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Regulatory Analysis Form

(Completed by Promulgating Agency)

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INDEPENDENT REGULATORY REVIEW COMMISSION

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Independent Regulatory Review Commission

IRRC Number: 3305

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(1) Agency
Department of State, Bureau of Professional and Occupational Affairs, State Board of Vehicle Manufacturers, Dealers and Salespersons

(2) Agency Number: **16A**

Identification Number: **6015**

(3) PA Code Cite: **49 Pa. Code § 19.4**

(4) Short Title: **Fee Increase**

(5) Agency Contacts (List Telephone Number and Email Address):

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(6) Type of Rulemaking (check applicable box):

- ☐ Proposed Regulation
- ☒ **FINAL REGULATION**
- ☐ Final Omitted Regulation
- ☐ Emergency Certification Regulation;
  - ☐ Certification by the Governor
  - ☐ Certification by the Attorney General

(7) Briefly explain the regulation in clear and nontechnical language. (100 words or less)

This State Board of Vehicle Manufacturers, Dealers and Salespersons (Board) amends § 19.4 (relating to fees) to increase application and biennial renewal fees on a graduated basis. The final rulemaking provides for graduated increases in application fees and biennial renewal fees for salespersons, manufacturer representatives or distributor representatives, manufacturer or distributor branches, manufacturers, distributors, dealers, auctions, and dealer branch lots.

The biennial renewal fees will increase on a graduated basis over two renewal cycles. The renewal fee increases will impact the renewal fees for the June 1, 2023–May 31, 2025 biennial renewal period, with the second fee increase occurring for the June 1, 2025–May 31, 2027 biennial renewal period. The initial fee increases will be effective on July 1, 2023 and again on July 1, 2025. The final rulemaking will increase application fees and biennial renewal fees in order to produce adequate revenue to meet projected expenditures, as required by section 330(a) of the Board of Vehicles Act (act) (63 P.S. § 818.330(a)).

(8) State the statutory authority for the regulation. Include specific statutory citation.

Pursuant to section 302 of the act (63 P.S. § 818.302(a)(9)), the Board is authorized to adopt, promulgate and enforce such rules and regulations consistent with the act as are deemed necessary and proper to effectuate the provisions of the Act. Section 304 of the act (63 P.S. § 818.304) requires license holders to pay a biennial renewal fee. Section 321(c) of the act (63 P.S. § 818.321(c)) requires applications for licensure to be accompanied by the required fee. Under section 330(a) of the act (63 P.S. § 818.330(a)), all fees shall be fixed by the Board by regulation and shall be subject to review in accordance with the Regulatory Review Act (71 P. S. § 745.1-745.14). Section 330(a) of the act further requires the Board to increase fees when revenues generated by fees, fines and civil penalties are insufficient to match expenditures over a two-year period.

(9) Is the regulation mandated by any federal or state law or court order, or federal regulation? Are there any relevant state or federal court decisions? If yes, cite the specific law, case or regulation as well as, any deadlines for action.

Except as set forth in question (8), the regulation is not mandated by any other federal or state law, court order, or federal regulation.

(10) State why the regulation is needed. Explain the compelling public interest that justifies the regulation. Describe who will benefit from the regulation. Quantify the benefits as completely as possible and approximate the number of people who will benefit.

The Board is required to support its operations from revenue it generates from fees, fines and civil penalties. Section 330(a) of the act requires an increase in fees when the revenues generated by fees, fines and civil penalties are insufficient to match expenditures over a two-year period. According to the Department of State's Bureau of Finance and Operations (BFO), during the FY2019-2020 and FY2020-2021 biennial renewal period, the Board raised approximately 93 percent of its total revenue through application and biennial renewal fees. The remaining 7 percent of its revenue comes from other fees, fines and civil penalties.

The Board determined that the current application fees do not accurately reflect the actual cost of processing the following initial applications: salespersons, manufacturer representatives or distributor representatives, manufacturers, manufacturer or distributor branches, distributors, dealers, auctions, and dealer branch lots. The majority of the Board's costs are personnel-related, and much of those costs are not within the Board's control. Staff are generally employees of the Commonwealth, most of whom are civil service personnel, and many are union positions. For these employees, the Board is bound by the negotiated contract. Personnel costs associated with investigation and enforcement depend largely on the number of complaints received that need to be investigated, and the number of those matters that result in disciplinary action. The Board has no control over the number of complaints that are filed against licensees and unlicensed individuals, nor may they control which matters are, or are not, prosecuted. With the incorporation of JNET in 2018, the Board is alerted to any licensee that may be arrested and convicted, whether that license is active or not. In the past, the Board would not be notified of these arrests and convictions until a licensee filed a renewal application. As a result, many new files are opened that were not opened prior to JNET. Of those new files, a large portion are then closed if the arrest did not result in a conviction. If a licensee was convicted, the Department of State's prosecution division files charges against the licensee who may not have had an active license in the Commonwealth for many years, thus resulting in the licensee failing to respond to the charges and any subsequent civil penalty that might be levied. Thus, even when the Board imposes significant fines, the Board is not very successful in collecting

those fines or civil penalties. For example, a salesperson is more likely to abandon their license and leave the profession than pay a large fine. Additionally, when the Board turns over a collection to the Office of Attorney General, the Board pays a 25% collection fee. Generally, the boards do not budget in a manner that depends on fines and civil penalties because as a revenue stream they are undependable.

When the Board decided that a fee increase was necessary, the Department of State's Bureau of Finance and Operations (BFO) reported the Board's income and expenses since fiscal year (FY) 2017-2018. In fiscal year (FY) 2017-2018, the Board incurred $2,963,270.71 in expenditures and generated only $947,667.84 in revenue, with a remaining balance of $1,130,724.10. In FY 2018-19, the Board incurred $3,079,102.63 in expenditures and generated $4,584,031.19 in revenue, with a remaining balance of $2,635,652.66. In FY 2019-2020, the Board anticipated expenditures of $3,031,000 and generated $932,000 in revenue, with a remaining balance of $536,652.66. In FY 2020-2021, the Board anticipated expenditures of $3,171,000 and generated $4,007,000 in revenue, with a remaining balance of $1,372,652.66. In FY 2021-2022, the Board was projected to incur $3,122,000 in expenditures and generate $932,000 in revenue, with a deficit balance of ($817,347.34) at the end of FY 2021-2022. In FY 2022-2023, without a fee increase, the Board was projected to incur $3,266.000 in expenditures and generate $4,007,000 in revenue, resulting in a remaining balance of ($76,347.34). Finally, In FY 2023-2024, the Board is projected to incur $3,216,000 in expenditures and generate $932,000 in revenue, with a deficit balance of ($2,360.347.34) at the end of FY 2023-2024. Thus, BFO's data demonstrated that the Board's revenue is not sufficient to meet or exceed its expenditures over a two-year period. BFO recommended, and the Board agreed, to amend a total of 16 fees, consisting of eight initial application fees and eight biennial renewal fees on a graduated basis.

Based upon the cost of operations analysis performed and the revenue and expense projections, BFO had recommended, and the Board agreed, to increase a total of 16 fees, consisting of eight initial and eight renewal application fees based upon the graduated fee increases. Additionally, in order to ensure that the expenditures do not continue to outpace revenue, on November 27, 2019, the Board voted to increase eight biennial renewal fees and eight application fees. The Board believes that the new fees will be adequate to cover operating expenses through at least FY 2025-2026. The Board has not raised application fees since 2000 and renewal fees since 2007. Application fees have a large increase due to that reason. The fees are based on the cost to process each individual license, bureau staff work to complete a thorough cost analysis to identify each job classification and time it takes to complete each step of the application process. This is how these fees are determined. Any incremental increase after the initial fee is calculated using salary and benefit factors for each job class based on contractual information from the Office of the Budget. If expenses still exceed projected revenues even with the application fees, renewal fees are then addressed. Renewal fees are increased to the level of where revenues are anticipated to meet the need of the projected expenditures. These renewal increases are typically much lower than that of the initial application increase due to the length of time the latter fees have not been adjusted over time and are the least burdensome alternative.

Approximately 6,351 new applicants annually and 36,907 licensees will be impacted by this regulation. While applicants will be impacted economically, the graduated increase as opposed to a flat fee increase will ensure that fees charged to applicants are reflective of the cost for processing each application at that time.

The new fee structure is projected to produce biennial revenues of $1,025,000 in FY 2023-2024 with projected expenditures of $3,216,000, having a remaining deficit of $799,347.34; revenues of $6,782,000 in FY 2024-2025 with projected expenditures of $3,364,000 which will result in a positive remaining balance of $2,618,652.66; and revenues of $1,113,000 in FY 2025-2026 with projected expenditures of $3,465,000, having a positive remaining balance of $266,652.66. The Board believes that the increased

fees will be adequate to cover operating expenses through at least fiscal year 2025-2026.

The fee increases for application and biennial renewal fees will enable the Board to meet its operating expenses and prevent further deficits from accruing. The final rulemaking will benefit every citizen of the Commonwealth in that it ensures the fiscal integrity of the Board so that it can carry out its mission. The costs to applicants and licensees are outweighed by the Board's duty to license and regulate the practice in the public interest.

(11) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulations.

No, there are no federal licensure standards applicable to the subject matter of the regulation.

(12) How does this regulation compare with those of the other states? How will this affect Pennsylvania's ability to compete with other states?

Comparing the new fees with fees of other states, the Board does not believe this rulemaking will put Pennsylvania at a competitive disadvantage with other states, particularly because the new fees reflect the actual costs to process applications and to perform the related services.

Of the states in the Northeastern Region (Connecticut, Delaware, Maine New Hampshire, New Jersey, New York, Rhode Island, Ohio, Massachusetts, Pennsylvania, Maryland, Ohio and West Virginia), only Ohio, Maryland and West Virginia require licensure for salespersons, with applications fees of $10, $67.50 and $32-$60 ($25 examination fee plus $7 fee for every year to be licensed, up to 5 years), respectively. Maryland requires renewal every three years at $202.50, Ohio requires annual renewal at a cost of $10 and West Virginia licenses renew every five years at a cost of $10. The states that require initial licensure applications for salespersons charge fees ranging from $10 to $67.50. Pennsylvania currently charges a fee of $25 for a new salesperson application, with the increase raising that fee to $65 effective July 1, 2023, and to $70 effective July 1, 2025. Only Ohio ($10) will have an initial salesperson license application fee lower than Pennsylvania. The states that charge license renewal fees range from $10 to $202.50. In addition, Pennsylvania currently charges a fee of $90 for a salesperson license renewal application, with the increase raising that fee to $113 effective June 1, 2023, and to $141 effective June 1, 2025. Only Ohio ($10 annually) and West Virginia ($10) will have license renewal fees lower than Pennsylvania. However, based upon the Board's experience in the vehicle profession, it does not believe that $10 to $60 difference in initial salesperson application fees and $61.50 difference in salesperson renewal application fees will deter salesperson applicants or licensees from obtaining and renewing licenses.

The application and renewal fees for dealers vary widely. The license application fees for dealers are: Connecticut $140, Delaware $100, Maine $150, Maryland $225, New Hampshire $250, New Jersey $257.50, New York $487.50, Massachusetts is set by each municipality, Ohio $254.75, Rhode Island $302.50, West Virginia $250, and Vermont $503. Not all of the states requiring licensure require renewal. The following states renew biennially: Connecticut (new car dealer $700; used car dealer $560), Maryland ($225), New York ($487.50) and Ohio ($254.75). The following states renew annually: New Hampshire ($400 + based upon number of dealer plates), New Jersey ($100), West Virginia ($250) and Vermont ($503). Connecticut, Maine and Pennsylvania are the only states that license dealer branch lots, with Connecticut and Maine charging $100. Pennsylvania currently charges a fee of $65 for new dealer and dealer branch lot applications, with the increase raising those fees to $175 effective July 1, 2023, and to $190 effective July 1, 2025. Additionally, Pennsylvania currently charges a fee of $175 for a biennial

renewal for dealers and dealer branch lots, with the increase raising those fees to $219 effective June 1, 2023, and to $274 effective June 1, 2025. The states that require initial licensure applications for dealers charge fees ranging from $100 to $503. Connecticut ($140), Delaware ($100) and Maine ($150) will have initial license application fees lower than Pennsylvania. The states that charge license renewal fees range from $100 to $700. Connecticut ($100) and Maine ($150) will have license renewal fees lower than Pennsylvania. However, based upon the Board's experience in the vehicle profession, it does not believe that $40 to $90 difference in dealer initial application fees and $124 difference in renewal application fees will deter dealer applicants or licensees from obtaining and renewing licenses.

Connecticut, Delaware, Maine, Maryland, Ohio, New Jersey, Rhode Island and West Virginia require licensure of manufacturers. Manufacturers in those states charge initial licensure fees of $2,300; $75; $1,500; $180-$1,800 (depending on the number of cars made); $100; $257.50; $302.50 and $250, respectively. Of the above states, only Connecticut, Delaware, Maryland and Rhode Island charge a biennial renewal of $2,300; $100; $180-$1,800 (depending on the number of cars made); and $302.50; respectively. Pennsylvania currently charges a fee of $30 for a manufacturer application, with the increase raising those fees to $90 effective July 1, 2023, and to $100 effective July 1, 2025. Pennsylvania currently charges a fee of $250 for a biennial renewal for a manufacturer, with the increase raising those fees to $313 effective June 1, 2023, and to $391 effective June 1, 2025. Additionally, of the states that license manufacturers, only Maryland and Pennsylvania charge a fee to license manufacturer branches; Maryland's manufacturer branch application fee is $1,800. Pennsylvania currently charges a fee of $30 for a manufacturer branch application, with the increase raising those fees to $90 effective July 1, 2023, and to $100 effective July 1, 2025. For biennial renewal, Pennsylvania currently charges a fee of $175 for a manufacturer branch, with the increase raising those fees to $219 effective June 1, 2023, and to $274 effective June 1, 2025. The states that require initial licensure applications for manufacturers charge fees ranging from $75 to $2,300. Only Delaware ($75) will have an initial license application fee lower than Pennsylvania. Delaware ($100) and Rhode Island ($302.50) are the only states that charge a manufacturer renewal fee that will be lower than Pennsylvania. Based upon the Board's experience in the vehicle profession, it does not believe that $25 difference in initial fees and $88.50 to $291 will deter manufacturer applicants or licensees from obtaining and renewing licenses.

Ohio, Connecticut, Delaware, Massachusetts and Rhode Island require licensure of manufacturer representatives; in Massachusetts, manufacturer representatives are licensed at the municipal level. The application fee in Ohio is $154.75; in Connecticut and Delaware, manufacturer representatives are licensed by the Department of Revenue annually at $100 and $75, respectively; and in Rhode Island, the application fee is $102.50 and annually renews at a fee of $102.50. Pennsylvania currently charges a fee of $25 for a new manufacturer representative application, with the increase raising that fee to $65 effective July 1, 2023, and to $70 effective July 1, 2025. Additionally, Pennsylvania currently charges a fee of $90 for a biennial renewal for a manufacturer representative, with the increase raising that fee to $113 effective June 1, 2023, and to $141 effective June 1, 2025. The states that require initial licensure applications for manufacturer representatives charge fees ranging from $75 to $154.75, all of which remain higher than the prosed fee for Pennsylvania. The only state that charges a manufacturer representative license renewal fee is Rhode Island ($102.50). Based upon the Board's experience in the vehicle profession, it does not believe that an increase in manufacturer representative initial application fees and $38.50 difference in manufacturer representatives renewal application fees will deter manufacturer representative applicants or licensees from obtaining and renewing licenses.

