

**MEMORANDUM**

TO: Pamela Watkins, Rules Administrator, Ohio Department of Public Safety

FROM: Cory Bailey, Regulatory Policy Advocate

DATE: April 28, 2015

RE: **CSI Review – New Motor Vehicle Dealer Show and Display Penalties (OAC § 4501:1-3-12)**

On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (R.C.) § 107.54, CSI has reviewed the abovementioned administrative rule and associated Business Impact Analysis (BIA). This memo represents CSI's comments to the Agency as provided for in R.C. § 107.54.

Analysis

On April 2, 2015, the Ohio Department of Public Safety (ODPS) submitted a new draft rule to the CSI Office. The proposed rule implements a provision of House Bill 318, which was signed into law on December 19, 2014. The official public comment period closed on April 16, 2015.

R.C. § § 4517.22 and 4517.221 establish requirements for the display of new motor vehicles at motor vehicle shows and other locations that are not considered the dealer's established place of business. Previously, statute specified that any violation of the law would result in a fourth degree misdemeanor. House Bill 318 in the 130th General Assembly changed the penalty to a fine of no more than \$1,000, to be determined by the Motor Vehicle Dealers' Board (Board).

The purpose of the rule is to set the administrative penalties in order to meet the Board's statutory obligation. The draft rule sets the maximum penalty for the first violation at \$500, with each subsequent violation resulting in a fine of not more than \$1,000.

According to the BIA, the proposed rule will have an adverse impact on 1,635 new motor vehicle dealers and 66 distributors. The Bureau of Motor Vehicles distributed copies of the proposed rule to stakeholder representatives, including auto dealer trade associations, to ensure affected parties

were given the opportunity to evaluate the rule and submit comments if necessary. No comments were submitted.

ODPS is required by statute to establish administrative penalties for violations of the statutes described above. The stakeholder outreach described in the BIA and the lack of any comment from stakeholders expressing concern has led the CSI Office to conclude that the penalty structure proposed by ODPS is fair, and the adverse impact identified in the BIA is justified.

Recommendations

For the reasons discussed above, the CSI Office does not have any recommendations for this rule package.

Conclusion

Based on the above comments, the CSI Office concludes that the Ohio Department of Public Safety should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.