

<h1 style="margin: 0;">Regulatory Analysis Form</h1> <p style="margin: 0;">(Completed by Promulgating Agency)</p> <p style="margin: 0;"><small>(All Comments submitted on this regulation will appear on IRRC's website)</small></p>		<p style="margin: 0;">INDEPENDENT REGULATORY</p> <p style="margin: 0;">REVIEW COMMISSION</p> <div style="border: 2px solid black; padding: 5px; width: fit-content; margin: 0 auto;"> <p style="margin: 0; font-size: 1.5em; font-weight: bold;">RECEIVED</p> <p style="margin: 0; font-size: 1.2em;">MAY 26 2021</p> <p style="margin: 0; font-size: 0.8em;">Independent Regulatory Review Commission</p> </div> <p style="margin: 0; font-size: 1.2em;">IRRC Number: 3305</p>
<p style="margin: 0;">(1) Agency Department of State, Bureau of Professional and Occupational Affairs, State Board of Vehicle Manufacturers, Dealers and Salespersons</p>		
<p style="margin: 0;">(2) Agency Number: 16A Identification Number: 6015</p>		
<p style="margin: 0;">(3) PA Code Cite: 49 Pa. Code § 19.4</p>		
<p style="margin: 0;">(4) Short Title: Fee Increase</p>		
<p style="margin: 0;">(5) Agency Contacts (List Telephone Number and Email Address):</p> <p style="margin: 0;">Primary Contact: C. William Fritz, II, Counsel, State Board of Vehicle Manufacturers, Dealers and Salespersons; (717)783-7200; P.O. Box 69523, Harrisburg, PA 17106-9523; chfritz@pa.gov</p> <p style="margin: 0;">Secondary Contact: Jacqueline A. Wolfgang, Acting Senior Regulatory Counsel, Department of State (717)783-7200; P.O. Box 69523, Harrisburg, PA 17106-9523; (717)787-0251; jawolfgang@pa.gov</p>		
<p style="margin: 0;">(6) Type of Rulemaking (check applicable box):</p> <p style="margin: 0;"><input checked="" type="checkbox"/> PROPOSED REGULATION</p> <p style="margin: 0;"><input type="checkbox"/> Final Regulation</p> <p style="margin: 0;"><input type="checkbox"/> Final Omitted Regulation</p>		<p style="margin: 0;"><input type="checkbox"/> Emergency Certification Regulation;</p> <p style="margin: 0;"><input type="checkbox"/> Certification by the Governor</p> <p style="margin: 0;"><input type="checkbox"/> Certification by the Attorney General</p>
<p style="margin: 0;">(7) Briefly explain the regulation in clear and nontechnical language. (100 words or less)</p> <p style="margin: 0;">This rulemaking amends § 19.4 (relating to fees) to increase application and biennial renewal fees on a graduated basis. The proposed rulemaking provides for increases in application fees and biennial renewal fees for vehicle salespersons, manufacturer representatives or distributor representatives, manufacturer or distributor branches, manufacturers, manufacturer branches, distributors, dealers, auctions, and dealer branches.</p>		

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

Under section 302 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 Act (63 P.S. § 818.304) requires license holders to pay a biennial renewal fee. Section 321(c) of 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. § 745.1-745.15). 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.

(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.

Yes. Section 330(a) of the act requires the Board to increase fees if the revenues generated by fees, fines and civil penalties imposed is not sufficient to meet the expenditures over a two-year period.

(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 2017-2019 biennial renewal period, the Board raised approximately 85 percent (\$4,703,179) of its total revenue (\$5,531,699) through application and biennial renewal fees. The remaining 15 percent of its revenue comes from other fees, fines and civil penalties.

The Board receives an annual report from BFO regarding the Board's income and expenses. On November 27, 2019, BFO advised the Board it would be necessary for the Board to raise its application and biennial renewal fees to meet current and projected expenses. BFO noted that the Board has incurred significant increases in legal, hearing examiner, enforcement and investigation expenses. The Board attributes these increases to the rapid rise in the number of investigations, open cases and disciplinary matters arising from the criminal information that the Board receives from the Pennsylvania Justice Network (JNET). BFO expects these increases to continue proportionately with the influx of data collected by the Bureau of Enforcement and Investigation. Furthermore, increased revenue is necessary for the Board to fulfill its obligations under newly enacted amendments to the act, including the amendment that provides for the application by vehicle dealers for a temporary permit authorizing them to engage in vehicle sales prior to final inspection by the Board.

As a result of the Board's discussions with BFO, the Bureau's Revenue Office and Board staff conducted a review of the operations conducted by the Board. The fees for services for licensees were analyzed to determine if the current fees reflected the actual cost of providing the services. Actual cost calculations are based upon the following formula:

number of minutes to perform the function

x

pay rate for the classification of the personnel performing the function

+

a proportionate share of administrative overhead

The above analysis determined that the current application fees do not accurately reflect the actual cost of processing the following initial applications: vehicle salespersons, manufacturer representatives or distributor representatives, manufacturers, manufacturer branches, distributors, dealers, auction, and dealer branches.

Based upon the cost of operations analysis performed and the revenue and expense projections, BFO recommended, and the Board agreed, to increase a total of 16 fees, consisting of eight 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 proposed fees will be adequate to cover operating expenses through at least FY 2025-2026.

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 proposed 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 continue to create a small surplus in funds should there be any additional unknown financial impacts. The proposed 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.

There are no applicable federal licensure standards.

(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 proposed 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 proposed 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 vehicle 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 vehicle salespersons charge fees ranging from \$10 to \$67.50. Pennsylvania currently charges a fee of \$25 for a new vehicle 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 vehicle 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 vehicle 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 \$10 to \$60 difference in initial salesperson application fees and \$61.50 difference in salesperson renewal application fees will deter vehicle salesperson applicants or licensees from obtaining and renewing licenses.

The application and renewal fees for vehicle dealers vary widely. The license application fees for vehicle 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 vehicle dealer branch lots, with Connecticut and Maine charging \$100. Pennsylvania currently charges a fee of \$65 for new vehicle dealer and dealer branch 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 vehicle dealers and dealer branches, 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 vehicle 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 vehicle dealer initial application fees and \$124 difference in renewal application fees will deter vehicle dealer applicants or licensees from obtaining and renewing licenses.