Maine, Ohio, New York, and West Virginia are the only states licensing or requiring a permit for auctions. The fee in Maine is $150 annually. Ohio auction fees range from $100 for vehicle auctions to $7,500 for construction equipment auctions. New York auction fees range from $100-$500. West Virginia auction

fee is $250. Pennsylvania currently charges a fee of $65 for a new auction application, with the increase raising that fee to $175 effective July 1, 2023, and to $190 effective July 1, 2025. Of the above states that license auctions, Ohio and West Virginia charge a biennial renewal fee of $10. Pennsylvania currently charges an initial application fee of $65, with the increase raising that fee to $175 effective July 1, 2023, and to $190 effective July 1, 2025. Additionally, Pennsylvania currently charges renewal fee of $175 for an auction, with the increase raising that fee to $219 effective June 1, 2023, and to $274 effective June 1, 2025. The states that require initial licensure applications for auctions charge fees ranging from $100 to $7,500. Only Ohio ($100 for vehicle auctions) will have an initial auction license application fee lower than Pennsylvania. Ohio ($10) and West Virginia ($10) are the only states that charge an auction renewal fee that will be lower than Pennsylvania. Based upon the Board's experience in the vehicle profession, it does not believe that $90 difference in initial auction application fees and $274 in auction renewal application fees will deter auction applicants or licensees from obtaining and renewing licenses.

Delaware, Maine, Maryland and Ohio currently license distributors, with an initial licensure fee for Delaware of $100 per year (with an additional $75 for a wholesale license); Maine charging $1,500; Maryland fees ranging from $180-$1,800 (depending on the number of cars sold); and Ohio charging $154.75. Of the above, only Delaware and Maryland charge a biennial renewal fee of $100 and $450, respectively. Pennsylvania currently charges a fee of $30 for a new distributor or distributor branch application, with the increase raising those initial application fees to $90 effective July 1, 2023, and to $100 effective July 1, 2025. Additionally, Pennsylvania currently charges a fee of $175 for a biennial renewal for a distributor, with the increase raising that fee to $219 effective June 1, 2023, and to $274 effective June 1, 2025. The states that require initial licensure applications for distributors charge fees ranging from $100 to $1,800. No state that charges a fee will have distributor initial license application fees lower than Pennsylvania. Delaware ($100) is the only state that charges a distributor renewal fee that will be lower than Pennsylvania. Based upon the Board's experience in the vehicle profession, it does not believe that a distributor initial application fee increase and $174 difference in distributor renewal fees will deter distributor applicants or licensees from obtaining and renewing licenses.

The graduated fee increase will not thwart business development or place the Commonwealth at a competitive disadvantage. The new fees reflect actual costs to process applications and perform related services for the licensee population and will not deter applicants or licensees within the Northeast region from obtaining and renewing licenses.

(13) Will the regulation affect any other regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

This rulemaking will not affect other regulations of the Board or other state agencies.

(14) Describe the communications with and solicitation of input from the public, any advisory council/group, small businesses and groups representing small businesses in the development and drafting of the regulation. List the specific persons and/or groups who were involved. ("Small business" is defined in Section 3 of the Regulatory Review Act, Act 76 of 2012.)

On November 27, 2019, BFO presented and recommended a fee increase. Thereafter, the Board discussed the proposed fee increase on December 10, 2019 and September 15, 2020.

The Board released an exposure draft of a proposed annex reflecting fee increases for public comment from stakeholders, interested parties and representatives of the licensed professions on August 6, 2020. Thereafter, notice of the proposed regulation was published at 51 Pa.B. 3230 (June 12, 2021) for review

and comment. Publication was followed by a 30-day public comment period during which the Board received no public comments. In addition, the HPLC and SCP/PLC did not submit comments. IRRC submitted comments. The Board voted to approve the final rulemaking at its regularly scheduled Board meeting on August 23, 2022.

(15) Identify the types and number of persons, businesses, small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012) and organizations which will be affected by the regulation. How are they affected?

All applicants for licensure and licensees of the Board will be affected by the rulemaking. As of November 15, 2021, there were approximately 12 manufacturer or distributor branches; 57 auctions; 373 dealer branch lots; 6,252 dealers; 63 distributors; 296 manufacturers; 1,108 manufacturer or distributor representatives and 28,746 salespersons for a total of approximately 36,907 licensees who will be required to pay more to renew their licenses.

Additionally, there are approximately 6,351 initial applications filed with the Board annually, comprised of 450 dealers; 5,500 salespersons; 50 dealer branch lots; 5 auctions; 25 manufacturers; 1 manufacturer or distributor branches; 300 manufacturer or distributor representatives and 20 distributors.

According to the Small Business Administration (SBA), there are approximately 1,095,907 businesses in Pennsylvania; of which 1,091,524 are small businesses. Of the 1,091,524 small businesses, 226,483 are small employers (those with fewer than 500 employees) and the remaining 865,041 are non-employers. Thus, the vast majority of businesses in Pennsylvania are considered small businesses. Pursuant to Section 3 of the Regulatory Review Act, (71 P.S. § 745.3), a small business is defined in accordance with the U.S. Small Business Administration size regulations and classified by the North American Industry Classification Systems (NAICS), which is set forth in 13 CFR 121.201. To be considered a small business under NAICS, a new vehicle dealer (441110) must have less than 250 employees; vehicle manufacturers (336112) are considered to be a small business when they have less than 1,500 employees; used car dealers (441120) are considered to be a small business when annual receipts are less than $27,000,000; manufactured housing dealers (459930) are considered to be a small business when annual receipts are less than $16,500,000; and recreational vehicle dealers (441210), motorcycle and ATV dealers (441227), and any other type of vehicle dealer, are considered to be a small business when annual receipts are less than $35,000,000. While the SBA does not specifically address vehicle auctions, these businesses are involved in the selling of new and used vehicles and, as such, would fall within those standards of less than 250 employees and/or $27,000,000 in annual receipts, as are new and used vehicle dealers. Vehicle manufacturer branches and vehicle distributors employ fewer employees than the actual manufacturer, so these businesses would fall within vehicle manufacturer requirements and are considered to be a small business when they have less than 1,500 employees.

The Board does not collect data regarding the size of businesses where its licensees work or the size of the businesses it licenses. However, with only .0004% of Pennsylvania businesses deemed by the SBA to be large businesses, it is highly likely that the majority of licensees are employed by a small business or owners of a small business. The increase in the cost of doing business for owners is attendant to the services provided by the Board thus conferring a benefit upon the licensees that is essential to maintenance of their chosen occupation.

For salespersons and representatives, the regulation's impact should not extend to the businesses that employ them as there are no direct costs that would be passed on to the licensee's employer, unless the

employer voluntarily assumes those costs. It would, therefore, be up to the business to determine the benefit of paying employee licensing fees.

(16) List the persons, groups or entities, including small businesses, that will be required to comply with the regulation. Approximate the number that will be required to comply.

All applicants for licensure and licensees of the Board will be required to comply with the rulemaking. There are approximately 12 manufacturer or distributor branches; 57 auctions; 373 dealer branch lots; 6,252 dealers; 63 distributors; 296 manufacturers; 1,108 manufacturer or distributor representatives and 28,746 salespersons for a total of approximately 36,907 licensees who will be required to pay more to renew their licenses. Additionally, there are approximately 6,351 initial applications filed with the Board annually, comprised of 450 dealers; 5,500 salespersons; 50 dealer branch lots; 5 auctions; 25 manufacturers; 1 manufacturer or distributor branch; 300 manufacturer or distributor representatives and 20 distributors.

(17) Identify the financial, economic and social impact of the regulation on individuals, small businesses, businesses and labor communities and other public and private organizations. Evaluate the benefits expected as a result of the regulation.

All applicants for licensure and licensees of the Board will be affected by the rulemaking. There are approximately 12 manufacturer or distributor branches; 57 auctions; 373 dealer branch lots; 6,252 dealers; 63 distributors; 296 manufacturers; 1,108 manufacturer or distributor representatives and 28,746 salespersons for a total of approximately 36,907 licensees who will be required to pay more to renew their licenses. Additionally, there are approximately 6,351 initial applications filed with the Board annually, comprised of 450 dealers; 5,500 salespersons; 50 dealer branch lots; 5 auctions; 25 manufacturers; 1 manufacturer or distributor branch; 300 manufacturer or distributor representatives and 20 distributors.

Pennsylvania currently charges a fee of $25 for a new salesperson application. Salesperson applicants will be impacted by this fee increase, as the new salesperson applicant will now pay an additional $40 effective July 1, 2023, and another $5 effective July 1, 2025. Salesperson renewal fees will also increase by $23 effective June 1, 2023, and another $28 effective June 1, 2025. Pennsylvania currently charges a fee of $65 for a new dealer or dealer branch lot application. Dealer or dealer branch lot applicants will be impacted by the fee increase, as the new dealer or dealer branch lot will now pay an additional $110 effective July 1, 2023, and another $15 effective July 1, 2025. Dealer or dealer branch lot renewal fees will also increase by $44 effective June 1, 2023, and another $55 effective June 1, 2025. Pennsylvania currently charges a fee of $30 for a new manufacturer branch application. Manufacturer and manufacturer branch applicants will be impacted by the increase, as the manufacturer and manufacturer branch will now pay an additional $60 effective July 1, 2023, and another $10 effective July 1, 2025. Manufacturer renewal fees will increase by $63 effective June 1, 2023, and another $78 effective June 1, 2025. Pennsylvania currently charges a fee of $25 for a new manufacturer or distributor representative application. Manufacturer or distributor representative applicants will be impacted by the fee increase, as the applicant will now pay an additional $40 effective July 1, 2023, and another $5 effective July 1, 2025. Manufacturer or distributor representative renewal fees will increase by $23 effective June 1, 2023, and another $28 effective June 1, 2025. Pennsylvania currently charges a fee of $65 for a new auction application. Auction applicants will be impacted by the fee increase, as the auction applicant will now pay an additional $110 effective July 1, 2023, and another $15 effective July 1, 2025. Auction renewal fees will increase by $44 effective June 1, 2023 and another $55 effective June 1, 2025. Finally, Pennsylvania currently charges a fee of $30 for a new distributor or distributor branch application. Distributor or distributor branch applicants will be impacted by the increase, as the distributor or distributor branch applicant will now pay

an additional $60 effective July 1, 2023, and another $10 effective July 1, 2025. Distributor or distributor branch renewal fees will increase by $44 effective June 1, 2023, and another $55 effective June 1, 2025.

The Board does not expect this rulemaking to have any other financial, economic or social impact on individuals, businesses or labor communities or other public or private organizations. Small businesses will be impacted to the degree they elect to pay their employees' licensure fees.

These fee increases are necessary to ensure the fiscal integrity of the Board and to ensure that the Board's mandate to protect the health, safety and welfare of the public is carried out. The new fee structure for application fees is beneficial for licensees generally as the costs associated with each application will be paid by the applicant rather than distributed among the Board's licensees. Additionally, the Board's graduated fee approach is beneficial because the application fee increases are reflective of actual costs during each biennium and biennial renewal fees coincide more closely with the projected expenses for each biennium.

(18) Explain how the benefits of the regulation outweigh any cost and adverse effects.

The Board is a statutorily created board which has powers and duties set forth in the act, including power to: determine qualifications and fitness of applicants; adopt and revise regulations; refuse, revoke or suspend licensees; establish fees for the operation of the Board; and conduct hearings. The Board's expenses include: Bureau administration, Commissioner's and Revenue office services, Departmental services, legal office services, hearing expenses, enforcement and investigation costs, Professional Compliance Office costs, and Board member expenses. Under Section 330 of the Act, if the revenues raised by fees, fines and civil penalties imposed under this act are insufficient to meet expenditures over a two-year period, the Board must increase those fees by regulation so that the projected revenues will meet or exceed projected expenditures.

The final rulemaking would benefit every citizen of the Commonwealth in that it would ensure the fiscal integrity of the Board and allow the Board to continue to carry out its mission of protecting the public by its enforcement of the licensure act and its continued regulation of the profession to ensure and promote fairness in the industry for the Board's licensees. The costs to applicants and licensees are outweighed by the Board's duty to license and regulate the profession. Additionally, application fees will more accurately address the actual cost of resources devoted to processing applications.

BFO meets with the Board annually to review its budget for the prior fiscal year and to suggest any measures they see that may assist the Board with minimizing costs. One area in which the Board has lowered its costs from previous years has been to limit the amount of travel that Board members take to various association meetings, both in-state and out-of-state, instead encouraging attendance virtually. The Board has also converted its meetings to a hybrid format, wherein Board members are permitted to attend either in-person or virtually. This has allowed the Board to decrease expenses related to hotel and mileage reimbursement for those Board members that choose to attend virtually. The Board also anticipates that the maintenance costs for the Pennsylvania Licensing System (PALS) will decrease from its prior levels as the system becomes more consistent in its functionality.

The increase is mandated by section 330(a) of the act (63 P.S. § 818.330(a)) and is necessary to assure the fiscal integrity of the Board so that it may continue to carry out its mission.

(19) Provide a specific estimate of the costs and/or savings to the **regulated community** associated with compliance, including any legal, accounting or consulting procedures which may be required. Explain how the dollar estimates were derived.

As reflected in the Board's response to question 17, the regulated community will incur additional costs as a result of the graduated application and biennial renewal fee increases. Salespersons, manufacturer representatives, distributor representatives, manufacturers, manufacturer branches, distributor branches, distributors, dealers, dealer branch lots and auctions will see a fee increase for all initial applications beginning in July of 2023, followed by a second increase in July of 2025. Additionally, renewal license applications will increase beginning June 1, 2023, followed by a second fee increase on June 1, 2025. The new fee structure is projected to produce biennial revenues of: $6.5 million in FYs 2022-2023 and 2023-2024, which will allow the Board to meet or exceed its projected expenditures of $6.482 million; biennial revenues of $7.895 million in FYs 2024-2025 and 2025-2026, which will allow the Board to meet or exceed its projected expenditures of $6.829 million and will result in a positive remaining balance of $266,652.66 in FY 2025-2026. The Board believes that the fees will be adequate to cover operating expenses through at least fiscal year 2025-2026. The Board does not anticipate additional administrative, legal, accounting or consulting costs to the Board, applicants or licensees by implementing the rulemaking. There are no other costs or savings to the regulated community that will result from compliance with the rulemaking.

(20) Provide a specific estimate of the costs and/or savings to the **local governments** associated with compliance, including any legal, accounting or consulting procedures which may be required. Explain how the dollar estimates were derived.

There are no costs or savings to local governments associated with compliance with the final rulemaking.

(21) Provide a specific estimate of the costs and/or savings to the **state government** associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required. Explain how the dollar estimates were derived.

The Board will incur a minimal cost to revise its online application forms and online renewal platform to indicate the increased fees. The Board would incur no other increase in administrative costs by implementing the final rulemaking. There are no other costs or savings to state government associated with implementation of the final rulemaking.

(22) For each of the groups and entities identified in items (19)-(21) above, submit a statement of legal, accounting or consulting procedures and additional reporting, recordkeeping or other paperwork, including copies of forms or reports, which will be required for implementation of the regulation and an explanation of measures which have been taken to minimize these requirements.

