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Bureau of Motor Vehicles
1970 West Broad Street
P.O. Box 16520
Columbus, Ohio 43216-6520
(614) 752-7600
www.bmv.ohio.gov

TDR Sub-Committee
October 5, 2009

The Assistant Registrar began the meeting shortly after 3:00pm.

Chairman Mr. Sliwinski asked Ms. Crespo to begin roll.

All were in attendance except for Noreen Saunders, President, Ohio Clerk of Courts Association. Jeffrey Coleman, Assistant Registrar, Ohio Bureau of Motor Vehicles; Anne Vitale, ODPS Legal Counsel; Rae Ann Estep, Director of Consumer Advocacy, Ohio Attorney General's Office; Adam Coridan, Budget/Management Analyst, General Government, Ohio Office of Budget and Management.; Michael Sliwinski, Assistant Attorney General, Ohio Attorney General's Office; Joe Cannon, Vice President, Government Relations, Ohio Auto Dealer's Association; Tim Lynch sat in for Senator Tom Patton, 128th Ohio General Assembly, Ohio Senate, 24th District.

Mr. Sliwinski stated this was the third and final TDR sub-committee meeting. He said to keep in mind the goals of the BMV Study Group and the three goals specifically related to the TDR fund; enforcement of the assessment, consumer protection and funding, he opened the floor for discussion on preparing the report.

Mr. Cannon said the group needs to come up with a better funding mechanism for a variety of reasons including from a stability angle, a processing angle and for concerns of the assessment process. He threw together some ideas on alternative funding sources.

He said he had presented a proposal dealing with making the current temporary transfer permanent and some other proposals regarding attaching an increase to the dealer licensing fee upon renewal and initial licensing application along with a host of other ideas.

Mr. Cannon said he wanted to throw out to the committee the idea of making the recommendation that all consumers should be covered by this program, however, instead of recommending a single source of additional funding, maybe identify the different sources discussed in committee. He said the recommendations to the Study Group could be to continue to work together in the future to use those suggestions or to identify others.

Ms. Vitale agreed with Mr. Cannon and an outline of the discussed sources could be presented to the Study Group.

Mr. Sliwinski asked Mr. Cannon if he said the consumer coverage should be for all purchasers and to identify the funding sources. Mr. Cannon distributed a draft hand-out of ideas he has come up with.

What he attempted to do with this draft is throw out some ideas. The charge is to explore ways to expand coverage to all consumers. He recommends expanding the TDR fund to include all consumer retail transactions contingent upon a dedicated, stable funding mechanism.

Mission Statement

"to save lives, reduce injuries and economic loss, to administer Ohio's motor vehicle laws and to preserve the safety and well being of all citizens with the most cost-effective and service-oriented methods available."

- Make a permanent current temporary law in which dealers pay a separate, stand alone \$.50 fee into the TDR fund at the time they apply for a \$4.50 resale title
- Require dealers to pay into the fund at the time of license issuance and renewal
- Combination of the above suggestions

He understands they have discussed other ideas as he has several other ideas as well.

Mr. Sliwinski said Mr. Cannon hit the two main areas of funding they spoke about and it's a good place to start. One of his concerns is the impact on ATPS. The change could reduce their monies from \$5.00 for a resale title to \$4.50.

Mr. Cannon said he did mention the idea of a cap and the concerns of the ATPS fund.

Mr. Sliwinski wants to get all concerns addressed seeing this is the last TDR sub-committee. Another concern is putting a cap on the \$4.50 or \$5.00 in terms of transfers made. He does not want to see that turn into a slush fund and get out of control. He thinks putting a cap or a floor on the fund is necessary.

Mr. Cannon said he will include that recommendation as a bullet point as well.

Ms. Vitale said in regards to making the temporary language permanent, DPS still has some legal concerns with the language in its current form that are being worked out. There are still several ways they can play with that \$.50.

Mr. Cannon said he was hesitant to put in his concerns with each proposal; he tried to stick with positive terminology.

Mr. Sliwinski said he thinks some of the issues being brought up need to be addressed in the report. He was not planning on putting in a legal analysis of what could be done or not done. He said part of the report is going to say that several issues brought up in the sub-committee were not considered due to time constraints.

Ms. Estep said the objective is to cover the expansion so all consumers are covered. She would like to see the recommendation again without the legal analysis to address or come up with a solution for the dedicated stable funding mechanism that reached all dealers then all the consumers will be protected.

Mr. Cannon said one of the areas he left off his draft that they spent a lot of time discussing was looking at one track as a dedicated source of funding, creating incentives and penalties for dealers who do not pay into the fund. He did bounce that off people at the Association and there were some issues that surfaced.

Mr. Coridan said Mr. Cannon's first bullet point is very specific compared to the others. He said if specific options are being listed then there should be more specific options listed or all should be generalized. He suggests generalizing several options.

Mr. Sliwinski said he thinks Mr. Coridan is correct.

Mr. Cannon said with generalizing either within the current fee structure or an additional fee as oppose to the only option to increase the fee. He asked if the process should be distributed to the sub-committee via e-mails and they can all send feedback.

Mr. Sliwinski said when all the issues are addressed some drafts can be circulated for comment. The final draft can then be presented to the Study Group. In that regard he suggested to add a mini sub-committee meeting an hour before the next Study Group if it is okay with Public Safety.

Ms. Vitale wanted to make sure an appropriate notice was going to be posted about the mini meeting.

Ms. Crespo asked how changes will be made to the final recommendations if there will not be access to a computer to fix them.