Connecticut, Delaware, Maine, Maryland, Ohio, New Jersey, Rhode Island and West Virginia require licensure of vehicle manufacturers. Vehicle 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 vehicle 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 vehicle 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 vehicle 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 vehicle 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 vehicle 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 vehicle manufacturers charge fees ranging from \$75 to \$2,300. Only Delaware (\$75) will have initial license application fee lower than Pennsylvania. Delaware (\$100) and Rhode Island (\$302.50) are the only state that charges a vehicle 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 vehicle manufacturer applicants or licensees from obtaining and renewing licenses.

Ohio, Connecticut, Delaware, Massachusetts and Rhode Island require licensure of vehicle manufacturer representatives; in Massachusetts, vehicle manufacturer representatives are licensed at the municipal level. The application fee in Ohio is \$154.75; in Connecticut and Delaware, vehicle 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 vehicle 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 vehicle 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 vehicle manufacturer representatives charge fees ranging from \$75 to \$154.75, all of which remain higher than the proposed fee for Pennsylvania. The only state that charges a vehicle 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 vehicle manufacturer representative initial application fees and \$38.50 difference in vehicle manufacturer representatives renewal application fees will deter vehicle 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 vehicle 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 vehicle 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 renewal fee of \$175 for a vehicle 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 vehicle 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 state that charge a vehicle 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 auction initial application fees and \$264 in auction renewal application fees will deter vehicle auction applicants or licensees from obtaining and renewing licenses.

Delaware, Maine, Maryland and Ohio currently license vehicle 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 vehicle 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 vehicle 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 vehicle distributors charge fees ranging from \$100 to \$1,800. No state that charges a fee will have vehicle distributor initial license application fees lower than Pennsylvania. Delaware (\$100) is the only state that charges a vehicle 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 vehicle distributor initial application fee increase and \$174 difference in vehicle distributor renewal fees will deter vehicle distributor applicants or licensees from obtaining and renewing licenses.

The proposed increase will not thwart business development or place the Commonwealth at a competitive disadvantage. The proposed 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. The Board also discussed the proposed rulemaking on November 27, 2019, December 10, 2019, and September 15, 2020, during the Board's regularly scheduled meetings which are routinely attended by representatives of the regulated community. The Board received one comment in response to the exposure draft. The Pennsylvania Automotive Association (PAA) submitted a comment which expressed concern over the amount of fee increases. While the Board is empathetic to the concerns put forth by PAA, the Board is duty bound to ensure that the Board remains fiscally sound so that it may carry out the mandates of the General Assembly set forth in the act in furtherance of the public health and safety. BFO anticipates that by the end of FY 2021-2022, the Board will be in a deficit, and thus, increasing fees is critical to sustain the operations of the Board. The Board is statutorily obligated to increase fees by regulation when revenues raised by fees, fines and civil penalties under the act are insufficient to match expenditures over a 2-year period. The Board meets this criteria, and thus, is required to increase its fees.

(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 October 20, 2020, there were approximately 15 manufacturer or distributor branches; 58 vehicle auctions; 398 vehicle dealer branches; 6,692 vehicle dealers; 64 vehicle distributors; 299 vehicle manufacturers; 1,230 vehicle manufacturer or distributor representatives and 33,072 vehicle salespersons for a total of approximately 41,828 licensees who will be required to pay more to renew their licenses.

Additionally, there are approximately 13,252 initial applications filed with the Board annually, comprised of 900 vehicle dealers; 11,500 vehicle salespersons; 100 vehicle dealer branches; 10 vehicle auctions; 50 vehicle manufacturers; 2 vehicle manufacturer or distributor branches; 650 vehicle representatives and 40 distributors.

According to the Small Business Administration (SBA), there are approximately 1,041,905 businesses in Pennsylvania; of which 1,037,737 are small businesses. Of the 1,037,737 small businesses, 225,847 are small employers (those with fewer than 500 employees) and the remaining 811,890 are non-employers. 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 must have less than 250 employees; vehicle manufacturers are considered to be a small business when they have less than 1,500 employees; used car dealers are considered to be a small business when annual receipts are less than \$27,000,000; manufactured housing dealers are considered to be a small business when annual receipts are less than \$16,500,000; and recreational vehicle dealers, motorcycle and ATV dealers, 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 vehicles 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.

For vehicle 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 15 manufacturer or distributor branches; 58 vehicle auctions; 398 vehicle dealer branches; 6,692 vehicle dealers; 64 vehicle distributors; 299 vehicle manufacturers; 1,230 vehicle manufacturer or distributor representatives and 33,072 vehicle salespersons for a total of approximately 41,828 licensees who will be required to pay more to renew their licenses. Additionally, there are approximately 13,252 initial applications filed with the Board annually, comprised of 900 vehicle dealers; 11,500 vehicle salespersons; 100 vehicle dealer branches; 10 vehicle auctions; 50 vehicle manufacturers; 2 vehicle manufacturer or distributor branches; 650 vehicle representatives and 40 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 15 manufacturer or distributor branches; 58 vehicle auctions; 398 vehicle dealer branches; 6,692 vehicle dealers; 64 vehicle distributors; 299 vehicle manufacturers; 1,230 vehicle manufacturer or distributor representatives and 33,072 vehicle salespersons for a total of approximately 41,828 licensees who will be required to pay more to renew their licenses. Additionally, there are approximately 13,252 initial applications filed with the Board annually, comprised of 900 vehicle dealers; 11,500 vehicle salespersons; 100 vehicle dealer branches; 10 vehicle auctions; 50 vehicle manufacturers; 2 vehicle manufacturer or distributor branches; 650 vehicle representatives and 40 distributors.