This rulemaking will not require any additional recordkeeping nor will there be any legal, accounting or consulting procedures required for implementation of the final rulemaking. The new fees will require no additional paperwork, as these fees are being imposed to cover the Board's costs associated with services that are already being provided and paperwork that is already required.

(22a) Are forms required for implementation of the regulation?

No new application forms are required. The Board uses online application forms, which will be amended to reflect the new fee schedule.

(22b) If forms are required for implementation of the regulation, **attach copies of the forms here.** If your agency uses electronic forms, provide links to each form or a detailed description of the information required to be reported. **Failure to attach forms, provide links, or provide a detailed description of the information to be reported will constitute a faulty delivery of the regulation.**

In October of 2016, the Bureau launched the Pennsylvania Licensing System (PALS), which provides for an online application and biennial renewal system. Applicants and licensees must apply for initial licensure and renewal through PALS. The Board no longer uses physical applications. Online PALS applications will have to be modified to reflect the fee schedule amendments in this final regulation. The Board will only need to revise existing online applications to reflect the increased fees for initial applications and biennial renewal applications, as reflected in the final annex.

(23) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY Year (22-23)	FY +1 Year (23-24)	FY +2 Year (24-25)	FY +3 Year (25-26)	FY +4 Year (26-27)	FY +5 Year (27-28)
SAVINGS:						
Regulated Community	N/A	N/A	N/A	N/A	N/A	N/A
Local Government	N/A	N/A	N/A	N/A	N/A	N/A
State Government	N/A	N/A	N/A	N/A	N/A	N/A
Total Savings	N/A	N/A	N/A	N/A	N/A	N/A
COSTS:						
Regulated Community	$1,292,908	$290,310	$1,267,670	$37,035	$1,267,670	$37,035
Local Government	$0	$0	$0	$0	$0	$0
State Government	$0	$0	$0	$0	$0	$0
Total Costs	$1,292,908	$290,310	$1,267,670	$37,035	$1,267,670	$37,035
REVENUE LOSSES:						
Regulated Community	N/A	N/A	N/A	N/A	N/A	N/A
Local Government	N/A	N/A	N/A	N/A	N/A	N/A
State Government	N/A	N/A	N/A	N/A	N/A	N/A
Total Revenue Losses	N/A	N/A	N/A	N/A	N/A	N/A

(23a) Provide the past three year expenditure history for programs affected by the regulation.

Program	FY -3 (2019-2020)	FY -2 (2020-2021)	FY -1 (2021-2022)	Current FY (2022-2023)
State Board of Vehicle Manufactures, Dealers and Salespersons	(actual) $2,891,103.52	(actual) $2,999,594.90	(budgeted) $2,867,000	(projected) $3,090,000

(24) For any regulation that may have an adverse impact on small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012), provide an economic impact statement that includes the following:

(a) An identification and estimate of the number of small businesses subject to the regulation.
(b) The projected reporting, recordkeeping and other administrative costs required for compliance with the proposed regulation, including the type of professional skills necessary for preparation of the report or record.
(c) A statement of probable effect on impacted small businesses.
(d) A description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

(a) All "small businesses," as that term is defined by the Regulatory Review Act and the SBA, that are licensees or employ licensees would be subject to the rulemaking. The Board does not collect data relating to the sized of licensee businesses or the size of the businesses that employ licensees. Please also see the response to Question 15.

(b) There are no projected reporting or recordkeeping costs required for compliance. There are only negligible additional administrative costs required to complete applications for increased fees.

(c) The effect on impacted small businesses will be an increase in the application and biennial renewal fees each licensee employed by, or owner of, the small businesses should the businesses choose to pay these fees for their employees.

(d) The Board considered a one-time 20% increase in application and renewal fees and determined that a graduated increase offered the best protection of the Board against the loss of licensees resulting from the natural fluctuations in the industry and provision of resources to the Board for compliance with statutory requirements. The Board chose the least burdensome fee schedule by implementing a graduated fee schedule.

(25) List any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, the elderly, small businesses, and farmers.

The Board has determined that there are no special needs of any subset of its applicants or licensees for whom special accommodations should be made.

(26) Include a description of any alternative regulatory provisions which have been considered and rejected and a statement that the least burdensome acceptable alternative has been selected.

The Board considers this regulation to be the least burdensome and acceptable alternative, consistent with public health, safety and welfare. This increase is necessary to ensure the fiscal integrity of the Board and to assure that the Board's mandate to protect the health, safety and welfare of the public is carried out. The last time that the Board approved an increase in initial application fees was 2000 and biennial renewal fee increase was in 2007.

When BFO first alerted the Board that fee increases were necessary, the Board was looking at substantial increases in biennial renewal fees only. The Board later decided to incorporate increased fees for

application fees to reflect the current costs to process those applications. The Board considered a one-time 20% increase in application and renewal fees and determined that a graduated increase offered the best protection of the Board against the loss of licensees resulting from the natural fluctuations in the industry and provision of resources to the Board for compliance with statutory requirements. However, the Board incorporated graduated fee increases for applications and biennial fees over the course of two biennial periods so that the fees for each biennium more accurately reflected the actual costs for each biennial period. The Board adopted what it believed to be the least burdensome acceptable fee structure as this method minimizes the impact of fee increases to licensees and ensures that fee increases only occur when it is fiscally necessary to do so.

(27) In conducting a regulatory flexibility analysis, explain whether regulatory methods were considered that will minimize any adverse impact on small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012), including:

a) The establishment of less stringent compliance or reporting requirements for small businesses;
b) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
c) The consolidation or simplification of compliance or reporting requirements for small businesses;
d) The establishment of performance standards for small businesses to replace design or operational standards required in the regulation; and
e) The exemption of small businesses from all or any part of the requirements contained in the regulation.

a) & b) All applicants pay the application fees at the time the application is submitted, and all licenses renew biennially. The Board did not consider less stringent reporting requirements or deadlines for small businesses or for licensees who work for small businesses.

c) There are no compliance or reporting requirements that could be consolidated or simplified. The application and biennial renewal processes are the same whether a particular licensee or applicant is, or is employed by, a small business or a large business.

d) The regulation does not contain design or operational standards that need to be altered for small businesses.

e) The exclusion of any applicants or licensees from the requirements contained in the rulemaking based on the size of the business would not be consistent with public health and welfare because it would prevent the Board from obtaining adequate revenue to meet projected expenditures and the Board would not be able to carry out its legislative mandate.

(28) If data is the basis for this regulation, please provide a description of the data, explain <u>in detail</u> how the data was obtained, and how it meets the acceptability standard for empirical, replicable and testable data that is supported by documentation, statistics, reports, studies or research. Please submit data or supporting materials with the regulatory package. If the material exceeds 50 pages, please provide it in a searchable electronic format or provide a list of citations and internet links that, where possible, can be accessed in a searchable format in lieu of the actual material. If other data was considered but not used, please explain why that data was determined not to be acceptable.

This rulemaking is not based upon any scientific data, studies, or references. The Board relied on financial records of the Board presented by the BFO, including the Annual Board Budget Report, the BFO Fee Increase Report and fee report forms that provide the breakdown of costs for application fees. (*See*, Attachments "A" and "B"). Renewal fees are not calculated on a per cost basis the way initial application fees are calculated. Therefore, the Board does not create fee report forms to accompany renewal fee recommendations. As mentioned above, initial application fees are developed as an at cost fee while the biennial fees are calculated to ensure that the Board can meet or exceed its operational costs.

(29) Include a schedule for review of the regulation including:

A. The length of the public comment period: 30 days from publication in the PA Bulletin

B. The date or dates on which any public meetings or hearings will be held: The rulemaking was discussed at public Board meetings in 2017, 2018 and 2019, 2020 and 2021. No specific date has been scheduled for future discussions. The Board holds regularly scheduled meetings and considers public comment at those meetings. A schedule is provided in item (30) below.

C. The expected date of delivery of the final-form regulation: Fall of 2022

D. The expected effective date of the final-form regulation: Upon notice or publication as final

E. The expected date by which compliance with the final-form regulation will be required: Upon notice or publication as final

F. The expected date by which required permits, licenses or other approvals must be obtained: N/A

(30) Describe the plan developed for evaluating the continuing effectiveness of the regulations after its implementation.

The Board regularly evaluates the effectiveness of its regulations. Additionally, the Board regularly reviews requests by licensees and members of the public to amend its regulations causing the Board to evaluate the regulations' impact and necessity. The Board reviews all regulatory proposals at regularly scheduled meetings. The Board's 2022 meeting dates are: October 4 and November 22.

ATTACHMENT A

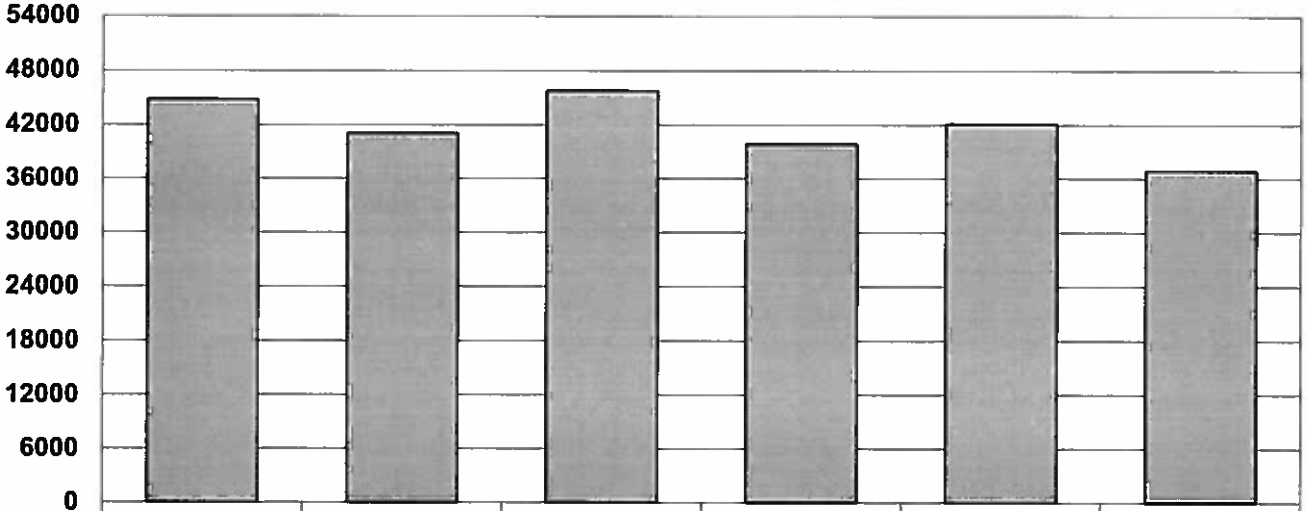
Commonwealth of Pennsylvania

DEPARTMENT OF STATE

STATE BOARD OF VEHICLE MANUFACTURERS, DEALERS, AND SALESPERSONS

FY 2020-2021 EXPENDITURES
FY 2021-2022 BUDGET INFORMATION
FY 2022-2023 BUDGET PLANNING

STATE BOARD OF VEHICLE MANUFACTURERS, DEALERS, AND SALESPERSONS
RENEWABLE LICENSEE COUNTS



	FY 2016/2017	FY 2017/2018	FY 2018/2019	FY 2019/2020	FY 2020/2021	CURRENTLY FY 2021/2022
Licensees	44815	41062	45750	39840	42143	36907

LICENSEES BY CLASS	FY 19-20	FY 20-21	FY 21-22
Vehicle Dealer	6,576	6,700	6,252
Vehicle Salesperson	31,300	33,370	28,746
Vehicle Branch	389	403	373
Vehicle Auction	57	58	57
Vehicle Manufacturer	284	300	296
Manufacturer Branch	14	15	12
Vehicle Representative	1,164	1,232	1,108
Vehicle Distributor	56	65	63
TOTAL	39,840	42,143	36,907

REVENUE BY SOURCE DEFINITIONS

Renewals: Revenue collected from license and certificate renewal fees during the renewal period.

Applications: Revenue collected for applications received from candidates for new licensure, certification or registration.

Letters of Good Standing/Certifications: Revenue collected for requests from licensees and certificate holders for Letters of Good Standing and Certifications. These letters and certifications are used by the licensees or certificate holders to send to other jurisdictions to verify that the holder of the license or certificate is in "good standing" with the Commonwealth of PA.

Act 48: Revenue collected from citations issued and civil penalties imposed by the Bureau of Enforcement and Investigation's inspectors for non-compliance to standards found during routine inspections.

Civil Penalties: Revenue deposited as a result of penalties imposed for an offense that violates the Board or Commission's licensing laws and/or regulations.

Licensee List: Revenue collected for licensee list requests from the public through the Bureau of Professional and Occupational Affairs. The information provided on these lists include name, address, license number, county, certification and expiration date.

Investigations: Revenue collected for the reimbursement of investigations.

DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS

STATE BOARD OF VEHICLE MANUFACTURERS, DEALERS, AND SALESPERSONS
FY19-20 AND FY20-21 SOURCES OF REVENUE

REVENUE BY SOURCE	FY19-20 ACTUAL	FY20-21 ACTUAL	BIENNIAL TOTAL
Renewals	18,363.00	3,722,920.00	3,741,283.00
Applications	386,730.00	234,675.00	621,405.00
Letters of Good Standing/Certifications	1,500.00	4,605.00	6,105.00
Civil Penalties	71,550.00	48,250.00	119,800.00
Act 48	27,150.00	3,800.00	30,950.00
Investigations	8,732.44	2,303.93	11,036.37
Licensee List	80,613.91	90,434.24	171,048.15
TOTAL REVENUE	594,639.35	4,106,988.17	4,701,627.52

Renewal Fees: Renew May odd years - last fee increase 2007
- Vehicle Dealer; Branch; Auction; Manufacturer Branch; Distributor: $175 biennially (FY22 $219; FY24 $274)
- Vehicle Salesperson; Representative: $90 biennially (FY22 $113; FY24 $141)
- Vehicle Manufacturer: $250 biennially (FY22 $313; FY24 $391)

COST CATEGORY DEFINITIONS

Board Administration: Timesheet based staff expenses (personnel, operating and fixed assets) for the Commissioner's Office, Operational Support Division, and Licensing Divisions in the Bureau of Professional and Occupational Affairs. Direct charges, such as printing and mailing costs for board and commission renewal notices, informational handouts, Acts, Rules and Regulations are included in this cost category. Operating and fixed asset expenses that are distributed based on their benefit to the board using licensee population, such as PALS, copy paper,staff augmentations for BPOA, Penn Center lobby security, and interagency billings (i.e., Civil Service Commission, Comptroller's Office, etc.).

Departmental Services: Timesheet based charges for support provided by the various support offices within the agency. These include the Executive Office, which consists of offices of the Secretary of the Commonwealth, the Executive Deputy Secretary, the Deputy Secretary of Regulatory Programs, Office of Policy, Office of Chief Counsel, Office of Communications and Press, and Office of Legislative Affairs. In addition, costs are included for Bureau of Finance and Operations and Human Resource/Information Technology Delivery Centers.

Legal Office: Timesheet based staff expenses (personnel, operating and fixed assets) for board counsel, board prosecutors, legal review of policy and regulatory matters, and support staff. Examples of direct charges are expert witness services and advertising costs of license suspensions, revocations or fines assessed.

