECTION OF BUSINESS RECORDS, Subparagraph (4)(b) is amended by deleting the language "55-17-129" and substituting the language "55-17-128" so that, as amended, the subparagraph shall read:

- (b) Within thirty (30) days of receipt of the written request, provide certification to the Commission, or its agents, certifying that the gross income of the motor vehicle dealer or recreational vehicle dealer, and the gross income of the additional business, are in compliance with T.C.A. § ~~55-17-128~~ ~~55-17-129~~ or T.C.A. § 55-17-416, as applicable. The certification shall be completed on a form approved by the Commission, if any such form exists at the time of request. In addition to the certification, the motor vehicle dealer or recreational vehicle dealer shall provide proof, satisfactory to the Commission, of the claimed gross income of the dealership, and income of the additional business. This may include, but is not limited to, past financial statements, current financial statements, and CPA audits.

Authority: T.C.A. §§ 55-17-107, 55-17-128, 55-17-402, and 59-17-416.

Rule 0960-01-.14 LICENSE FEES, Subparagraph (1)(a) is amended by deleting the language "one thousand six hundred dollars (\$1,600.00)" and substituting the language "two thousand four hundred dollars (\$2,400.00)" so that, as amended, the subparagraph shall read:

Rules of the Tennessee Motor Vehicle Commission

Chapter 0960-01 General Rules

Rule 0960-01-.05 Notice of Termination, Cancellation or Non-Renewal, Rule 0960-01-.11 Inspection of Business Records,
Rule 0960-01-.14 License Fees, Rule 0960-01-.23 Mail from Commission and Complaints

- (a) For each manufacturer, distributor, factory branch, distributor branch, two thousand four hundred dollars (\$2,400.00) ~~one thousand six hundred dollars (\$1,600.00)~~;

Authority: T.C.A. §§ 55-17-107, 55-17-111, 55-17-112, 55-17-302, 55-17-402, 55-17-405, and 55-17-406.

Rule 0960-01-.14 LICENSE FEES, Subparagraph (1)(b) is amended by deleting the language "fifty dollars (\$50.00)" and substituting the language "seventy-five dollars (\$75.00)" so that, as amended, the subparagraph shall read:

- (b) For each manufacturer, distributor, seventy-five dollars (\$75.00) ~~fifty dollars (\$50.00)~~ per franchised dealer in Tennessee;

Authority: T.C.A. §§ 55-17-107, 55-17-111, 55-17-112, 55-17-302, 55-17-402, 55-17-405, and 55-17-406.

Rule 0960-01-.14 LICENSE FEES, Subparagraph (1)(c) is amended by deleting the language "four hundred dollars (\$400.00)" and substituting the language "six hundred dollars (\$600.00)" so that, as amended, the subparagraph shall read:

- (c) For each motor vehicle dealer selling new or used motor vehicles, six hundred dollars (\$600.00) ~~four hundred dollars (\$400.00)~~;

Authority: T.C.A. §§ 55-17-107, 55-17-111, 55-17-112, 55-17-302, 55-17-402, 55-17-405, and 55-17-406.

Rule 0960-01-.14 LICENSE FEES, Subparagraph (1)(d) is amended by deleting the language "four hundred dollars (\$400.00)" and substituting the language "six hundred dollars (\$600.00)" so that, as amended, the subparagraph shall read:

- (d) For each factory representative or distributor representative, six hundred dollars (\$600.00) ~~four hundred dollars (\$400.00)~~;

Authority: T.C.A. §§ 55-17-107, 55-17-111, 55-17-112, 55-17-302, 55-17-402, 55-17-405, and 55-17-406.

Rule 0960-01-.14 LICENSE FEES, Subparagraph (1)(e) is amended by deleting the language "thirty-five dollars (\$35.00)" and substituting the language "fifty dollars (\$50.00)" so that, as amended, the subparagraph shall read:

- (e) For each motor vehicle salesperson, fifty dollars (\$50.00) ~~thirty-five dollars (\$35.00)~~;

Authority: T.C.A. §§ 55-17-107, 55-17-111, 55-17-112, 55-17-302, 55-17-402, 55-17-405, and 55-17-406.

Rule 0960-01-.14 LICENSE FEES, Subparagraph (1)(g) is amended by deleting the language "four hundred dollars (\$400.00)" and substituting the language "six hundred dollars (\$600.00)" so that, as amended, the subparagraph shall read:

- (g) For each automotive dismantler and recycler, six hundred dollars (\$600.00) ~~four hundred dollars (\$400.00)~~;

Authority: T.C.A. §§ 55-17-107, 55-17-111, 55-17-112, 55-17-302, 55-17-402, 55-17-405, and 55-17-406.

Rule 0960-01-.14 LICENSE FEES, Subparagraph (1)(h) is amended by deleting the language "eight hundred dollars (\$800.00)" and substituting the language "one thousand two hundred dollars (\$1,200.00)" so that, as amended, the subparagraph shall read:

- (h) For each automobile auction, one thousand two hundred dollars (\$1,200.00) ~~eight hundred dollars (\$800.00)~~;

Rules of the Tennessee Motor Vehicle Commission
Chapter 0960-01 General Rules
Rule 0960-01-.06 Notice of Termination, Cancellation or Non-Renewal, Rule 0960-01-.11 Inspection of Business Records,
Rule 0960-01-.14 License Fees, Rule 0960-01-.23 Mail from Commission and Complaints

Authority: T.C.A. §§ 55-17-107, 55-17-111, 55-17-112, 55-17-302, 55-17-402, 55-17-405, and 55-17-406.

Rule 0960-01-.14 LICENSE FEES, Subparagraph (1)(m) is amended by deleting the language "four hundred dollars (\$400.00) after January 1, 2017" and substituting the language "six hundred dollars (\$600.00)" so that, as amended, the subparagraph shall read:

- (m) For each recreational vehicle dealer, ~~four hundred dollars (\$400.00) after January 1, 2017;~~ six hundred dollars (\$600.00)

Authority: T.C.A. §§ 55-17-107, 55-17-111, 55-17-112, 55-17-302, 55-17-402, 55-17-405, and 55-17-406.

Rule 0960-01-.23 MAIL FROM COMMISSION AND COMPLAINTS is amended by deleting the language "by registered or certified mail" so that, as amended, the rule shall read:

Except as otherwise provided, a licensed individual or entity or any individual or entity required to be licensed, or who is otherwise subject to regulation by the Commission, shall respond in writing to any communication from the Commission requesting a response within thirty (30) days of the mailing of such communication ~~by registered or certified mail~~ to the last address furnished to the Commission by the licensee, unless otherwise granted an extension of time.

Authority: T.C.A. § 55-17-107.

Rules of the Tennessee Motor Vehicle Commission
Chapter 0960-01 General Rules
Rule 0960-01-.06 Notice of Termination, Cancellation or Non-Renewal, Rule 0960-01-.11 Inspection of Business Records,
Rule 0960-01-.14 License Fees, Rule 0960-01-.23 Mail from Commission and Complaints

I certify that the information included in this filing is an accurate and complete representation of the intent and scope of rulemaking proposed by the agency.

Date: _____

Signature: _____

Name of Officer: Nell C. Stauffer

Title of Officer: Associate General Counsel

Department of State Use Only

Filed with the Department of State on: _____

Tre Hargett
Secretary of State

Adjourn

Chairperson, Farrar Vaughan called for a motion to adjourn the meeting. Chairman Roberts made a motion to adjourn, seconded by Commissioner Barker. Chairperson Vaughan called for a voice vote.

MOTION PASSED

MEETING ADJOURNED