Pennsylvania currently charges a fee of \$25 for a new vehicle salesperson application. Vehicle salesperson applicants will be impacted by this proposed fee increase, as the new salesperson applicant will now pay an additional \$40 effective July 1, 2023, and another \$30 effective July 1, 2025. Vehicle 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 vehicle dealer or dealer branch application. Vehicle dealer or dealer branch applicants will be impacted by the proposed increase, as the new dealer or dealer branch will now pay an additional \$110 effective July 1, 2023, and another \$15 effective July 1, 2025. Vehicle dealer or dealer branch 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 vehicle manufacturer branch application. Vehicle manufacturer and manufacturer branch applicants will be impacted by the proposed increase, as the manufacturer and manufacturer branch will now pay an additional \$60 effective July 1, 2023, and another \$10 effective July 1, 2025. Vehicle 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 vehicle manufacturer or distributor representative application. Vehicle representative applicants will be impacted by the proposed increase, as the applicant will now pay an additional \$40 effective July 1, 2023, and another \$5 effective July 1, 2025. Vehicle 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 vehicle auction application. Vehicle auction applicants will be impacted by the proposed increase, as the auction applicant will now pay an additional \$110 effective July 1, 2023, and another \$15 effective July 1, 2025. Vehicle 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 vehicle distributor or distributor branch application. Vehicle distributor or distributor branch applicants will be impacted by the proposed 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. Vehicle distributor or distributor branch renewal fees will increase by \$44 effective June 1, 2023, and another \$55 effective June 1, 2025.

These increases are necessary to ensure the fiscal integrity of the Board and to ensure that the Board's mandate to protect the public is carried out. This fee structure is beneficial for applicants and licensees alike, as the costs of the Board's functions are distributed proportionately among applicants and licensees.

The Board does not expect this rulemaking to have any other financial, economic or social impact on individuals, small businesses, businesses or labor communities or other public or private organizations.

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

The increase is mandated by section 330(a) of the Board of the Act (63 P.S. § 818.330(a)) which requires an increase in fees when the expenses incurred by the Board to meet its obligations under the Act, including enforcement, exceed revenues. The rulemaking would benefit every citizen of the Commonwealth in that it would ensure the fiscal integrity of the Board and allow the Board to carry out its mission. The cost to applicants and licensees is outweighed by the Board's duty to regulate vehicle manufacturers, dealers and salespersons in service of the public interest.

(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. Vehicle salespersons, manufacturer representatives, distributor representatives, manufacturers, manufacturer branches, distributor branches, distributors, dealers, dealer branches 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: \$6.500 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. Based upon the above, the Board will see increased revenues of \$1,608,882 in FY 2022-2023; \$290,310 in FY 2023-2024; \$1,652,799 in FY 2024-2025 and \$37,035 for FY 2025-2026. These totals were derived from calculating the difference in current revenues for each fiscal year with the proposed revenues generated with the fee increases for each fiscal year. 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 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 renewal platform to indicate the increased fees. The Board would incur no other increase in administrative costs by implementing the rulemaking. There are no other costs or savings to state government associated with implementation of the 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 proposed rulemaking.

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

Yes. Online application forms must be amended to reflect the proposed 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 amendments in this proposed 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 proposed 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 (20-21)	FY +1 Year (21-22)	FY +2 Year (22-23)	FY +3 Year (23-24)	FY +4 Year (24-25)	FY +5 Year (25-26)
SAVINGS:	N/A	N/A	N/A	N/A	N/A	N/A
Regulated Community						
Local Government						
State Government						
Total Savings	N/A	N/A	N/A	N/A	N/A	N/A
COSTS:						
Regulated Community	\$0	\$0	\$1,608,882	\$290,310	\$1,652,799	\$37,035
Local Government						
State Government						
Total Costs	\$0	\$0	\$1,608,882	\$290,310	\$1,652,799	\$37,035
REVENUE LOSSES:						
Regulated Community						
Local Government						
State Government						
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 (2017-2018)	FY -2 (2018-2019)	FY -1 (2019-2020)	Current FY (2020-2021)
State Board of Vehicle Manufactures, Dealers and Salespersons	(actual) \$2,963,270.71	(actual) \$3,153,485.29	(estimated) \$2,880,000.00	(projected) \$3,171,000.00

(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.**

(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 considered a one-time 20% increase in application and renewal fees and determined that a graduated fee increase offered the best protection of the Board against the loss of licensees resulting from the natural fluctuations in the industry. In addition, this fee increase spread over two renewal cycles will ensure the Board obtains and maintains the resources necessary for compliance with statutory requirements.

(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 regulations do 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 in detail 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 BFO Financial Report and fee report forms that provide the breakdown of costs for application fees. (See, Attachments "A" and "B").

(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 proposal was discussed at public Board meetings in 2017, 2018 and 2019. 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: **Winter of 2022**
- D. The expected effective date of the final-form regulation: **Upon publication in the PA Bulletin as final.**
- E. The expected date by which compliance with the final-form regulation will be required: **Upon publication in the PA Bulletin 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. In 2021, the remaining Board meeting dates are: May 11, June 30, August 3, September 14, October 26 and December 7.

ATTACHMENT A

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 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, 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, 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, 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, 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, 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, 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.