Hearing Expenses: Timesheet based staff expenses (personnel, operating and fixed assets) for staff assigned to the Hearing Examiners' Office. There are also direct charges for hearing related expenses such as court reporting services.

Enforcement and Investigation: Timesheet based staff expenses (personnel, operating and fixed assets) are captured for headquarters and the four regional offices.

Board Member Expenses (direct charges): Board member per diem, conference registration fees, travel expenses and membership dues for national professional organizations.

DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS

STATE BOARD OF VEHICLE MANUFACTURERS, DEALERS, AND SALESPERSONS

A COST CATEGORY	B FY 2019-2020 ACTUAL EXPENSES	C FY 2020-2021 ACTUAL EXPENSES	D FY 2021-2022 BUDGET	E FY 2021-2022 EXPENSES AS OF 11/4/21
ADMINISTRATIVE COSTS:				
Board Administration	865,805.61	897,811.12	829,000.00	210,725.45
Departmental Services	175,491.02	199,200.35	177,000.00	88,355.80
Board Member Expenses	12,951.13	8,567.48	23,000.00	1,691.82
LEGAL COSTS:				
Legal Office				
Legal Administration	80,460.95	87,455.40	69,000.00	11,032.36
Prosecution	468,718.92	469,395.39	625,000.00	179,149.09
Counsel	199,181.59	143,586.38	184,000.00	46,897.17
Hearing Expenses	77,656.07	101,701.81	108,000.00	19,779.84
Enforcement and Investigation				
BEI Administration	172,340.39	105,747.17	46,000.00	7,718.87
Investigations	405,271.37	489,806.71	406,000.00	106,481.48
Inspections	433,226.47	494,404.97	400,000.00	101,792.52
PHMP	0.00	1,918.12	0.00	0.00
TOTAL BOARD COSTS:	**2,891,103.52**	**2,999,594.90**	**2,867,000.00**	**773,624.40**

FINANCIAL STATUS	ACTUAL FY 19-20	ACTUAL FY 20-21	BUDGET FY 21-22	PROPOSED BUDGET FY 22-23*	PROJECTED FY 23-24	PROJECTED FY 24-25
BEGINNING BALANCE:	2,561,270.00	264,805.83	1,372,199.10	(900,800.90)	1,331,199.10	(660,800.90)
REVENUE:	594,639.35	4,106,988.17	594,000.00	5,322,000.00	961,000.00	6,573,000.00
TOTAL REVENUE:	3,155,909.35	4,371,794.00	1,966,199.10	4,421,199.10	2,292,199.10	5,912,199.10
EXPENSES/BUDGET:	2,891,103.52	2,999,594.90	2,867,000.00	3,090,000.00	2,953,000.00	3,183,000.00
REMAINING BALANCE:	264,805.83	1,372,199.10	(900,800.90)	1,331,199.10	(660,800.90)	2,729,199.10

*Renewal and Application fee Increase effective in FY2022-23

Prepared by:
Bureau of Finance and Operations
Division of Fiscal Management

CATEGORY DESCRIPTION

BOARD MEMBER PER DIEMS: Daily per diem per board member.

PER DIEM BENEFITS: Paid benefits for social security, medicare, etc against the daily per diem per board member.

TRAVEL: Regularly scheduled board meetings; special board meetings, hearings, committee meetings; conferences, trainings, special requested board meeting attendance. All travel includes hotel rooms, meals, ground transportation, airline tickets, and shuttle costs per person.

CONFERENCE REGISTRATIONS: Registrations for each participant who is required to pay a conference fee.

OFFICE SUPPLIES: Office supplies used to sustain the board's needs.

PRINTING COSTS: Cost to print nameplates for board members.

MEMBERSHIP DUES: The costs attributed to membership in national and state associations related to board operations.

DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS

STATE BOARD OF VEHICLE MANUFACTURERS, DEALERS, AND SALESPERSONS

CATEGORY	FY19-20 ACTUAL EXPENSES	FY20-21 ACTUAL EXPENSES	FY21-22 BUDGETED	FY21-22 EXPENSES AS OF 11/4/21	FY22-23 REQUEST
BOARD MEMBER EXPENSES:					
Board Member Per Diems	$7,560.00	$6,960.00	$10,000.00	$1,560.00	$10,000.00
Per Diem Benefits	$646.38	$593.52	$1,050.00	$131.82	$1,050.00
Travel	$4,744.75	$1,013.96	$11,100.00	$0.00	$11,100.00
Conference Registrations	$0.00	$0.00	$0.00	$0.00	$0.00
Office Supplies	$0.00	$0.00	$50.00	$0.00	$50.00
Printing Costs	$0.00	$0.00	$50.00	$0.00	$50.00
Membership Dues	$0.00	$0.00	$750.00	$0.00	$750.00
TOTAL:	**$12,951.13**	**$8,567.48**	**$23,000.00**	**$1,691.82**	**$23,000.00**

Prepared by:
Bureau of Finance and Operations
Division of Fiscal Management

STATE BOARD OF VEHICLE MANUFACTURERS, DEALERS, AND SALESPERSONS

Projected Biennial Revenue	**$4,939,000**
Projected Biennial Budget/Expenses	**$6,202,000**
Projected Biennial Balance	**($1,263,000)**

Projected biennial revenue and expenses from FY19-20 and FY20-21 were used to show anticipated biennial balance.

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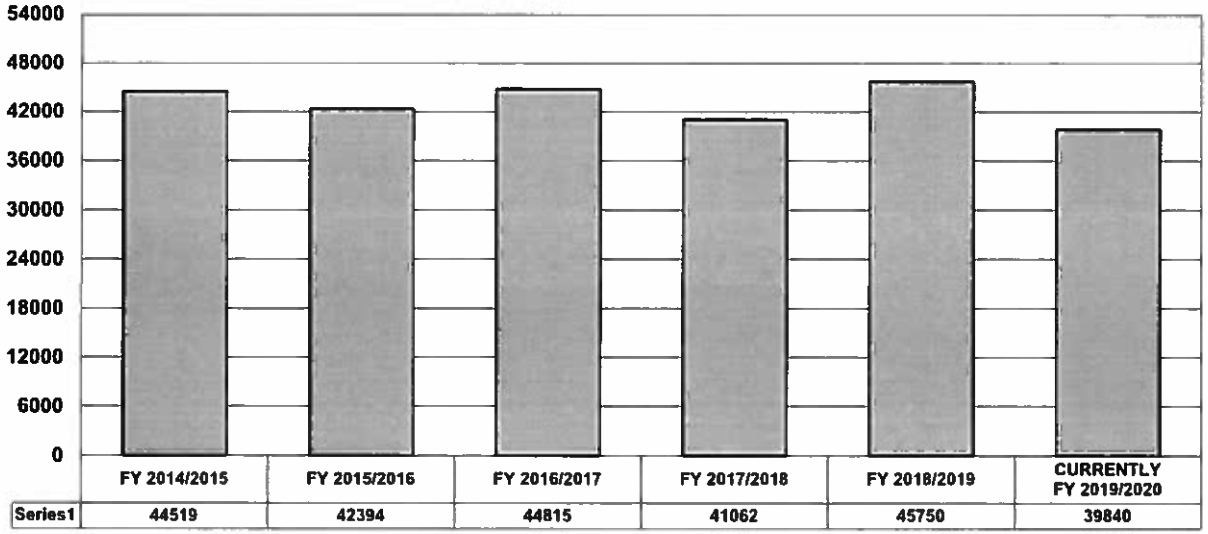
Division of Fiscal Management

STATE BOARD OF VEHICLE MANUFACTURERS, DEALERS, AND SALESPERSONS
RENEWABLE LICENSEE COUNTS



LICENSEES BY CLASS	FY 17-18	FY 18-19	FY 19-20
Vehicle Dealer	6,800	7,153	6,576
Vehicle Salesperson	32,272	36,386	31,300
Vehicle Branch	414	440	389
Vehicle Auction	61	62	57
Vehicle Manufacturer	297	312	284
Manufacturer Branch	13	14	14
Vehicle Representative	1,141	1,312	1,164
Vehicle Distributor	64	71	56
TOTAL	41,062	45,750	39,840

State Board of Vehicle Manufacturers, Dealers, and Salespersons
Expense and Revenue History Comparison

11/27/2019

Cost Center	Actual Expenses FY 11-12	Actual Expenses FY 12-13	Actual Expenses FY13-14	Actual Expenses FY 14-15	Actual Expenses FY 15-16	Actual Expenses FY16-17	Actual Expenses FY 17-18	Actual Expenses FY 18-19
BPOA Administration	$ 593,228.53	$ 697,358.44	$ 570,402.67	$ 722,001.66	$ 626,615.56	$ 937,700.11	$ 730,211.86	$ 822,112.34
Commissioner's Office	$ 20,576.70	$ 44,481.41	$ 42,928.87	$ 34,129.52	$ 30,159.25	$ 39,594.35	$ 39,959.70	$ 43,361.85
Revenue Office	$ 12,264.53	$ 15,505.64	$ 14,416.66	$ 20,875.08	$ 17,335.61	$ 21,207.50	$ 17,453.66	$ 18,111.01
Departmental Services	$ 131,666.25	$ 181,729.65	$ 178,819.67	$ 204,671.62	$ 183,998.76	$ 191,742.39	$ 231,189.77	$ 251,611.80
Board Member Expenses	$ 34,308.16	$ 46,147.69	$ 36,346.23	$ 31,132.58	$ 21,075.82	$ 17,087.62	$ 19,113.20	$ 12,703.00
Legal Office	$ 534,461.08	$ 466,828.61	$ 515,995.40	$ 569,233.45	$ 648,458.86	$ 710,265.52	$ 795,318.64	$ 769,375.26
Hearing Expenses	$ 39,042.40	$ 53,733.22	$ 33,750.28	$ 32,544.29	$ 100,789.84	$ 93,116.38	$ 107,637.33	$ 129,803.04
Enforcement & Investigation	$ 838,902.54	$ 1,009,867.06	$ 1,069,342.00	$ 1,117,453.20	$ 1,214,139.87	$ 1,129,489.31	$ 1,022,386.55	$ 1,032,024.33
TOTAL	2,204,450.19	2,515,651.72	2,462,001.78	2,732,041.40	2,842,573.57	3,140,203.18	2,963,270.71	3,079,102.63

Revenue By Source	Actual Revenue FY 11-12	Actual Revenue FY 12-13	Actual Revenue FY13-14	Actual Revenue FY 14-15	Actual Revenue FY 15-16	Actual Revenue FY16-17	Actual Revenue FY 17-18	Actual Revenue FY 18-19
Renewals	291,835.09	3,952,236.00	229,104.00	3,617,389.00	234,730.00	3,946,120.00	99,348.00	3,904,286.00
Applications	152,335.00	178,798.02	183,330.00	183,740.00	186,478.00	309,673.50	411,520.00	288,025.00
Letters of Good Standing	21,105.00	18,515.00	21,480.00	9,340.00	7,710.00	5,685.00	4,710.00	3,660.00
Civil Penalties	115,349.55	89,857.96	25,030.00	89,570.00	177,205.00	145,025.00	322,704.32	268,716.88
Act 48 Citations	28,350.00	24,500.00	12,900.00	26,450.00	23,950.00	11,300.00	25,978.54	13,450.00
Investigations	4,562.01	1,237.24	0.00	877.11	3,503.47	3,275.75	11,595.34	5,223.81
Licensee Lists	167,276.62	237,604.40	192,155.96	185,029.32	99,227.87	171,029.15	71,811.64	100,669.50
TOTAL REVENUE	780,813.27	4,502,748.62	663,999.96	4,112,395.43	732,804.34	4,592,108.40	947,667.84	4,584,031.19

STATE BOARD OF VEHICLE MANUFACTURERS, DEALERS, AND SALESPERSONS
FEES FOR SURROUNDING STATES

STATE	VEHICLE SALESPERSON			VEHICLE FACTORY REPRESENTATIVE		
	INITIAL APPLICATION	RENEWAL	RENEWAL FREQUENCY	INITIAL APPLICATION	RENEWAL	RENEWAL FREQUENCY
Connecticut	N/A	N/A	N/A	N/A	N/A	N/A
Delaware	N/A	N/A	N/A	N/A	N/A	N/A
Maine	N/A	N/A	N/A	N/A	N/A	N/A
Maryland	$67.50	N/A	N/A	N/A	N/A	N/A
Massachusetts	N/A	N/A	N/A	N/A	N/A	N/A
New Hampshire	N/A	N/A	N/A	N/A	N/A	N/A
New Jersey	N/A	N/A	N/A	N/A	N/A	N/A
New York	N/A	N/A	N/A	N/A	N/A	N/A
Ohio	$10.00	$10.00	Annual	N/A	N/A	N/A
Rhode Island	N/A	N/A	N/A	$101.50	$101.50	Annual
Vermont	N/A	N/A	N/A	N/A	N/A	N/A
West Virginia	$60.00	$10.00	5 Year	N/A	N/A	N/A
Pennsylvania	$25.00	$90.00	Biennial	$25.00	$90.00	Biennial

	VEHICLE SALESPERSON INITIAL APPLICATION	
	STATE	FEE
LOWEST FEE:	Ohio	$10.00
HIGHEST FEE:	Maryland	$67.50
	Pennsylvania	$25.00

	FACTORY REPRESENTATIVE INITIAL APPLICATION	
	STATE	FEE
LOWEST FEE:	Pennsylvania	$25.00
HIGHEST FEE:	Rhode Island	$101.50
	Pennsylvania	$25.00

	VEHICLE SALESPERSON RENEWAL FEE BY YEAR	
	STATE	FEE
LOWEST FEE:	West Virginia	$2.00
HIGHEST FEE:	Pennsylvania	$45.00
	Pennsylvania	$45.00

	FACTORY REPRESENTATIVE RENEWAL FEE BY YEAR	
	STATE	FEE
LOWEST FEE:	Pennsylvania	$45.00
HIGHEST FEE:	Conneticut	$101.50
	Pennsylvania	$45.00

STATE BOARD OF VEHICLE MANUFACTURERS, DEALERS, AND SALESPERSONS
No Change

11/27/2019

LICENSE CLASSES	LICENSE COUNT	CURRENT RENEWAL FEE	TOTAL RENEWAL FEES
BIENNIAL RENEWAL REVENUE			
Vehicle Dealer	6,576	$ 175.00	$ 1,150,800.00
Vehicle Salesperson	31,300	$ 90.00	$ 2,817,000.00
Vehicle Branch	389	$ 175.00	$ 68,075.00
Vehicle Auction	57	$ 175.00	$ 9,975.00
Vehicle Manufacturer	284	$ 250.00	$ 71,000.00
Manufacturer Branch	14	$ 175.00	$ 2,450.00
Vehicle Representative	1,164	$ 90.00	$ 104,760.00
Vehicle Distributor	56	$ 175.00	$ 9,800.00
TOTAL RENEWAL REVENUE:	39,840		
RENEWAL REVENUE:			$ 4,233,860.00
NON-RENEWAL OTHER REVENUE:			$ 705,000.00
TOTAL BOARD REVENUE:			$ 4,938,860.00
Renewal Year:			$ 4,007,000.00
Non-Renewal Year:			$ 932,000.00