Ms. Vitale said it may be possible to give an oral recommendation to the committee and then send out the written recommendation at a later time.

Mr. Sliwinski said they can leave some time to run back to his office to fix the recommendations.

Mr. Sliwinski said the next meeting on November 2nd at 3:00pm and the mini sub-committee will take place at 2:00pm and DPS can take care of the Public Notice.

Mr. Sliwinski continued on with what goes in the report. Requiring dealers to pay into the fund at the time of license issuance and renewal and that will need some sort of cap or floor. Another concern is if that is going to be part of the renewal fee and they don't pay it, what happens when they title a bunch of people. He asked if that falls under the lights out rule.

Mr. Cannon said he is not sure they have all the answers yet. The enforcement will not be that much of an issue, it will still be there. He is not advocating doing away with the assessment process that will always be there. In regards to the lights out option, he asked if that was counterproductive and if that requires dealers who have not obeyed the rules to all of a sudden obey the rules.

Mr. Sliwinski suggests if they are going to find another source of funding to make it far more manageable to either do away with the assessment process or simply change the language in the TDR statute.

Ms. Vitale said at the last meeting they began looking at solutions for the lights out options, if it were changed to license or renewal, or how it is now, and there are several issues with it. There is a titling issue for people with titles that are already in process. The titling section of the BMV thinks there are ways they could back date things to the authority of the Registrar to make sure titles were issued to persons who need to get titled to a car without allowing the dealer to continue issuing titles.

Another enforcement issue she brought up was not allowing dealers to use their license but they will still have a license. The sub-committee had discussed them going in front of the Dealer Board. In terms of enforcement, the issues have been identified but no solution has been agreed upon yet.

Ms. Vitale suggests at the end of the recommendations keep things as they are for now and suggest continuing to work on solutions.

Mr. Cannon said he would not be averse to mentioning the concerns in the general recommendations that there may be a need to explore enforcement options as raised, should an assessment process be used for dealers.

Mr. Sliwinski said for purposes of knowing what to submit, it should be noted that the assessment process for any of the options is being considered. He sees a few issues with consumer protection and coverage: either pay 100% and through statute if it is part of dealer licensing and part of resale title it is automatically covered. He

thinks they should start the report saying that is their goal. His suggestion would be to change the statute to include all consumers.

Mr. Cannon stated since it appears the increase in the stand alone fee may find its way to the recommendations he asked Mr. Sliwinski what the AG's opinion was for all title applications instead of just resale titles.

Mr. Sliwinski said that was not discussed too much. He said they could put it in the recommendation along with resale titles but the concerns come more from the BMV rather than the AG's office.

Ms. Vitale said she agreed that they are not at a point where they should be eliminating any of the options when making recommendations to the Study Group and eventually to the Governor's office. She does not think a deep analysis is needed when simply saying this fee structure is something they would like to explore.

Mr. Sliwinski said a concern his office would have is with the idea dealers would fund the protection which gives them the right and the option to move titles quicker by selling vehicles that are not in their name.

Mr. Sliwinski asked if Mr. Cannon would be opposed to making the first recommendation looking at different title options.

Mr. Cannon said another issue when making everyone included under this proposal means since day one everyone is covered and all the dedicated funding is in the pot, his concern is when paid to the fund early there is not a lot of funding in the pot. He is not asking for this to be in the recommendations but he believes there is a statute that allows monies from the motor vehicle dealer board fund which allows the Registrar to transfer excess monies from that fund. He suggests looking at that language to give another option (permissive) to the Registrar.

Mr. Sliwinski said that was an option never discussed before and they are okay with not putting that in the report. He asked the members for any volunteers to write a report to circulate to the sub-committee. He asked Mr. Cannon to take the suggestions discussed of the resale titles and expand them. He also asked him to be a little more general when addressing some of the concerns brought up in the sub-committee and circulate a report via e-mail to the sub-committee.

Mr. Cannon suggested the circulation should come from the Chairman. He asked to quickly go over the recommendations one more time to make sure they are all on the same page. He would be happy to work with anyone to draft them and send them to the Chair.

Mr. Cannon went through his hand-out and Mr. Coridan said he is not okay with the word "contingent" under the recommendation. Mr. Coridan suggested changing the word to "and find".

Mr. Cannon said he suggests keeping the two married for now with the understanding the need to work on finding a dedicated funding source, it does not have to be contingent in terms of terminology.

Ms. Vitale suggests separating the recommendation making them two recommendations. One recommendation could be to explore ways to expand the TDR fund to include all consumer retail transactions and to explore ways to find a stable funding mechanism. By separating the two, the goal could be to explore them.

Mr. Cannon said the options are to generalize the transfer of the permanent law suggestion discussed dealing within the current fee structure or adding a separate fee dealing with resale titles unless something comes back.

Mr. Sliwinski said exploring the current fee structure in regards to resale and other titles is okay. He thinks that is addressing the concerns brought up.

Mr. Cannon continued with the cap which was discussed as well, adding “cap” to the second point on the hand-out.

Mr. Cannon said he looks forward to working with Ms. Vitale on the summary which may have to be changed. Ms. Vitale will work on a summary of the recommendations but she is hesitant to touch the fee structure language. She can have her part together by the end of the week (Friday).

Mr. Sliwinski said he looks forward to continue to work with everybody including DPS and OBM to make positive changes to the TDR fund.

Mr. Coleman asked the audience to introduce themselves: Chad M. Bailey, President of Akron Auto, Akron, Ohio; Debra Koral, Akron Auto Auction; and Pam Tanner, Attorney General’s Office.