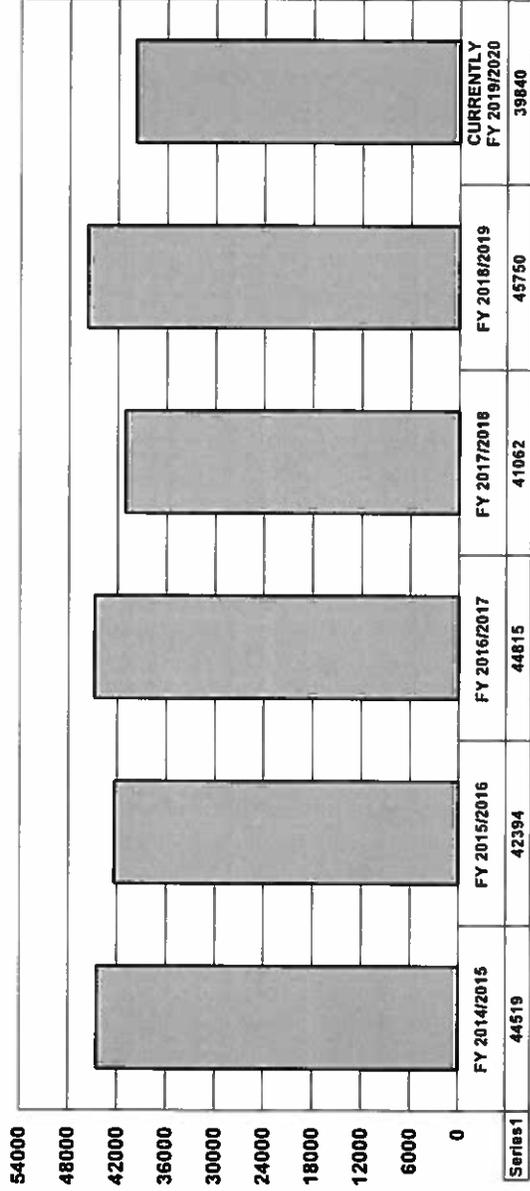
Attachment B

**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.

**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

Cost Center	Actual Expenses FY 11-12	Actual Expenses FY 12-13	Actual Expenses FY 13-14	Actual Expenses FY 14-15	Actual Expenses FY 15-16	Actual Expenses FY 16-17	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 FY 13-14	Actual Revenue FY 14-15	Actual Revenue FY 15-16	Actual Revenue FY 16-17	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	286,025.00
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		VEHICLE FACTORY REPRESENTATIVE	
INITIAL APPLICATION	RENEWAL FEE	INITIAL APPLICATION	RENEWAL FEE
STATE		STATE	
Ohio	\$10.00	Pennsylvania	\$25.00
Maryland	\$67.50	Rhode Island	\$101.50
Pennsylvania	\$25.00	Pennsylvania	\$25.00
LOWEST FEE:		LOWEST FEE:	
HIGHEST FEE:		HIGHEST FEE:	
VEHICLE SALESPERSON		VEHICLE FACTORY REPRESENTATIVE	
RENEWAL FEE BY YEAR	RENEWAL FEE BY YEAR	RENEWAL FEE BY YEAR	RENEWAL FEE BY YEAR
STATE		STATE	
West Virginia	\$2.00	Pennsylvania	\$45.00
Pennsylvania	\$45.00	Connecticut	\$101.50
Pennsylvania	\$45.00	Pennsylvania	\$45.00
LOWEST FEE:		LOWEST FEE:	
HIGHEST FEE:		HIGHEST FEE:	

STATE BOARD OF VEHICLE MANUFACTURERS, DEALERS, AND SALESPERSONS

11/27/2019

No Change

Renewal - May of Odd-Numbered Years

LICENSE CLASSES

BIENNIAL RENEWAL REVENUE

LICENSE COUNT	CURRENT RENEWAL FEE	TOTAL RENEWAL FEES
6,576	\$ 175.00	\$ 1,150,800.00
31,300	\$ 90.00	\$ 2,817,000.00
389	\$ 175.00	\$ 68,075.00
57	\$ 175.00	\$ 9,975.00
284	\$ 250.00	\$ 71,000.00
14	\$ 175.00	\$ 2,450.00
1,164	\$ 90.00	\$ 104,760.00
56	\$ 175.00	\$ 9,800.00
39,840		
		\$ 4,233,860.00
		\$ 705,000.00
		\$ 4,938,860.00

Current fee effective since 2007

TOTAL RENEWAL REVENUE:

RENEWAL REVENUE:

NON-RENEWAL OTHER REVENUE:

TOTAL BOARD REVENUE:

Renewal Year:

\$ 4,007,000.00

Non-Renewal Year:

\$ 932,000.00

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)

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**

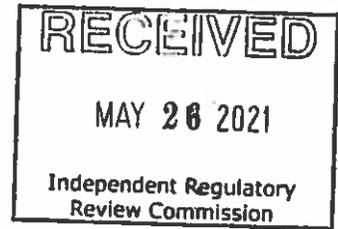
RENEWAL LICENSE CLASSES	CURRENT		TOTAL RENEWAL FEES	FY 20-21 & FY 21-22 (NO CHANGE IN FEES)		FY 22-23 & FY 23-24 (Increase Application and Renewal Fees)		FY 24-25 & FY 25-26 (Increase Application and Renewal Fees)	
	LICENSE COUNT	RENEWAL FEE		LICENSE COUNT	RENEWAL FEE	LICENSE COUNT	RENEWAL FEE	LICENSE COUNT	RENEWAL FEE
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
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
Vehicle Branch	389	\$ 175.00	\$ 68,075.00	389	\$ 175.00	\$ 68,075.00	389	\$ 219.00	\$ 85,191.00
Vehicle Auction	57	\$ 175.00	\$ 9,975.00	57	\$ 175.00	\$ 9,975.00	57	\$ 219.00	\$ 12,483.00
Vehicle Manufacturer	284	\$ 250.00	\$ 71,000.00	284	\$ 250.00	\$ 71,000.00	284	\$ 313.00	\$ 88,892.00
Manufacturer Branch	14	\$ 175.00	\$ 2,450.00	14	\$ 175.00	\$ 2,450.00	14	\$ 219.00	\$ 3,066.00
Vehicle Representative	1,164	\$ 90.00	\$ 104,760.00	1,164	\$ 90.00	\$ 104,760.00	1,164	\$ 113.00	\$ 131,532.00
Vehicle Distributor	56	\$ 175.00	\$ 9,800.00	56	\$ 175.00	\$ 9,800.00	56	\$ 219.00	\$ 12,264.00
TOTAL RENEWAL REVENUE:	39,840		\$ 4,233,860.00	39,840		\$ 4,233,860.00	39,840		\$ 5,310,472.00
TOTAL NON-RENEWAL REVENUE			\$ 705,000.00			\$ 705,000.00			\$ 1,189,030.00
TOTAL BOARD REVENUE:			\$ 4,938,860.00			\$ 4,938,860.00			\$ 6,499,502.00
Renewal Year:			\$ 4,007,000.00			\$ 4,007,000.00			5,475,000.00
Non-Renewal Year:			\$ 932,000.00			\$ 932,000.00			1,113,000.00