Renewal - May of Odd-Numbered Years

Current fee effective since 2007

FINANCIAL STATUS	Actual FY 17-18	Projected FY 18-19	Projected FY 19-20	Projected FY 20-21	Projected FY 21-22	Projected FY 22-23	Projected FY 23-24	Projected FY 24-25	Projected FY 25-26
Beginning Balance:	3,146,326.97	1,130,724.10	2,635,652.66	536,652.66	1,372,652.66	(817,347.34)	(76,347.34)	(2,360,347.34)	(4,647,347.34)
Revenue:	947,667.84	4,584,031.19	932,000.00	4,007,000.00	932,000.00	4,007,000.00	932,000.00	4,007,000.00	932,000.00
Total Available:	4,093,994.81	5,714,755.29	3,567,652.66	4,543,652.66	2,304,652.66	3,189,652.66	855,652.66	1,646,652.66	(3,715,347.34)
Expenses/Budget:	2,963,270.71	3,079,102.63	3,031,000.00	3,171,000.00	3,122,000.00	3,266,000.00	3,216,000.00	3,364,000.00	3,465,000.00
Remaining Balance:	1,130,724.10	2,635,652.66	536,652.66	1,372,652.66	(817,347.34)	(76,347.34)	(2,360,347.34)	(1,717,347.34)	(7,180,347.34)

STATE BOARD OF VEHICLE MANUFACTURERS, DEALERS, AND SALESPERSONS
APPLICATION FEE INCREASE

Licensee Type	Current				1st Renewal Period (No Change)				2nd Renewal Period (9.5% Inc.)				3rd Renewal Period (9.5% Inc.)			
	Annual	Biennial	Cost	Total	Annual *	Biennial	Cost	Total	Annual *	Biennial	Cost	Total	Annual *	Biennial	Cost	Total
Vehicle Dealer	450	900	$ 65.00	$ 58,500.00	450	900	$ 65.00	$ 58,500.00	450	900	$ 175.00	$ 157,500.00	450	900	$ 190.00	$ 171,000.00
Vehicle Salesperson	5,500	11,000	$ 25.00	$ 275,000.00	5,500	11,000	$ 25.00	$ 275,000.00	5,500	11,000	$ 65.00	$ 715,000.00	5,500	11,000	$ 70.00	$ 770,000.00
Vehicle Branch	50	100	$ 65.00	$ 6,500.00	50	100	$ 65.00	$ 6,500.00	50	100	$ 175.00	$ 17,500.00	50	100	$ 190.00	$ 19,000.00
Vehicle Auction	5	10	$ 65.00	$ 650.00	5	10	$ 65.00	$ 650.00	5	10	$ 175.00	$ 1,750.00	5	10	$ 190.00	$ 1,900.00
Vehicle Manufacturer	25	50	$ 30.00	$ 1,500.00	25	50	$ 30.00	$ 1,500.00	25	50	$ 90.00	$ 4,500.00	25	50	$ 100.00	$ 5,000.00
Manufacturer Branch	1	2	$ 30.00	$ 60.00	1	2	$ 30.00	$ 60.00	1	2	$ 90.00	$ 180.00	1	2	$ 100.00	$ 200.00
Vehicle Representative	300	600	$ 25.00	$ 15,000.00	300	600	$ 25.00	$ 15,000.00	300	600	$ 65.00	$ 39,000.00	300	600	$ 70.00	$ 42,000.00
Vehicle Distributor	20	40	$ 30.00	$ 1,200.00	20	40	$ 30.00	$ 1,200.00	20	40	$ 90.00	$ 3,600.00	20	40	$ 100.00	$ 4,000.00
	6,351			$ 358,410.00	6,351			$ 358,410.00	6,351			$ 939,030.00	6,351			$ 1,013,100.00

11/27/2019

STATE BOARD OF VEHICLE MANUFACTURERS, DEALERS, AND SALESPERSONS
PROPOSED BIENNIAL RENEWAL AND APPLICATION FEE INCREASE - EFFECTIVE FY 22-23 (May 2023)
25% Renewal Fee Increase per Biennial Renewal (RENEWAL PERIODS 2 & 3 ONLY) - All Licensure Types

RENEWAL LICENSE CLASSES	LICENSE COUNT	CURRENT RENEWAL FEE	TOTAL RENEWAL FEES	FY 20-21 & FY 21-22 (NO CHANGE IN FEES) LICENSE COUNT	RENEWAL FEE	RENEWAL FEES	FY 22-23 & FY 23-24 (Increase Application and Renewal Fees) LICENSE COUNT	RENEWAL FEE	RENEWAL FEES	FY 24-25 & FY 25-26 (Increase Application and Renewal Fees) LICENSE COUNT	RENEWAL FEE	RENEWAL FEES
Vehicle Dealer	6,576	$ 175.00	$ 1,150,800.00	6,576	$175.00	$ 1,150,800.00	6,576	$219.00	$ 1,440,144.00	6,576	$274.00	$ 1,801,824.00
Vehicle Salesperson	31,300	$ 90.00	$ 2,817,000.00	31,300	$90.00	$ 2,817,000.00	31,300	$113.00	$ 3,536,900.00	31,300	$141.00	$ 4,413,300.00
Vehicle Branch	389	$ 175.00	$ 68,075.00	389	$175.00	$ 68,075.00	389	$219.00	$ 85,191.00	389	$274.00	$ 106,586.00
Vehicle Auction	57	$ 175.00	$ 9,975.00	57	$175.00	$ 9,975.00	57	$219.00	$ 12,483.00	57	$274.00	$ 15,618.00
Vehicle Manufacturer	284	$ 250.00	$ 71,000.00	284	$250.00	$ 71,000.00	284	$313.00	$ 88,892.00	284	$391.00	$ 111,044.00
Manufacturer Branch	14	$ 175.00	$ 2,450.00	14	$175.00	$ 2,450.00	14	$219.00	$ 3,066.00	14	$274.00	$ 3,836.00
Vehicle Representative	1,164	$ 90.00	$ 104,760.00	1,164	$90.00	$ 104,760.00	1,164	$113.00	$ 131,532.00	1,164	$141.00	$ 164,124.00
Vehicle Distributor	56	$ 175.00	$ 9,800.00	56	$175.00	$ 9,800.00	56	$219.00	$ 12,264.00	56	$274.00	$ 15,344.00
	39,840			39,840			39,840			39,840		
TOTAL RENEWAL REVENUE:			**$ 4,233,860.00**			**$ 4,233,860.00**			**$ 5,310,472.00**			**$ 6,631,676.00**
TOTAL NON-RENEWAL REVENUE			**$ 705,000.00**			**$ 705,000.00**			**$ 1,189,030.00**			**$ 1,263,100.00**
TOTAL BOARD REVENUE:			**$ 4,938,860.00**			**$ 4,938,860.00**			**$ 6,499,502.00**			**$ 7,894,776.00**
Renewal Year:			**$ 4,007,000.00**			**$ 4,007,000.00**			**5,475,000.00**			**6,782,000.00**
Non-Renewal Year:			**$ 932,000.00**			**$ 932,000.00**			**1,025,000.00**			**1,113,000.00**

FINANCIAL STATUS	Actual FY 17-18	Actual FY 18-19	Projected FY 19-20	RENEWAL PERIOD 1 - 5/2021 Projected FY 20-21	Projected FY 21-22	PROJECTED FEE RENEWAL PERIOD 2 - 5/2023 Projected FY 22-23	Projected FY 23-24	RENEWAL PERIOD 3 - 5/2025 Projected FY 24-25	Projected FY 25-26
Beginning Balance:	3,146,326.97	1,130,724.10	2,635,652.66	536,652.66	1,372,652.66	(817,347.34)	1,391,652.66	(799,347.34)	2,618,652.66
Revenue:	947,667.84	4,584,031.19	932,000.00	4,007,000.00	932,000.00	5,475,000.00	1,025,000.00	6,782,000.00	1,113,000.00
Total Available:	4,093,994.81	5,714,755.29	3,567,652.66	4,543,652.66	2,304,652.66	4,657,652.66	2,416,652.66	5,982,652.66	3,731,652.66
Expenses/Budget:	2,963,270.71	3,079,102.63	3,031,000.00	3,171,000.00	3,122,000.00	3,266,000.00	3,216,000.00	3,364,000.00	3,465,000.00
Remaining Balance:	1,130,724.10	2,635,652.66	536,652.66	1,372,652.66	(817,347.34)	1,391,652.66	(799,347.34)	2,618,652.66	266,652.66

ATTACHMENT B

FEE REPORT FORM

Agency: State - BPOA **Date:** July 22, 2019

Contact: K. Kalonji Johnson, Acting Commissioner
Bureau of Professional & Occupational Affairs

Phone No. 783-7194

Fee Title, Rate and Estimated Collections:

Initial Vehicle Salesperson license application: $65.00

Estimated yearly revenue: $357,500 (5500 applications x $65.00)

Fee Description:

The fee will be charged for every application for an initial vehicle salesperson license.

Fee Objective:

The fee should (1) offset the identifiable costs incurred by the State Board of Vehicle Manufacturers, Dealers and Salespersons to process an application for an initial Vehicle Salesperson license and (2) defray a portion of the Board's administrative overhead.

Fee-Related Activities and Costs:

Clerical review	(.5hr)	$24.61
Board Administrator review	(.25hr)	$15.19
Board Member review	(.25hr)	$12.00
Transaction Fee		$1.55
Administrative Overhead		$10.00
	Total Estimated Cost:	$63.35
	Proposed Fee:	$65.00

Analysis, Comment, and Recommendation:

It is recommended that a fee of $65.00 be established for every application for an initial vehicle salesperson license.

Clerical staff opens, date stamps application and processes fee. Staff enters demographic information into the licensing database and reviews any enclosed paperwork. Forwards application materials to board administrator. Board administrator reviews all documents for completeness. If necessary, application is forwarded to board counsel for review. Once complete, application is reviewed by board members at the next scheduled board meeting. Once all reviews are completed, license is issued.

FEE REPORT FORM

Agency: State - BPOA **Date:** July 22, 2019

Contact: K. Kalonji Johnson, Commissioner
Bureau of Professional & Occupational Affairs

Phone No. 783-7194

Fee Title, Rate and Estimated Collections:

Initial Vehicle Representative License application: $65.00

Estimated yearly revenue: $19,500 (300 applications x $65.00)

Fee Description:

The fee will be charged for every application for an initial vehicle sales representative license.

Fee Objective:

The fee should (1) offset the identifiable costs incurred by the State Board of Vehicle Manufacturers, Dealers and Salespersons to process an application for an initial Vehicle Representative license and (2) defray a portion of the Board's administrative overhead.

Fee-Related Activities and Costs:

Clerical review	(.5hr)	$24.61
Board Administrator review	(.25hr)	$15.19
Board Member review	(.25hr)	$12.00
Transaction Fee		$ 1.55
Administrative Overhead		$10.00
	Total Estimated Cost:	$63.35
	Proposed Fee:	$65.00

Analysis, Comment, and Recommendation:

It is recommended that a fee of $65.00 be established for every application for an initial vehicle representative license.

Clerical staff opens, date stamps application and processes fee. Staff enters demographic information into the licensing database and reviews any enclosed paperwork. Forwards application materials to board administrator. Board administrator reviews all documents for completeness. If necessary, application is forwarded to board counsel for review. Once complete, application is reviewed by board members at the next scheduled board meeting. Once all reviews are completed, license is issued.

FEE REPORT FORM

Agency: State - BPOA **Date**: July 22, 2019

Contact: K. Kalonji Johnson, Acting Commissioner
Bureau of Professional & Occupational Affairs

Phone No. 783-7194

Fee Title, Rate and Estimated Collections:

Initial Vehicle Dealership license application: $175.00

Estimated yearly revenue: $78,750 (450 applications x $175.00)

Fee Description:

The fee will be charged for every application for an initial vehicle dealership license.

Fee Objective:

The fee should (1) offset the identifiable costs incurred by the State Board of Vehicle Manufacturers, Dealers and Salespersons to process an application for an Initial Vehicle Dealership license and (2) defray a portion of the Board's administrative overhead.

Fee-Related Activities and Costs:

Clerical review	(1hr)	$49.21
Board Administrator review	(.25hr)	$15.19
BEI investigation	(1.5hr)	$82.62
Board Member review	(.25hr)	$12.00
Transaction Fee		$ 4.23
Administrative Overhead		$10.00
	Total Estimated Cost:	$173.25
	Proposed Fee:	$175.00

Analysis, Comment, and Recommendation:

It is recommended that a fee of $175.00 be established for every application for an initial vehicle dealership license.

Clerical staff opens, date stamps application and processes fee. Staff enters demographic information into the licensing database and reviews any enclosed paperwork. Forwards application materials to board administrator. Board administrator reviews all documents for completeness. Application is forwarded to our Bureau of Enforcement and Investigation (BEI) for inspection. Once completed application can be forwarded to board counsel for review. Application is reviewed by board members at the next scheduled board meeting. Once all reviews are completed, license is issued.

FEE REPORT FORM

Agency: State - BPOA **Date**: July 22, 2019

Contact: K. Kalonji Johnson, Acting Commissioner
Bureau of Professional & Occupational Affairs

Phone No. 783-7194

Fee Title, Rate and Estimated Collections:

Initial Vehicle Branch license application: $175.00

Estimated yearly revenue: $8,750 (50 applications x $175.00)

Fee Description:

The fee will be charged for every application for an initial vehicle branch license.

Fee Objective:

The fee should (1) offset the identifiable costs incurred by the State Board of Vehicle Manufacturers, Dealers and Salespersons to process an application for Vehicle branch license (2) defray a portion of the Board's administrative overhead.

Fee-Related Activities and Costs:

Clerical review	(1hr)	$49.21
Board Administrator review	(.25hr)	$15.19
BEI inspection	(1.5hr)	$82.62
Board Member review	(.25hr)	$12.00
Transaction Fee		$4.23
Administrative Overhead		$10.00
	Total Estimated Cost:	$173.25
	Proposed Fee:	$175.00

Analysis, Comment, and Recommendation:

It is recommended that a fee of $175.00 be established for every application for an initial vehicle branch license.

Clerical staff opens, date stamps application and processes fee. Staff enters demographic information into the licensing database and reviews any enclosed paperwork. Forwards application materials to board administrator. Board administrator reviews all documents for completeness. Application is forwarded to our Bureau of Enforcement and Investigation (BEI) for inspection. Once completed application can be forwarded to board

counsel for review. Once complete, application is reviewed by board members at the next scheduled board meeting. Once all reviews are completed, license is issued.

FEE REPORT FORM

Agency: State - BPOA **Date:** July 22, 2019

Contact: K. Kalonji Johnson, Acting Commissioner
Bureau of Professional & Occupational Affairs

Phone No. 783-7194

Fee Title, Rate and Estimated Collections:

Initial Vehicle Manufacturer Branch license application: $90.00

Estimated yearly revenue: $90 (1 applications x $90.00)

Fee Description:

The fee will be charged for every application for an initial vehicle manufacturer branch license.

Fee Objective:

The fee should (1) offset the identifiable costs incurred by the State Board of Vehicle Manufacturers, Dealers and Salespersons to process an application for an Initial Vehicle Manufacturer Branch license and (2) defray a portion of the Board's administrative overhead.

Fee-Related Activities and Costs:

Clerical review	(1hr)	$49.21
Board Administrator review	(.25hr)	$15.19
Board Member review	(.25hr)	$12.00
Transaction Fee		$ 2.16
Administrative Overhead		$ 10.00
	Total Estimated Cost:	$ 88.56
	Proposed Fee:	$ 90.00

Analysis, Comment, and Recommendation:

It is recommended that a fee of $90.00 be established for every application for an initial vehicle manufacturer branch license.

