

## Rule Summary and Fiscal Analysis

### Part A - General Questions

**Rule Number:** 4501:1-3-11

**Rule Type:** New

**Rule Title/Tagline:** Net worth and bond.

**Agency Name:** Department of Public Safety

**Division:** Bureau of Motor Vehicles

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#### I. Rule Summary

1. **Is this a five year rule review?** No
  - A. **What is the rule's five year review date?**
2. **Is this rule the result of recent legislation?** No
3. **What statute is this rule being promulgated under?** 119.03
4. **What statute(s) grant rule writing authority?** 4501.02, 4517.12, 4517.32
5. **What statute(s) does the rule implement or amplify?** 4517.12
6. **What are the reasons for proposing the rule?**

The rule is being filed to replace a previous version of the rule that is being rescinded in conjunction with 106.03 ORC five-year review, due to the rule being amended by more than fifty per cent.

7. **Summarize the rule's content, and if this is an amended rule, also summarize the rule's changes.**

The rule requires a dealer to maintain a net worth in the sum, pursuant to Section 4517.12 of the Revised Code, of at least seventy-five thousand dollars (\$75,000) in order to be issued a motor vehicle dealer's license. An additional requirement was

added to include each used motor vehicle dealer licensed under Chapter 4517 of the Revised Code, post with the Attorney General's office a surety bond in the amount of twenty-five thousand dollars (\$25,000), which if collected upon, would be used solely for the purpose of replenishing funds to the Title Defect Rescission (TDR) fund that were dispersed to compensate a retail purchaser(s) of a motor vehicle who has suffered damages due to failure of the dealer or person acting on behalf of the dealer.

8. **Does the rule incorporate material by reference?** No
9. **If the rule incorporates material by reference and the agency claims the material is exempt pursuant to R.C. 121.71 to 121.76, please explain the basis for the exemption and how an individual can find the referenced material.**

*Not Applicable*

10. **If revising or re-filing the rule, please indicate the changes made in the revised or re-filed version of the rule.**

*Not Applicable*

## **II. Fiscal Analysis**

11. **As a result of this proposed rule, please estimate the increase / decrease in revenues or expenditures affecting this agency, or the state generally, in the current biennium or future years. If the proposed rule is likely to have a different fiscal effect in future years, please describe the expected difference and operation.**

This will have no impact on revenues or expenditures.

0.00

Not applicable.

12. **What are the estimated costs of compliance for all persons and/or organizations directly affected by the rule?**

This rule requires licensees to maintain seventy five thousand dollars (\$75,000) in net worth and requires used motor vehicle dealers to maintain a surety bond in the amount of twenty five thousand dollars (\$25,000) to be used solely for the purpose of replenishing funds that have been dispersed to compensate retail purchasers of motor vehicles. The cost of the surety bond will vary based on the credit rating of the applicant. The rule allows an exemption that would not require a bond to be held by a used motor vehicle dealer who holds or has held a new motor vehicle dealer's license,

used motor vehicle dealer's license, or leasing motor vehicle dealer's license within one year preceding the date of the application

13. **Does the rule increase local government costs? (If yes, you must complete an RSFA Part B).** No
14. **Does the rule regulate environmental protection? (If yes, you must complete an RSFA Part C).** No

### III. Common Sense Initiative (CSI) Questions

15. **Was this rule filed with the Common Sense Initiative Office?** Yes
16. **Does this rule have an adverse impact on business?** Yes
- A. **Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business?** No
- B. **Does this rule impose a criminal penalty, a civil penalty, or another sanction, or create a cause of action, for failure to comply with its terms?** Yes

Failure to comply with the requirements set forth in this rule may result in denial of a renewal application or in administrative action up to and including revocation of an existing license. Further, in accordance with section 4517.99 of the Revised Code, unless otherwise specifically provided in Chapter 4517. of the Revised Code, whoever violates rules promulgated under sections 4517.01 to 4517.45 of the Revised Code is guilty of a misdemeanor of the fourth degree.

- C. **Does this rule require specific expenditures or the report of information as a condition of compliance?** Yes

This rule requires licensees to maintain seventy five thousand dollars (\$75,000) in net worth and requires used motor vehicle dealers to maintain a surety bond in the amount of twenty five thousand dollars (\$25,000) to be used solely for the purpose of replenishing funds that have been dispersed to compensate retail purchasers of motor vehicles.