FINANCIAL STATUS	RENEWAL PERIOD 1 - 6/2021		PROJECTED PERIOD 2 - 6/2023		RENEWAL PERIOD 3 - 6/2025	
	Actual FY 17-18	Actual FY 18-19	Projected FY 20-21	Projected FY 21-22	Projected FY 23-24	Projected FY 24-25
Beginning Balance:	3,146,326.97	1,130,724.10	636,652.66	1,372,652.66	1,391,652.66	2,618,652.66
Revenue:	947,667.84	4,584,031.19	4,007,000.00	932,000.00	1,025,000.00	6,782,000.00
Total Available:	4,093,994.81	5,714,755.29	4,643,652.66	2,304,652.66	2,416,652.66	5,932,652.66
Expenses/Budget:	2,963,270.71	3,079,102.63	3,171,000.00	3,122,000.00	3,216,000.00	3,364,000.00
Remaining Balance:	1,130,724.10	2,635,652.66	1,372,652.66	(817,347.34)	(799,347.34)	268,652.66

CDL-1

FACE SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU

(Pursuant to Commonwealth Documents Law)



DO NOT WRITE IN THIS SPACE

<p>Copy below is hereby approved as to form and legality. Attorney General</p> <p>BY: <u>Amy M. Elliott</u> (DEPUTY ATTORNEY GENERAL)</p> <p><u>5/18/2021</u> DATE OF APPROVAL</p> <p><input type="checkbox"/> Check if applicable. Copy not approved. Objections attached.</p>	<p>Copy below is hereby certified to be a true and correct copy of a document issued, prescribed or promulgated by</p> <p>State Board of Vehicle Manufacturers, Dealers and Salespersons</p> <p>_____ (AGENCY)</p> <p>DOCUMENT/FISCAL NOTE NO. <u>16A-6015</u></p> <p>DATE OF ADOPTION _____</p> <p>BY: <u>Daniel G. Murphy, III</u></p> <p>TITLE <u>Chairperson</u> (EXECUTIVE OFFICER, CHAIRMAN OR SECRETARY)</p>	<p>Copy below is hereby approved as to form and legality. Executive or Independent Agencies.</p> <p>BY: <u>Manisa H. Z. Lehr</u> (Deputy General Counsel) (Chief Counsel, Independent Agency) (Strike inapplicable title)</p> <p><u>April 19, 2021</u> DATE OF APPROVAL</p> <p><input type="checkbox"/> Check if applicable. No Attorney General approval or objection within 30 days after submission.</p>
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NOTICE OF PROPOSED RULEMAKING

COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF STATE

BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS

STATE BOARD OF VEHICLE MANUFACTURERS, DEALERS AND SALESPERSONS

49 PA. CODE, CHAPTER 19

49 Pa. Code § 19.4

FEE INCREASE

The State Board of Vehicle Manufacturers, Dealers and Salespersons (Board) hereby proposes to amend § 19.4 (relating to fees) to read as set forth in Annex A. The proposed rulemaking provides for increased application fees and biennial renewal fees for vehicle salespersons, factory representatives or distributor representatives, manufacturers, manufacturer branches, distributors, dealers, auction, and dealer branches.

Effective Date

The amendments will be effective upon final-form publication in the *Pennsylvania Bulletin*. It is anticipated that application fees will be implemented on a graduated basis on July 1, 2023 and on July 1, 2025.

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.

Statutory Authority

Under section 302 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 Act (63 P.S. § 818.304) requires license holders to pay a biennial renewal fee. Section 321(c) of 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. § 745.1-745.15). 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 Purpose

Section 330(a) of the Act requires the Board to increase fees if the revenues generated by fees, fines and civil penalties imposed is not sufficient to meet the expenditures over a two-year period. The Board raises approximately 85 percent of its revenue through initial application and renewal fees. The remaining 15 percent of its revenue comes from other fees, fines and civil penalties. The Board last increased its fees in 2007.

The Board receives an annual report from the Department of State's Bureau of Finance and Operations (BFO) regarding the Board's income and expenses. In fiscal year (FY) 2017-18, 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 \$3,153,485.29 in expenditures and generated \$4,584,031.19 in revenue, with a remaining balance of \$2,635,652.66. Finally, in FY 2019-2020, as of October 20, 2020, it was estimated that the Board would incur \$2,880,000.00 in expenditures and generate only \$594,639.35 in revenue, with a remaining

balance of \$350,292.01. In FYs 2020-2021 and 2021-2022, the Board is projected to incur \$6.293 million in expenditures and generate \$4.939 million in revenue, with a deficit balance of (\$817,347.34) at the end of FY 2021-2022. In FY 2022-2023, the Board is projected to incur \$3.266 million in expenditures and generate \$3.19 million in revenue, resulting in a deficit balance of (\$76,347.34).

On November 27, 2019, BFO advised the Board that it would be necessary to raise its application and biennial renewal fees for vehicle salespersons, factory representatives or distributor representatives, manufacturers, manufacturer branches, distributors, dealers, auction, and dealer branches. As part of its annual report, the Board analyzed the cost of the Board's operations to determine if the current application fees reflected the actual cost of the services provided. While application fees only make up less than 15 percent of the Board's revenue, 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 was appropriate. Actual cost calculations are based upon the following formula:

$$\begin{array}{c} \text{number of minutes to perform the function} \\ \times \\ \text{pay rate for the classification of the personnel performing the function} \\ + \\ \text{a proportionate share of administrative overhead} \end{array}$$

Application fees are based on time study reports created within the Bureau giving each step in the process and the amount of time it takes to process one application. That amount is multiplied by the anticipated application requests for one year (times two since the increases are biennial). Application fee increases, which will be effective July 1, 2023, are calculated at a 9.5% increase as pay increases for staff that process applications are 2.5% in July and 2.25% in January or 4.75% annually (9.5% biennially) and the fees are primarily dependent upon personnel-related costs. The analysis determined that the current application fees do not accurately reflect the actual cost of processing the following applications: vehicle salespersons, factory representatives or distributor representatives, manufacturers, manufacturer branches, distributors, dealers, auction, and dealer branches.