Clerical staff opens, date stamps application and processes fee. Staff enters demographic information into the licensing database and reviews any enclosed paperwork. Forwards application materials to board administrator. Board administrator reviews all documents for completeness. If necessary, application is forwarded to board counsel for review. Once complete, application is reviewed by board members at the next scheduled board meeting. Once all reviews are completed, license is issued.

FEE REPORT FORM

Agency: State - BPOA **Date:** July 22, 2019

Contact: K. Kalonji Johnson, Acting Commissioner
Bureau of Professional & Occupational Affairs

Phone No. 783-7194

Fee Title, Rate and Estimated Collections:

Initial Vehicle Manufacturer license application: $90.00

Estimated yearly revenue: $2,250 (25 applications x $90.00)

Fee Description:

The fee will be charged for every application for an initial vehicle manufacturer license.

Fee Objective:

The fee should (1) offset the identifiable costs incurred by the State Board of Vehicle Manufacturers, Dealers and Salespersons to process an application for an initial Vehicle Manufacturer license and (2) defray a portion of the Board's administrative overhead.

Fee-Related Activities and Costs:

Clerical review	(1hr)	$49.21
Board Administrator review	(.25hr)	$15.19
Board Member review	(.25hr)	$12.00
Transaction Fee		$ 2.16
Administrative Overhead		$10.00
	Total Estimated Cost:	$88.56
	Proposed Fee:	$90.00

Analysis, Comment, and Recommendation:

It is recommended that a fee of $90.00 be established for every application for an initial vehicle manufacturer license.

Clerical staff opens, date stamps application and processes fee. Staff enters demographic information into the licensing database and reviews any enclosed paperwork. Forwards application materials to board administrator. Board administrator reviews all documents for completeness. If necessary, application is forwarded to board counsel for review. Once complete, application is reviewed by board members at the next scheduled board meeting. Once all reviews are completed, license is issued.

FEE REPORT FORM

Agency: State - BPOA **Date:** July 22, 2019

Contact: K. Kalonji Johnson, Acting Commissioner
Bureau of Professional & Occupational Affairs

Phone No. 783-7194

Fee Title, Rate and Estimated Collections:

Initial Vehicle Distributor license application: $90.00

Estimated yearly revenue: $1,800 (20 applications x $90.00)

Fee Description:

The fee will be charged for every application for an initial vehicle distributor license.

Fee Objective:

The fee should (1) offset the identifiable costs incurred by the State Board of Vehicle Manufacturers, Dealers and Salespersons to process an application for an Initial Vehicle Distributor license and (2) defray a portion of the Board's administrative overhead.

Fee-Related Activities and Costs:

Clerical review	(1hr)	$49.21
Board Administrator review	(.25hr)	$15.19
Board Member review	(.25hr)	$12.00
Transaction Fee		$ 2.16
Administrative Overhead		$10.00
	Total Estimated Cost:	$88.56
	Proposed Fee:	$90.00

Analysis, Comment, and Recommendation:

It is recommended that a fee of $90.00 be established for every application for an initial vehicle distributor license.

Clerical staff opens, date stamps application and processes fee. Staff enters demographic information into the licensing database and reviews any enclosed paperwork. Forwards application materials to board administrator. Board administrator reviews all documents for completeness. If necessary, application is forwarded to board counsel for review. Once complete, application is reviewed by board members at the next scheduled board meeting. Once all reviews are completed, license is issued.

FEE REPORT FORM

Agency: State - BPOA **Date**: July 22, 2019

Contact: K. Kalonji Johnson, Acting Commissioner
Bureau of Professional & Occupational Affairs

Phone No. 783-7194

Fee Title, Rate and Estimated Collections:

Initial Vehicle Auction license application: $175.00

Estimated yearly revenue: $875 (5 applications x $175.00)

Fee Description:

The fee will be charged for every application for an initial vehicle auction license.

Fee Objective:

The fee should (1) offset the identifiable costs incurred by the State Board of Vehicle Manufacturers, Dealers and Salespersons to process an application for an Initial Vehicle Auction license and (2) defray a portion of the Board's administrative overhead.

Fee-Related Activities and Costs:

Clerical review	(1hr)	$49.21
Board Administrator review	(.25hr)	$15.19
BEI inspection	(1.5hr)	$82.62
Board Member review	(.25hr)	$12.00
Transaction Fee		$4.23
Administrative Overhead		$10.00
	Total Estimated Cost:	$173.25
	Proposed Fee:	$175.00

Analysis, Comment, and Recommendation:

It is recommended that a fee of $175.00 be established for every application for an initial vehicle auction license.

Clerical staff opens, date stamps application and processes fee. Staff enters demographic information into the licensing database and reviews any enclosed paperwork. Forwards application materials to board administrator. Board administrator reviews all documents for completeness. Application is forwarded to our Bureau of Enforcement and Investigation (BEI) for inspection. Once completed application can be forwarded to board

counsel for review. Once complete, application is reviewed by board members at the next scheduled board meeting. Once all reviews are completed, license is issued.

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Independent Regulatory
Review Commission

FACE SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU

(Pursuant to Commonwealth Documents Law)

DO NOT WRITE IN THIS SPACE

Copy below is hereby approved as to form and legality. Attorney General

BY: _____
(DEPUTY ATTORNEY GENERAL)

_____
DATE OF APPROVAL

[ ] Check if applicable
Copy not approved. Objections attached

Copy below is hereby certified to be a true and correct copy of a document issued, prescribed or promulgated by:

State Board of Vehicle
Manufacturers, Dealers and Salespersons
(AGENCY)

DOCUMENT/FISCAL NOTE NO. 16A-6015

DATE OF ADOPTION: _____

BY: Kirk A. Davis
Kirk A. Davis

TITLE: Chairman
(EXECUTIVE OFFICER, CHAIRMAN OR SECRETARY)

BY: Arion R. Claggett
Arion R. Claggett

Acting Commissioner, Bureau of
Professional and Occupational Affairs
TITLE

Copy below is approved as to form and legality. Executive or Independent Agencies.

BY: _____
(Deputy General Counsel)
(Chief Counsel, Independent Agency)
(Strike inapplicable title)

October 18, 2022
DATE OF APPROVAL

[ ] Check if applicable No Attorney General approval or objection within 30 days after submission

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FINAL RULEMAKING

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS
STATE BOARD OF VEHICLE MANUFACTURERS,
DEALERS AND SALESPERSONS

49 PA CODE § 19.4

FEE INCREASE

The State Board of Vehicle Manufacturers, Dealers and Salespersons (Board) and the Commissioner of the Bureau of Professional and Occupational Affairs (Commissioner) hereby amend § 19.4 (relating to fees) to read as set forth in Annex A.

Effective Date

The amendments will be effective upon notice or final-form publication in the *Pennsylvania Bulletin*. The increased biennial renewal fees will be implemented beginning with the June 1, 2023 - May 31, 2025, biennial renewal period. Thereafter, the subsequent graduated increase will be implemented with the biennial renewal for June 1, 2025 - May 31, 2027. The graduated increase in initial licensure application fees will be implemented on July 1, 2023, and again on July 1, 2025.

Statutory Authority

Under section 302(a)(9) of the Board of Vehicles Act (act) (63 P.S. § 818.302(a)(9)), the Board is authorized to adopt, promulgate and enforce such rules and regulations consistent with the act as are deemed necessary and proper to effectuate the provisions of the act. Section 304 of the act (63 P.S. § 818.304) requires license holders to pay a biennial renewal fee. Section 321(c) of the act (63 P.S. § 818.321(c)) requires applications for licensure to be accompanied by the required fee. Under section 330(a) of the act (63 P.S. § 818.330(a)), all fees shall be fixed by the Board by regulation and shall be subject to review in accordance with the Regulatory Review Act (71 P. S. § 745.1-745.14). Section 330(a) further requires the Board to increase fees when revenues generated by fees, fines and civil penalties are insufficient to match expenditures over a two-year period.

Background and Need for the Amendments

This final-form rulemaking increases application fees to reflect updated costs of processing applications and increases all of the Board's biennial renewal fees to ensure its revenue meets or exceeds the Board's current and projected expenses. Section 330(a) of the act requires the Board to increase fees if the revenues generated by fees, fines and civil penalties imposed are not sufficient to meet the expenditures over a two-year period. The Board raises approximately 93 percent of its revenue through initial application and renewal fees. The remaining 7 percent of its revenue comes from other fees, fines and civil penalties. The Board last increased its initial application fees in 2000 and license renewal fees in 2007.

When the Board decided that a fee increase was necessary, the Department of State's Bureau of Finance and Operations (BFO) reported the Board's income and expenses since fiscal year (FY) 2017-2018. In fiscal year (FY) 2017-2018, the Board incurred $2,963,270.71 in expenditures and generated only $947,667.84 in revenue, with a remaining balance of $1,130,724.10. In FY 2018-19, the Board incurred $3,079,102.63 in expenditures and generated

$4,584,031.19 in revenue, with a remaining balance of $2,635,652.66. In FY 2019-2020, the Board anticipated expenditures of $3,031,000 and generated $932,000 in revenue, with a remaining balance of $536,652.66. In FY 2020-2021, the Board anticipated expenditures of $3,171,000 and generated $4,007,000 in revenue, with a remaining balance of $1,372,652.66. In FY 2021-2022, the Board was projected to incur $3,122,000 in expenditures and generate $932,000 in revenue, with a deficit balance of ($817,347.34) at the end of FY 2021-2022. In FY 2022-2023, without a fee increase, the Board was projected to incur $3,266,000 in expenditures and generate $4,007,000 in revenue, resulting in a remaining balance of ($76,347.34). Finally, In FY 2023-2024, the Board is projected to incur $3,216,000 in expenditures and generate $932,000 in revenue, with a deficit balance of ($2,360,347.34) at the end of FY 2023-2024. Thus, BFO's data demonstrated that the Board's revenue is not sufficient to meet or exceed its expenditures over a two-year period. BFO recommended, and the Board agreed, to amend a total of 16 fees, consisting of eight initial application fees and eight biennial renewal fees on a graduated basis.

The Board released an exposure draft of a proposed annex reflecting fee increases for public comment from stakeholders, interested parties and representatives of the licensed professions on August 6, 2020. Thereafter, notice of the proposed regulation was published at 51 Pa.B. 3230 (June 12, 2021) for review and comment. Publication was followed by a 30-day public comment period during which the Board received no public comments. In addition, the HPLC and SCP/PLC did not submit comments. IRRC submitted comments as detailed below.

Summary of Comments and the Board and Commissioner's Response

Reasonableness of Fee increases

First, IRRC asked the Board to explain why increasing the initial application and renewal fees are reasonable. Regarding application fees, initial application fees for salespersons, manufacturer representatives or distributor representatives, manufacturers, manufacturer or distributor branches, distributors, dealers, auctions, and dealer branch lots were last increased in 2000. The Board, with the encouragement and support of the Bureau of Professional and Occupational Affairs (Bureau), determined that a re-evaluation of all application fees for all boards and commissions was appropriate. The Board evaluated all of its application fees and found that fees currently charged did not cover the costs to process applications. All boards and commissions under the Bureau determine initial application fees by calculating the cost to process applications. This approach is fair and reasonable because existing licensees, who pay biennial renewal fees, should not be burdened with financing the cost to process individual applications. As a part of the fee increase recommendations, BFO recommended graduated application and biennial renewal fee increases so that the application fee increases are more reflective of actual costs to process applications and coincide more closely with the projected expenses for each biennium. The Board adopted the graduated fee schedule in an effort to minimize the impact of fee increases to licensees and to ensure that fee increases only occur when it is fiscally necessary to do so.

When calculating application fees, boards rely on time study reports created within the Bureau that lay out each step in processing an application and the amount of time it takes to complete each step. That amount of time per application is multiplied by the total number of anticipated application requests for one year to get the total number of minutes per year necessary to process applications. (The number of minutes per year is multiplied by two since the increases are biennial). Application fees are based on a formula that multiplies the number of minutes to perform the processing function by the pay rate for the classification of the personnel performing the function and adding a proportionate share of administrative overhead. As reflected in the fee report forms, Board counsel has a significant role in the initial application process. All applications that contain a criminal conviction history must be reviewed and approved by Board counsel. Depending on the applicant's criminal conviction, Board counsel may have to perform additional functions as part of the application process.

The Board and the Commissioner submit that the graduated application fee increases are appropriate and reasonable because the increased fees are projected to cover the cost to process the applications for that biennial period. The Board carefully considered the best way to implement an increase in application fees and determined that a graduated fee schedule is favorable because it aligns the actual cost to process applications in each biennial period with the fee for that period. While the Board is reluctant to put additional fiscal burdens on its licensees and applicants, the increased fees are not significant when looking at the total increase in dollars. Moreover, even with the implementation of the graduated fee increase, the Board's fees are still comparable with other states. The Board and the Commissioner do not believe the increases will deter applicants from applying for licensure in this Commonwealth or put this Commonwealth at a competitive disadvantage. Biennial renewal fees were last increased in 2007. Biennial renewal fees go towards the costs of operating the board, which includes the Bureau, Commissioner and Revenue office costs, departmental services, board member expenses, legal office costs, hearing expenses and costs relating to enforcement and investigations. While the Board is cognizant of the desire of licensees to keep licensure fees low, the Board must balance that desire with the need to generate sufficient revenue to ensure the fiscal integrity of the Board and to assure that the Board is fiscally able to carry out its duties under the act.

Comparison to other States shows that fee increases are reasonable

In comparing the Board's fees to other states, of the states in the Northeastern Region (Connecticut, Delaware, Maine New Hampshire, New Jersey, New York, Rhode Island, Ohio, Massachusetts, Pennsylvania, Maryland, and West Virginia), only Ohio, Maryland and West Virginia require licensure for salespersons, with applications fees of $10, $67.50 and $32-$60 ($25 examination fee plus $7 fee for every year to be licensed, up to 5 years), respectively. Maryland requires renewal every three years at $202.50, Ohio requires annual renewal at a cost of $10 and West Virginia licenses renew every five years at a cost of $10. The states that require initial licensure applications for salespersons charge fees ranging from $10 to $67.50. Pennsylvania currently charges a fee of $25 for a new salesperson application, with the proposed increase raising that fee to $65 effective July 1, 2023, and to $70 effective July 1, 2025. Only Ohio ($10) will have

an initial salesperson license application fee lower than Pennsylvania. The states that charge salesperson license renewal fees range from $10 to $202.50. In addition, Pennsylvania currently charges a fee of $90 for a salesperson license renewal application, with the proposed increase raising that fee to $113 effective June 1, 2023, and to $141 effective June 1, 2025. Only Ohio ($10 annually) and West Virginia ($10) will have license renewal fees lower than Pennsylvania. However, based upon the Board's experience in the vehicle profession, it does not believe that the $10 to $60 difference in initial salesperson application fees and the $61.50 difference in salesperson renewal application fees will deter salesperson applicants or licensees from obtaining and renewing licenses.