During BFO's presentation to the Board on November 27, 2019, BFO reported that the new application and biennial renewal fee structure is projected to produce biennial revenues of: \$6.500 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.

Accordingly, BFO recommended, and the Board agreed, to amend a total of 16 fees, consisting of eight application fees and eight biennial renewal fees on a graduated basis.

On August 6, 2020, the Board released an exposure draft of a proposed annex reflecting proposed increases for application and biennial renewal fees and invited stakeholders to submit comments. As a result of the Board's exposure draft, one comment was received from a stakeholder. Specifically, on August 17, 2020, the Pennsylvania Automotive Association (PAA) submitted a comment to proposed fee increases, expressing their concern as to the amount of the increase to the fees that the Board was proposing. The Board discussed PAA's concerns and noted that the fee increase amount is based upon recommendations made by BFO and is necessary to support the Board's expenditures. While the Board appreciates the concerns relating to increasing fees, especially during the COVID-19 pandemic, the Board has provided sufficient time for licensees to plan for and adjust to the increased fees, as the increases would not go into effect until 2023.

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 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 also 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. Finally, the Board is adding 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 initial license application fees to ensure consistency of terms throughout section 19.4.

Proposed Initial Application Fees

As set forth below and in § 19.4, the proposed graduated increases will impact applicants as follows:

Manufacturer or Distributor Representatives and Salespeople

The Board receives approximately 600 manufacturer or distributor representative applications and 11,000 vehicle salespeople applications per biennial period. The graduated application fee increases will generate additional revenue as follows:

FY 22-23 through FY 23-24: The fee increase (\$25 to \$65) will generate an additional \$464,000 in application fees.

FY 24-25 through FY 25-26: The fee increase (\$65 to \$70) will generate an additional \$58,000 in

application fees.

Vehicle Dealers, Dealer Branch Lot, and Vehicle Auctions

The Board receives approximately 900 vehicle dealer applications, 100 dealer branch lot applications and 10 vehicle auction applications per biennial period. The graduated application fee increases will generate additional revenue as follows:

FY 22-23 through FY 23-24: The fee increase (\$65 to \$175) will generate an additional \$111,100 in application fees.

FY 24-25 through FY 25-26: The fee increase (\$175 to \$190) will generate an additional \$15,150 in application fees.

Vehicle Manufacturer, Manufacturer Branch, Distributor and Distributor Branch

The Board receives approximately 50 vehicle manufacturer applications, 2 manufacturer or distributor branch applications and 40 vehicle distributor applications per biennial period. The graduated application fee increases will generate additional revenue as follows:

FY 22-23 through FY 23-24: The fee increase (\$30 to \$90) will generate an additional \$5,520 in application fees.

FY 24-25 through FY 25-26: The fee increase (\$90 to \$100) will generate an additional \$920 in application fees.

Proposed Biennial Renewal Fees

As set forth below and in § 19.4, the proposed graduated increases will impact licensees, registrants and certificate holders as follows:

Vehicle Dealer

There are approximately 6,576 vehicle dealers who will be impacted by the proposed biennial renewal fee increases. The graduated biennial renewal fee increases will generate additional revenue as follows:

FY 22-23: The fee increase (\$175 to \$219) will generate an additional \$289,344 in revenue.

FY 24-25: The fee increase (\$219 to \$274) will generate an additional \$361,680 in revenue.

Vehicle Salesperson

There are approximately 31,300 vehicle salespeople who will be impacted by the proposed biennial renewal fee increases. The graduated biennial renewal fee increases will generate additional revenue as follows:

FY 22-23: The fee increase (\$90 to \$113) will generate an additional \$719,900 in revenue.

FY 24-25: The fee increase (\$113 to \$141) will generate an additional \$876,400 in revenue.

Dealer Branch Lot

There are approximately 389 vehicle dealer branches that will be impacted by the proposed biennial renewal fee increases. The graduated biennial renewal fee increases will generate additional revenue as follows:

FY 22-23: The fee increase (\$175 to \$219) will generate an additional \$17,116 in revenue.

FY 24-25: The fee increase (\$219 to \$274) will generate an additional \$21,395 in revenue.

Vehicle Auction

There are approximately 57 vehicle auctions that will be impacted by the proposed biennial renewal fee increases. The graduated biennial renewal fee increases will generate additional revenue as follows:

FY 22-23: The fee increase (\$175 to \$219) will generate an additional \$2,508 in revenue.

FY 24-25: The fee increase (\$219 to \$274) will generate an additional \$3,135 in revenue.

Vehicle Manufacturer

There are approximately 284 vehicle manufacturers that will be impacted by the proposed biennial renewal fee increases. The graduated biennial renewal fee increases will generate additional revenue as follows:

FY 22-23: The fee increase (\$250 to \$313) will generate an additional \$17,892 in revenue.

FY 24-25: The fee increase (\$313 to \$391) will generate an additional \$22,152 in revenue.

Vehicle Manufacturer or Distributor Branch

There are approximately 14 vehicle manufacturer or distributor branches that will be impacted by the proposed biennial renewal fee increases. The graduated biennial renewal fee increases will generate additional revenue as follows:

FY 22-23: The fee increase (\$175 to \$219) will generate an additional \$616 in revenue.

FY 24-25: The fee increase (\$219 to \$274) will generate an additional \$770 in revenue.

Vehicle Manufacturer or Distributor Representative

There are approximately 11,684 vehicle manufacturer or distributor representatives who will be impacted by the proposed biennial renewal fee increases. The graduated biennial renewal fee increases will generate additional revenue as follows:

FY 22-23: The fee increase (\$90 to \$113) will generate an additional \$268,732 in revenue.

FY 24-25: The fee increase (\$113 to \$141) will generate an additional \$327,152 in revenue.

Vehicle Distributor

There are approximately 56 vehicle distributors that will be impacted by the proposed biennial renewal fee increases. The graduated biennial renewal fee increases will generate additional revenue as follows:

FY 22-23: The fee increase (\$175 to \$219) will generate an additional \$2,464 in revenue.

FY 24-25: The fee increase (\$219 to \$274) will generate an additional \$3,080 in revenue.

Fiscal Impact and Paperwork Requirements.

The proposed amendments will increase the application and biennial renewal fees for all licensees of the Board. There are approximately 14 manufacturer or distributor branches; 57 vehicle auctions; 389 vehicle dealer branches; 6,576 vehicle dealers; 56 vehicle distributors; 284 vehicle manufacturers; 1,164 vehicle manufacturer or distributor representatives and 31,300 vehicle salespersons for a total of approximately 39,840 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: \$1,608,882

FY 23-24: \$290,310

FY 24-25: \$1,652,799

FY 25-26: \$37,035

TOTAL: \$3,589,026

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

The proposed rulemaking will require the Board to alter 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 26, 2021, the Board submitted a copy of this proposed rulemaking and a copy of a Regulatory Analysis Form to the Independent Regulatory Review Commission (IRRC) and to the Chairpersons of the Senate Consumer Protection and Professional Licensure Committee (SCP/PLC) and the House Professional Licensure Committee (HPLC). A copy of this material is available to the public upon request.

Under section 5(g) of the Regulatory Review Act, IRRC may convey any comments, recommendations or objections to the proposed rulemaking within 30 days from the close of the public comment period. The comments, recommendations or objections must specify the regulatory review criteria that have not been met. The Regulatory Review Act specifies detailed procedures for review, prior to final publication of the rulemaking, by the Board, the General Assembly and the Governor of comments, recommendations and objections raised.

Public Comment

Interested persons are invited to submit written comments, recommendations or objections regarding this proposed rulemaking to Board Counsel, State Board of Vehicle Manufacturers, Dealers and Salespersons by mail at P.O. Box 69523, Harrisburg, PA 17106-9523 or by email at RA-STRegulatoryCounsel@pa.gov, within 30 days following publication of this proposed rulemaking in the *Pennsylvania Bulletin*. Reference (16A-6015 – Fee Increase) when submitting comments.

Daniel G. Murphy, III
Chairperson

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

* * * * *

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]

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

	<u>Effective</u> <u>July 1, 2023</u>	<u>Effective</u> <u>July 1, 2025</u>
<u>Salesperson license application</u> \$ 25	\$ 65	\$ 70
<u>Manufacturer representative or</u>		
<u>Distributor representative license application</u> \$ 25	\$ 65	\$ 70
<u>Manufacturer license application</u> \$ 30	\$ 90	\$ 100
<u>Manufacturer or distributor branch license</u>		
<u>application</u> \$ 30	\$ 90	\$ 100
<u>Distributor license application</u> \$ 30	\$ 90	\$ 100
<u>Dealer license application</u> \$ 65	\$ 175	\$ 190
<u>Auction license application</u> \$ 65	\$ 175	\$ 190
<u>Dealer branch lot license application</u> \$ 65	\$ 175	\$ 190

* * * * *

<u>June 1, 2023 -</u> <u>May 31, 2025</u>	<u>June 1, 2025 -</u> <u>May 31, 2027</u>
<u>Biennial</u> <u>Renewal Fee</u>	<u>Biennial</u> <u>Renewal Fee</u> <u>and thereafter</u>

16A-6015- Fees
Proposed Annex
April 8, 2021

<u>Biennial renewal – salesperson license</u>	<u>\$ 90</u>	<u>\$ 113</u>	<u>\$ 141</u>
<u>Biennial renewal -- manufacturer representative or distributor representative license</u>	<u>\$ 90</u>	<u>\$ 113</u>	<u>\$ 141</u>
<u>Biennial renewal – manufacturer license</u>	<u>\$ 250</u>	<u>\$ 313</u>	<u>\$ 391</u>
<u>Biennial renewal -- manufacturer or distributor branch license</u>	<u>\$ 175</u>	<u>\$ 219</u>	<u>\$ 274</u>
<u>Biennial renewal – distributor license</u>	<u>\$ 175</u>	<u>\$ 219</u>	<u>\$ 274</u>
<u>Biennial renewal – dealer license</u>	<u>\$ 175</u>	<u>\$ 219</u>	<u>\$ 274</u>
<u>Biennial renewal – auction license</u>	<u>\$ 175</u>	<u>\$ 219</u>	<u>\$ 274</u>
<u>Biennial renewal – dealer branch lot license</u>	<u>\$ 175</u>	<u>\$ 219</u>	<u>\$ 274</u>



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

May 26, 2020

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

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

Dear Chairman Bedwick:

Enclosed is a copy of a proposed 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,

A handwritten signature in black ink, appearing to read "Daniel J. Murphy, III", written over a horizontal line.

Daniel J. Murphy, III, Chairperson
State Board of Vehicle Manufacturers, Dealers and
Salespersons

DJM/cwf:aaw
Enclosure

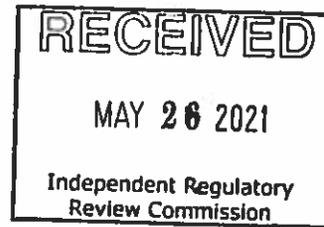
cc: K. Kalonji Johnson, Commissioner of Professional and Occupational Affairs
Pamela Iovino, Deputy Secretary of Regulatory Programs
Marc Farrell, Deputy Director of Policy, Department of State
Cynthia Montgomery, Deputy Chief Counsel, Department of State
Jacqueline A. Wolfgang, Regulatory Unit Counsel,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

Worthington, Amber

From: Blauch, Tammy <tblauch@pasen.gov>
Sent: Wednesday, May 26, 2021 10:05 AM
To: Worthington, Amber; Smeltz, Jennifer
Subject: RE: DELIVERY Regulation 16A-6015

Amber,
Received the attached Regulation.
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: Worthington, Amber <agontz@pa.gov>
Sent: Wednesday, May 26, 2021 10:00 AM
To: Blauch, Tammy <tblauch@pasen.gov>; Smeltz, Jennifer <jmsmeltz@pasen.gov>
Subject: DELIVERY Regulation 16A-6015