When considering this proposed fee increase, the Board conducted a comparison of application fees and renewal fees charged by surrounding states. The Board found that even by comparing the highest fee increases, the Commonwealth's application fees and renewal fees are still in line with fees charged in surrounding states. The application and renewal fees for dealers vary widely. The license application fees for dealers are: Connecticut $140, Delaware $100, Maine $150, Maryland $225, New Hampshire $250, New Jersey $257.50, New York $487.50, Massachusetts is set by each municipality, Ohio $254.75, Rhode Island $302.50, West Virginia $250, and Vermont $503. Not all of the states requiring licensure require renewal. The following states renew biennially: Connecticut (new car dealer $700; used car dealer $560), Maryland ($225), New York ($487.50) and Ohio ($254.75). The following states renew annually: New Hampshire ($400 + based upon number of dealer plates), New Jersey ($100), West Virginia ($250) and Vermont ($503). Connecticut, Maine and Pennsylvania are the only states that license dealer branch lots, with Connecticut and Maine charging $100. Pennsylvania currently charges a fee of $65 for new dealer and dealer branch lot applications, with the proposed increase raising those fees to $175 effective July 1, 2023, and to $190 effective July 1, 2025. Additionally, Pennsylvania currently charges a fee of $175 for a biennial renewal for dealers and dealer branch lots, with the proposed increase raising those fees to $219 effective June 1, 2023, and to $274 effective June 1, 2025. The states that require initial licensure applications for dealers charge fees ranging from $100 to $503. Connecticut ($140), Delaware ($100) and Maine ($150) will have initial license application fees lower than Pennsylvania. The states that charge license renewal fees range from $100 to $700. Connecticut ($100) and Maine ($150) will have license renewal fees lower than Pennsylvania. However, based upon the Board's experience in the vehicle profession, it does not believe that the $40 to $90 difference in dealer initial application fees and $124 difference in renewal application fees will deter dealer applicants or licensees from obtaining and renewing licenses.

Connecticut, Delaware, Maine, Maryland, Ohio, New Jersey, Rhode Island and West Virginia require licensure of manufacturers. Manufacturers in those states charge initial licensure fees of $2,300; $75; $1,500; $180-$1,800 (depending on the number of cars made); $100; $257.50; $302.50 and $250, respectively. Of the above states, only Connecticut, Delaware, Maryland and Rhode Island charge a biennial renewal of $2,300; $100; $180-$1,800 (depending on the number of cars made); and $302.50; respectively. Pennsylvania currently charges a fee of $30 for a manufacturer application, with the proposed increase raising those fees to $90 effective July 1,

2023, and to $100 effective July 1, 2025. Pennsylvania currently charges a fee of $250 for a biennial renewal for a manufacturer, with the proposed increase raising those fees to $313 effective June 1, 2023, and to $391 effective June 1, 2025. Additionally, of the states that license manufacturers, only Maryland and Pennsylvania charge a fee to license manufacturer branches; Maryland's manufacturer branch application fee is $1,800. Pennsylvania currently charges a fee of $30 for a manufacturer branch application, with the proposed increase raising those fees to $90 effective July 1, 2023, and to $100 effective July 1, 2025. For biennial renewal, Pennsylvania currently charges a fee of $175 for a manufacturer branch, with the proposed increase raising those fees to $219 effective June 1, 2023, and to $274 effective June 1, 2025. The states that require initial licensure applications for manufacturers charge fees ranging from $75 to $2,300. Only Delaware ($75) will have an initial license application fee lower than Pennsylvania. Delaware ($100) and Rhode Island ($302.50) are the only states that charge a manufacturer renewal fees that will be lower than Pennsylvania. Based upon the Board's experience in the vehicle profession, it does not believe that a $25 difference in initial fees and $88.50 to $291 will deter manufacturer applicants or licensees from obtaining and renewing licenses.

Ohio, Connecticut, Delaware, Massachusetts and Rhode Island require licensure of manufacturer representatives; in Massachusetts, manufacturer representatives are licensed at the municipal level. The application fee in Ohio is $154.75; in Connecticut and Delaware, manufacturer representatives are licensed by the Department of Revenue annually at $100 and $75, respectively; and in Rhode Island, the application fee is $102.50 and annually renews at a fee of $102.50. Pennsylvania currently charges a fee of $25 for a new manufacturer representative application, with the proposed increase raising that fee to $65 effective July 1, 2023, and to $70 effective July 1, 2025. Additionally, Pennsylvania currently charges a fee of $90 for a biennial renewal for a manufacturer representative, with the proposed increase raising that fee to $113 effective June 1, 2023, and to $141 effective June 1, 2025. The states that require initial licensure applications for manufacturer representatives charge fees ranging from $75 to $154.75, all of which remain higher than the prosed fee for Pennsylvania. The only state that charges a manufacturer representative license renewal fee is Rhode Island ($102.50). Based upon the Board's experience in the vehicle profession, it does not believe that an increase in manufacturer representative initial application fees and the $38.50 difference in vehicle manufacturer representative renewal application fees will deter manufacturer representative applicants or licensees from obtaining and renewing licenses.

Maine, Ohio, New York, and West Virginia are the only states licensing or requiring a permit for auctions. The fee in Maine is $150 annually. Ohio auction fees range from $100 for auctions to $7,500 for construction equipment auctions. New York auction fees range from $100-$500. The West Virginia auction fee is $250. Pennsylvania currently charges a fee of $65 for a new auction application, with the proposed increase raising that fee to $175 effective July 1, 2023, and to $190 effective July 1, 2025. Of the above states that license auctions, Ohio and West Virginia charge a biennial renewal fee of $10. Pennsylvania currently charges an initial application fee of $65, with the proposed increase raising that fee to $175 effective July 1, 2023, and to $190 effective July 1, 2025. Additionally, Pennsylvania currently charges a renewal fee of $175 for an

auction, with the proposed increase raising that fee to $219 effective June 1, 2023, and to $274 effective June 1, 2025. The states that require initial licensure applications for auctions charge fees ranging from $100 to $7,500. Only Ohio ($100 for auctions) will have an initial auction license application fee lower than Pennsylvania. Ohio ($10) and West Virginia ($10) are the only states that charge auction renewal fees that will be lower than Pennsylvania. Based upon the Board's experience in the vehicle profession, it does not believe that the $90 difference in auction initial application fees and $274 in auction renewal application fees will deter auction applicants or licensees from obtaining and renewing licenses.

Delaware, Maine, Maryland and Ohio currently license distributors, with an initial licensure fee for Delaware of $100 per year (with an additional $75 for a wholesale license); Maine charging $1,500; Maryland fees ranging from $180-$1,800 (depending on the number of cars sold); and Ohio charging $154.75. Of the above, only Delaware and Maryland charge a biennial renewal fee of $100 and $450, respectively. Pennsylvania currently charges a fee of $30 for a new distributor or distributor branch application, with the proposed increase raising those initial application fees to $90 effective July 1, 2023, and to $100 effective July 1, 2025. Additionally, Pennsylvania currently charges a fee of $175 for a biennial renewal for a distributor, with the proposed increase raising that fee to $219 effective June 1, 2023, and to $274 effective June 1, 2025. The states that require initial licensure applications for distributors charge fees ranging from $100 to $1,800. No state that charges a fee will have initial distributor license application fees lower than Pennsylvania. Delaware ($100) is the only state that charges a distributor renewal fee that will be lower than Pennsylvania. Based upon the Board's experience in the vehicle profession, it does not believe that a distributor initial application fee increase and the $174 difference in distributor renewal fees will deter distributor applicants or licensees from obtaining and renewing licenses.

Controlling expenses

IRRC asked the Board what steps have been taken to control expenses. BFO meets with the Board annually to review its budget for the prior fiscal year and to suggest any measures they see that may assist the Board with minimizing costs. One area in which the Board has lowered its costs from previous years has been to limit the amount of travel that Board members take to various association meetings, both in-state and out-of-state, instead encouraging attendance virtually. The Board has also converted its meetings to a hybrid format, wherein Board members are permitted to attend either in-person or virtually. This has allowed the Board to decrease expenses related to hotel and mileage reimbursement for those Board members that choose to attend virtually.

The majority of the Board's operational costs are personnel-related, and much of those costs are not within the Board's control. Staff are generally employees of the Commonwealth, most of whom are civil service personnel; many are in union positions. For these employees, the Board is bound by the negotiated contract. Personnel costs associated with investigation and enforcement depend largely on the number of complaints received that need to be investigated, and the number of those matters that result in disciplinary action. The Board has no control over

the number of complaints that are filed against licensees and unlicensed individuals, nor may they control which matters are, or are not, prosecuted. Application fees are calculated to cover the cost of processing applications while the biennial fees are calculated to ensure that the Board can meet or exceed its operational costs.

The Board's fee increase represents the least burdensome alternative.

Next, IRRC asked the Board to explain how the Board's fee increase represents the least burdensome alternative for applicants and existing licensees. As a part of BFO's fee increase recommendations, BFO recommended graduated application and biennial renewal fee increases so that the application fee increases are reflective of actual costs to process applications and so that biennial renewal fees coincide more closely with the projected expenses for each biennium. The Board adopted the graduated fee schedule in an effort to minimize the impact of fee increases to licensees and to ensure that fee increases only occur when it is fiscally necessary to do so.

The Board considers this regulation to be the least burdensome and acceptable alternative, consistent with public health, safety and welfare. This increase is necessary to ensure the fiscal integrity of the Board and to assure that the Board's mandate to protect the health, safety and welfare of the public is carried out. The last time that the Board approved an increase in initial application fees was 2000 and biennial renewal fee increase was in 2007.

When BFO first alerted the Board that fee increases were necessary, the Board was looking at substantial increases in biennial renewal fees only. The Board later decided to incorporate increased fees for application fees to reflect the current costs to process those applications. The Board considered a one-time 20% increase in application and renewal fees and determined that a graduated increase offered the best protection of the Board against the loss of licensees resulting from the natural fluctuations in the industry and provision of resources to the Board for compliance with statutory requirements. However, the Board incorporated graduated fee increases for applications and biennial fees over the course of two biennial periods so that the fees for each biennium more accurately reflected the actual costs for each biennial period. The Board adopted what it believed to be the least burdensome acceptable fee structure as this method minimizes the impact of fee increases to licensees and ensures that fee increases only occur when it is fiscally necessary to do so.

Factors that have contributed to the rise in the number of investigations, open cases and disciplinary matters.

Based, in part, on costs for this Board for investigations, legal services, and hearings, the Board anticipates that its expenditures will continue to increase because the cost to operate the Board continues to grow due factors outside of the Department's control. Since FY 2011-2012, the Board's revenue has held stagnant, but the expenditures are now outpacing the revenues.

Over the last few fiscal years, the Board has had some sizable increases to expenses for a variety of reasons. One of the largest financial impacts for the Board was the incorporation of The Pennsylvania Justice Network (JNET), due in part to the enactment of the act of February 15, 2018 (P.L. 14, No. 6) (Act 6 of 2018), which requires mandatory self-reporting of criminal convictions. The Board uses JNET to identify criminal convictions of licensees and to verify compliance with Act 6 of 2018's mandatory reporting requirement. Initially, the Board was one of three (3) boards under the Bureau that incorporated JNET criminal notifications into their business processes. Across the three (3) boards, there was a sizable 27.5% average increase in the number of complaints being processed and opened for prosecution. With the additional complaints, increased expenses due to higher prosecutions, investigations, expert witness usage, and hearings resulted. Since incorporation of JNET, expenses have been relatively steady in all of these cost categories. More than likely, this new level of legal workload is one that will be part of the financial picture for the Board going forward, as the JNET reports that are submitted to the Board show no signs of slowing. The public is also permitted to submit complaints electronically via the PALS website, which is a function that was not available in the past.

IRRC also asked the Board if the open investigations, open cases and sanctions resulted in a substantial increase in fines and civil penalties. While the Board has the ability to assess fines, civil penalties, and attempts to recoup the cost of investigations, it does not have the ability to enforce that those fees be paid back to the Board, as that is a function limited to the Department of State's prosecution division. If the civil penalty has not been paid after 30 days, the Board may also forward the matter to the Attorney General's office for collection. Investigative costs have remained relatively level over the course of the past few fiscal years, while legal and hearing expenses have certainly increased over time. The fines, civil penalties, and investigation recoupment were never designed to fully cover the cost of the work completed, therefore, the funds to complete these activities must be covered by the licensees.

With the incorporation of JNET, the Board is now alerted to any licensee that may be arrested and convicted, whether that license is active or not. In the past, the Board would not be notified of these arrests and convictions until a licensee filed a renewal application or if a licensee self-reported. As a result, many new files are opened that were not opened prior to JNET. Of those new files, a large portion are closed when the arrest does not result in a conviction. Even when the Board imposes significant fines or civil penalties, the Board is not very successful in collecting those fines or civil penalties. For example, a salesperson is more likely to abandon their license and leave the profession than pay a large fine. Additionally, when the Board turns over a collection to the Office of Attorney General, the Board pays a 25% collection fee. Generally, the boards do not budget in a manner that depends on fines and civil penalties because as a revenue stream they are undependable.

Which newly enacted amendments require increased revenue necessary for the Board to carry out its obligations?

IRRC asked the Board which newly enacted amendments to the act require increased revenue for the Board to carry out its obligations. The act was amended in 2018 to allow the Board to issue temporary permits for new dealers. The Board anticipated an increase in costs due to investigations that may arise for temporary permitholders. Additionally, the act was amended in 2018 to renumber each section as well as separate all sections related to recreational vehicles. The amendments created additional statutory conditions for out-of-state dealers participating in RV shows, including posting of a bond and payment of a participation fee. These new requirements may impact investigative and legal costs due to responding to complaints regarding out-of-state RV dealers' participation and compliance with the act.

Information technology upgrade

In addition to the legal increases, all 29 boards and commissions under the Bureau have undergone an information technology transformation upgrade with the incorporation of the Pennsylvania Licensing System (PALS). Expenses associated with PALS, including the initial build as well as ongoing maintenance, are proportionately spread across all entities based on licensee population to effectively share costs per licensee. While the initial build is in the past, it has contributed to higher administrative expenses for all boards and commissions during the last few fiscal years. Due to PALS' high functioning database with enhanced features over the Department's previous License 2000 platform, maintenance for this system requires a larger financial commitment from all boards and commissions than the previous system. The Board anticipates that the maintenance costs for the PALS system will decrease from its prior levels as the system becomes more consistent in its functionality.

Other Comments on the Regulatory Analysis Form

IRRC commented that the Board did not attach to the Regulatory Analysis Form (RAF) the fee report forms for the biennial renewal fees. Renewal fees are not calculated on a per cost basis the way initial application fees are calculated. Thus, the Board does not create fee report forms to accompany renewal fee recommendations. Initial application fees are developed at cost fee whereas renewal fees are developed to generate revenue to meet or exceed the Board's expenditures.

IRRC commented that the Board included inconsistent figures for the number of license renewals in questions 16 and 17 of the RAF. This error was caused by one section indicating annual figures and the other biennial figures. The revisions were made to each document. IRRC also asked the Board to update the dates of Board meetings in questions 14 and 30 of the RAF. The Board made the suggested updates in the RAF.

IRRC asked the Board to include in the final-form rulemaking the actual expenditure figure for FY 2019-2020. The actual expenses for FY 2019-2020 are $2,891,103.52 An updated Annual Board Budget Report has been added to the RAF.