● CAUTION : External Email ●

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

Please be advised that the State Board of Vehicle Manufacturers, Dealers and Salesperson is delivering the following proposed rulemaking:

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

Amber Worthington, PLS | *Legal Assistant Supervisor & IT Wizard*
(preferred pronouns: they/them/theirs)
Department of State | Counsel Division Legal Office | Clerical Supervisor 2
2601 North Third Street, P.O. Box 69523
Harrisburg, PA 17106-9523
Phone: 717.783.7200 | Fax: 717.787-0251
www.dos.pa.gov

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Stephen Hoffman

From: Keim, Jennifer <Jennifer.Keim@pasenate.com>
Sent: Wednesday, May 26, 2021 11:07 AM
To: Worthington, Amber
Subject: Read: DELIVERY Regulation 16A-6015
Attachments: Read: DELIVERY Regulation 16A-6015

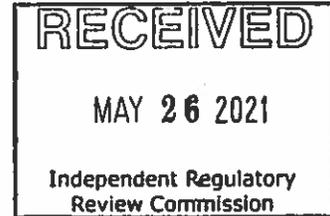
Importance: High

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Worthington, Amber

From: Nicole Sidle <Nsidle@pahousegop.com>
Sent: Wednesday, May 26, 2021 10:03 AM
To: Worthington, Amber; Emily Epler
Subject: RE: DELIVERY Regulation 16A-6015



Received.

From: Worthington, Amber <agontz@pa.gov>
Sent: Wednesday, May 26, 2021 10:00 AM
To: Nicole Sidle <Nsidle@pahousegop.com>; Emily Epler <Eepler@pahousegop.com>
Subject: DELIVERY Regulation 16A-6015

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

Please be advised that the State Board of Vehicle Manufacturers, Dealers and Salesperson is delivering the following proposed rulemaking:

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

Amber Worthington, PLS | *Legal Assistant Supervisor & IT Wizard*
(preferred pronouns: they/them/theirs)
Department of State | Counsel Division Legal Office | Clerical Supervisor 2
2601 North Third Street, P.O. Box 69523
Harrisburg, PA 17106-9523
Phone: 717.783.7200 | Fax: 717.787-0251
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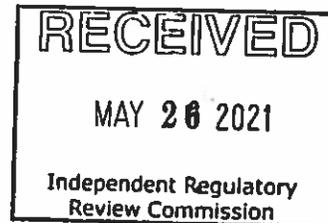
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Worthington, Amber

From: Emily Epler <Eepler@pahousegop.com>
Sent: Wednesday, May 26, 2021 10:36 AM
To: Worthington, Amber
Subject: RE: DELIVERY Regulation 16A-6015

Thank you. FYI – Rep. Rosemary Brown is no longer on the House Professional Licensure Committee.

Emily L. Epler
Administrative Assistant II
David S. Hickernell, Majority Chairman
Professional Licensure Committee
Room 43, East Wing
Harrisburg, PA 17120-2098
717-783-2076



From: Worthington, Amber <agontz@pa.gov>
Sent: Wednesday, May 26, 2021 10:00 AM
To: Nicole Sidle <Nsidle@pahousegop.com>; Emily Epler <Eepler@pahousegop.com>
Subject: DELIVERY Regulation 16A-6015

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

Please be advised that the State Board of Vehicle Manufacturers, Dealers and Salesperson is delivering the following proposed rulemaking:

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

Amber Worthington, PLS | Legal Assistant Supervisor & IT Wizard
(preferred pronouns: they/them/theirs)
Department of State | Counsel Division Legal Office | Clerical Supervisor 2
2601 North Third Street, P.O. Box 69523
Harrisburg, PA 17106-9523
Phone: 717.783.7200 | Fax: 717.787-0251
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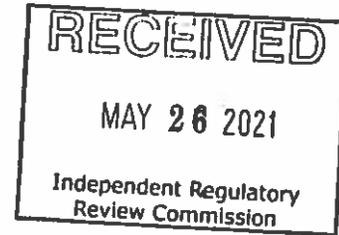
Worthington, Amber

From: Wilson, Marlene <MWilson@pahouse.net>
Sent: Wednesday, May 26, 2021 10:15 AM
To: Worthington, Amber
Subject: RE: DELIVERY Regulation 16A-6015

Received. Thank you.



*Marlene Wilson, Esquire
Senior Committee Executive Director
House Professional Licensure Committee
Rep. Jake Wheatley, Jr., Chairman
Phone: (717) 787-4032
Internal Phone: 6253
Email - mwilson@pahouse.net*



From: Worthington, Amber <agontz@pa.gov>
Sent: Wednesday, May 26, 2021 10:00 AM
To: Wilson, Marlene <MWilson@pahouse.net>
Subject: DELIVERY Regulation 16A-6015

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Please be advised that the State Board of Vehicle Manufacturers, Dealers and Salesperson is delivering the following proposed rulemaking:

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

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Worthington, Amber

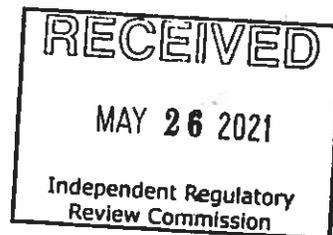
From: Bulletin <bulletin@palrb.us>
Sent: Wednesday, May 26, 2021 10:05 AM
To: Worthington, Amber
Subject: [External] RE: DELIVERY Regulation 16A-6015

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Good Morning Amber:

Thank you for sending Regulation 16A-6015. Someone from our office will contact you regarding the publication date in the Bulletin. Have a great day!

Corinne Marut
Editorial Assistant
Pennsylvania Code & Bulletin Office
cmarut@palrb.us



From: Worthington, Amber <agontz@pa.gov>
Sent: Wednesday, May 26, 2021 10:00 AM
To: Bulletin <bulletin@palrb.us>
Subject: DELIVERY Regulation 16A-6015

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Amber Worthington, PLS | *Legal Assistant Supervisor & IT Wizard*
(preferred pronouns: they/them/theirs)
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