Titles of fees

IRRC asked the Board to make certain that titles of fees are consistently used in the preamble, RAF and final-form rulemaking. To make terms consistent among documents, the Board in the proposed rulemaking chose to revise the term "factory" to manufacturer in § 19.4 of the regulation. The Board would note that "factory" is an outdated term that was used interchangeably in the past with the term "manufacturer." The term "factory" is no longer used within the industry and removing it would allow the Board to update its terminology and provide consistency between the initial application fee section and the renewal fee section of § 19.4 of the regulations. The Board also added the word "lot" to term "dealer branch license" in the license renewal fees and the word "distributor" to the term "manufacturer branch license" in the proposed annex; the Board drafted the final-form rulemaking consistent with these amendments.

Fiscal Impact

The final amendments will increase the application and biennial renewal fees for all licensees of the Board. Based upon current licensee counts, there are approximately 12 manufacturer or distributor branches; 57 auctions; 373 dealer branch lots; 6,252 dealers; 63 distributors; 296 manufacturers; 1,108 manufacturer or distributor representatives and 28,746 salespersons for a total of approximately 36,907 licensees who will be required to pay more to renew their licenses. Based upon the above fee increases, the total economic impact per fiscal year is as follows:

FY 22-23:	$1,292,908
FY 23-24:	$ 290,310
FY 24-25:	$1,267,670
FY 25-26:	$ 37,035
TOTAL	$2,887,923

These fees may be paid by applicants and licensees, or an employer may elect to pay the application fee of an employee. The final regulation should have no other fiscal impact on the private sector, the general public or political subdivisions of the Commonwealth.

The final rulemaking will require the Board to alter its online initial licensure applications and biennial renewal forms to reflect the new fees; however, the amendments will not create additional paperwork for the regulated community or for the private sector.

Sunset Date

The Board continuously monitors the effectiveness of its regulations. Therefore, no sunset date has been assigned. Additionally, BFO provides the Board with an annual report detailing the Board's financial condition. In this way, the Board continuously monitors the adequacy of its fee schedule.

Regulatory Review

Under section 5(a) of the Regulatory Review Act, 71 P.S. § 745.5(a), on May 19, 2021, the Board and Commissioner submitted a notice of proposed rulemaking, published at 51 Pa.B. 3230 (June 12, 2021), to IRRC and the Chairpersons of the HPLC and SCP/PLC for review and comment. Publication was followed by a 30-day public comment period during which the Board received no public comments.

Under section 5(c) of the Regulatory Review Act, IRRC, the HPLC and the SCP/PLC were informed that there were no comments received during the public comment period and were provided with other documents when requested. In preparing the final-form rulemaking, the Board has considered all comments from the IRRC. The HPLC and the SCP/PLC did not submit comments.

Under section 5.1(a) of the Regulatory Review Act (71 P.S. § 745.5a(a)), on October 26, 2022, the Board and Commissioner delivered this final-form rulemaking to IRRC, the HPLC and the SCP/PLC. Under section 5.1(g)(3) and (j.2) of the Regulatory Review Act (71 P.S. § 745.5a(g)(3) and (j.2)), on _____, the final-form rulemaking was deemed approved by the HPLC and the SCP/PLC. Under section 5.1(e) of the Regulatory Review Act, IRRC met on _____ and approved the final-form rulemaking.

Additional information

Additional information may be obtained by writing to Janice Cline, Board Administrator, State Board of Vehicle Manufacturers, Dealers and Salespersons, P.O. Box 2649, Harrisburg, PA 17105-2649, RA-ST-VEHICLE@pa.gov.

Findings

The State Board of Vehicle Manufacturers, Dealers and Salespersons finds that:

(1) Public notice was given under sections 201 and 202 of the Act of July 31, 1968 (P.L. 769, No. 240) (45 P.S. §§ 1201 and 1202), referred to as the Commonwealth Documents Law and the regulations promulgated thereunder 1 Pa. Code §§ 7.1 and 7.2.

(2) A public comment period was provided as required by law and any comments were considered in drafting this final-form rulemaking.

(3) The amendments to this final-form rulemaking do not enlarge the original purpose for the proposed regulation published at 51 Pa.B. 3230.

(4) These amendments to the regulations of the State Board of Vehicle Manufacturers, Dealers and Salespersons are necessary and appropriate for the regulation of the vehicle profession in the Commonwealth.

Order

The Board, acting under its authorizing statute, ORDERS that:

(A) The regulations of the State Board of Vehicle Manufacturers, Dealers and Salespersons at 49 Pa. Code, Chapter 19, are amended by amending § 19.4 to read as set forth in Annex A.

(B) The Board shall submit this final-form rulemaking to the Office of the Attorney General and the Office of General Counsel for approval as required by law.

(C) The Board shall submit this final-form rulemaking to IRRC, the HPLC and the SCP/PLC as required by law.

(D) The Board shall certify this final-form rulemaking and shall deposit it with the Legislative Reference Bureau as required by law.

(E) The final-form rulemaking shall take effect immediately upon publication in the *Pennsylvania Bulletin*.

Kirk A. Davis
Chairman
State Board of Vehicle Manufacturers,
Dealers and Salespersons

Arion R. Claggett
Acting Commissioner
Bureau of Professional and
Occupational Affairs

16A-6015: Fee Increase
List of Public Commentators

No Comments Received

ANNEX A

TITLE 49. PROFESSIONAL AND VOCATIONAL STANDARDS

PART I. DEPARTMENT OF STATE

Subpart A. PROFESSIONAL AND OCCUPATIONAL AFFAIRS

CHAPTER 19. STATE BOARD OF VEHICLE MANUFACTURERS, DEALERS AND SALESPERSONS

* * * * *

§ 19.4. Fees.

The following is the schedule of fees charged by the Board:

[Salesperson license application	$ 25
Factory representative or distributor representative license application	$ 25
Manufacturer license application	$ 30
Factory or distributor branch license application	$ 30
Distributor license application	$ 30
Dealer license application	$ 65
Auction license application	$ 65
Dealer branch lot license application	$ 65]

		Effective July 1, 2023	Effective July 1, 2025
Salesperson license application	$ 25	$ 65	$ 70
Manufacturer representative or Distributor representative license application.....	$ 25	$ 65	$70

Manufacturer license application	$ 30	$ 90	$ 100
Manufacturer or distributor branch license application	$ 30	$ 90	$ 100
Distributor license application	$ 30	$ 90	$ 100
Dealer license application	$ 65	$ 175	$ 190
Auction license application	$ 65	$ 175	$ 190
Dealer branch lot license application	$ 65	$175	$ 190

* * * * *

[Biennial renewal – salesperson license	$ 90
Biennial renewal -- vehicle representative license	$ 90
Biennial renewal -- manufacturer license	$ 250
Biennial renewal -- manufacturer branch license	$ 175
Biennial renewal – distributor license	$ 175
Biennial renewal – dealer license	$ 175
Biennial renewal – auction license	$ 175
Biennial renewal – dealer branch license	$ 175]

		June 1, 2023 - May 31, 2025 Biennial Renewal Fee	June 1, 2025 - May 31, 2027 Biennial Renewal Fee and thereafter
Biennial renewal – salesperson license	$ 90	$ 113	$ 141

Biennial renewal -- manufacturer representative or distributor representative license	$ 90	$ 113	$ 141
Biennial renewal – manufacturer license	$ 250	$ 313	$ 391
Biennial renewal -- manufacturer or distributor branch license	$ 175	$ 219	$ 274
Biennial renewal – distributor license	$ 175	$ 219	$ 274
Biennial renewal – dealer license	$ 175	$ 219	$ 274
Biennial renewal – auction license	$ 175	$ 219	$ 274
Biennial renewal – dealer branch lot license	$ 175	$ 219	$ 274

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS
STATE BOARD OF VEHICLE MANUFACTURERS, DEALERS AND SALESPERSONS
Post Office Box 2649
Harrisburg, Pennsylvania 17105-2649
(717) 783-1697

October 26, 2022

The Honorable George D. Bedwick, Chairman
INDEPENDENT REGULATORY REVIEW COMMISSION
14th Floor, Harristown 2, 333 Market Street
Harrisburg, Pennsylvania 17101

Re: Final Regulation
State Board of Vehicle Manufacturers, Dealers and Salespersons
16A-6015: Fee Increase

Dear Chairman Bedwick:

Enclosed is a copy of a final rulemaking package of the State Board of Vehicle Manufacturers, Dealers and Salespersons pertaining to Fee Increase.

The Board will be pleased to provide whatever information the Commission may require during the course of its review of the rulemaking.

Sincerely,

Kirk A. Davis, Chairperson
State Board of Vehicle Manufacturers, Dealers and Salespersons

KAD/cwf
Enclosure

cc: Arion R. Claggett, Acting Commissioner of Professional and Occupational Affairs
K. Kalonji Johnson, Deputy Secretary of Regulatory Programs
Marc Farrell, Deputy Director of Policy, Department of State
Cynthia Montgomery, Deputy Chief Counsel, Department of State
Jacqueline A. Wolfgang, Senior Regulatory Counsel, Department of State
C. William Fritz, II, Board Counsel, State Board of Vehicle Manufacturers, Dealers and Salespersons
State Board of Vehicle Manufacturers, Dealers and Salespersons

From: Blauch, Tammy <tblauch@pasen.gov>
Sent: Wednesday, October 26, 2022 1:08 PM
To: Zappasodi, Brittany; Smeltz, Jennifer
Subject: RE: DELIVERY: Regulations 16A-4322 & 16A-6015

RECEIVED

OCT 26 2022

Independent Regulatory Review Commission

Received, thank you.

Tammy Blauch
Executive Secretary
Office of Senator Robert M. Tomlinson
Room 286 Main Capitol Building
Harrisburg, PA 17120
(717)-787-5072
Fax: (717)772-2991
tblauch@pasen.gov

From: Zappasodi, Brittany <bzappasodi@pa.gov>
Sent: Wednesday, October 26, 2022 8:36 AM
To: Smeltz, Jennifer <jmsmeltz@pasen.gov>; Blauch, Tammy <tblauch@pasen.gov>
Subject: DELIVERY: Regulations 16A-4322 & 16A-6015
Importance: High

◉ CAUTION : External Email ◉

Please provide written (email) confirmation of receipt of the delivery of the attached rulemakings.

Please be advised that the State Board of Chiropractic is delivering the following proposed rulemaking:

- 16A-4322: Child Abuse Reporting Requirements

Also, please be advised that the State Board of Vehicle Manufacturers, Dealers and Salespersons is delivering the following final rulemaking:

- 16A-6015: Fee Increase

Brittany Zappasodi | Legal Assistant II
Office of Chief Counsel | Department of State
Governor's Office of General Counsel
P.O. Box 69523 | Harrisburg, PA 17106-9523
Phone 717.783.7200 | Fax 717.787.0251
bzappasodi@pa.gov | www.dos.pa.gov

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From: Rolko, Seth <Seth.Rolko@pasenate.com>
Sent: Wednesday, October 26, 2022 9:48 AM
To: Zappasodi, Brittany; Vazquez, Enid
Subject: RE: DELIVERY: Regulations 16A-4322 & 16A-6015

RECEIVED

OCT 26 2022

Independent Regulatory
Review Commission

Received. Thanks.

From: Zappasodi, Brittany <bzappasodi@pa.gov>
Sent: Wednesday, October 26, 2022 8:38 AM
To: Rolko, Seth <seth.rolko@pasenate.com>; Vazquez, Enid <Enid.Vazquez@pasenate.com>
Subject: DELIVERY: Regulations 16A-4322 & 16A-6015
Importance: High

■ EXTERNAL EMAIL ■

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From: Jennifer Weaver <Jweaver@pahousegop.com>
Sent: Wednesday, October 26, 2022 9:08 AM
To: Zappasodi, Brittany; Nicole Sidle; Emily Hackman
Subject: RE: DELIVERY: Regulations 16A-4322 & 16A-6015

RECEIVED

OCT 26 2022

Independent Regulatory
Review Commission

Received, thank you!

Jennifer Weaver
Administrative Assistant II

Chairman Dave Hickernell
Professional Licensure
43 East Wing
Harrisburg, PA 17120
(717) 783-2076

Representative Mindy Fee
47 East Wing
Harrisburg, PA 17120
(717) 772-5290

From: Zappasodi, Brittany <bzappasodi@pa.gov>
Sent: Wednesday, October 26, 2022 8:37 AM
To: Jennifer Weaver <Jweaver@pahousegop.com>; Nicole Sidle <Nsidle@pahousegop.com>; Emily Hackman <Eepler@pahousegop.com>
Subject: DELIVERY: Regulations 16A-4322 & 16A-6015
Importance: High

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Brittany Zappasodi | Legal Assistant II
Office of Chief Counsel | Department of State
Governor's Office of General Counsel
P.O. Box 69523 | Harrisburg, PA 17106-9523
Phone 717.783.7200 | Fax 717.787.0251
bzappasodi@pa.gov | www.dos.pa.gov

From: Orchard, Kari L. <KOrchard@pahouse.net>
Sent: Wednesday, October 26, 2022 9:25 AM
To: Zappasodi, Brittany; Barton, Jamie
Subject: RE: DELIVERY: Regulations 16A-4322 & 16A-6015

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OCT 26 2022

Independent Regulatory Review Commission

Received. Thanks!

Kari Orchard
Executive Director (D) | House Professional Licensure Committee
Chairman Frank Burns, 72nd Legislative District

From: Zappasodi, Brittany <bzappasodi@pa.gov>
Sent: Wednesday, October 26, 2022 8:36 AM
To: Barton, Jamie <JBarton@pahouse.net>; Orchard, Kari L. <KOrchard@pahouse.net>
Subject: DELIVERY: Regulations 16A-4322 & 16A-6015
Importance: High

Please provide written (email) confirmation of receipt of the delivery of the attached rulemakings.

Please be advised that the State Board of Chiropractic is delivering the following proposed rulemaking:

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Brittany Zappasodi | Legal Assistant II
Office of Chief Counsel | Department of State
Governor's Office of General Counsel
P.O. Box 69523 | Harrisburg, PA 17106-9523
Phone 717.783.7200 | Fax 717.787.0251
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Independent Regulatory Review Commission

From: Bulletin <bulletin@palrb.us>
Sent: Wednesday, October 26, 2022 8:46 AM
To: Zappasodi, Brittany
Subject: [External] RE: DELIVERY: Regulation 16A-4322

***ATTENTION:** This email message is from an external sender. Do not open links or attachments from unknown senders. To report suspicious email, use the Report Phishing button in Outlook.*

Good morning Brittany,

Thank you for sending Proposed Rulemaking #16A-4322. Someone from our office will contact you regarding publication in the Pennsylvania Bulletin.

Take care,

Ernest L. Engvall | Legal Assistant
eengvall@palrb.us | 717.783.1531
Legislative Reference Bureau
Code and Bulletin Office

From: Zappasodi, Brittany <bzappasodi@pa.gov>
Sent: Wednesday, October 26, 2022 8:39 AM
To: Bulletin <bulletin@palrb.us>
Subject: DELIVERY: Regulation 16A-4322
Importance: High

Please provide written (email) confirmation of receipt of the delivery of the attached rulemaking.

Please be advised that the State Board of Chiropractic is delivering the following proposed rulemaking:

- 16A-4322: Child Abuse Reporting Requirements

Brittany Zappasodi | Legal Assistant II
Office of Chief Counsel | Department of State
Governor's Office of General Counsel
P.O. Box 69523 | Harrisburg, PA 17106-9523
Phone 717.783.7200 | Fax 717.787.0251
bzappasodi@pa.gov | www.dos.pa.gov

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