

Motor Vehicle Advisory Board September 12, 2018

Board members in attendance:

- Fritz Kreuzinger
- Rachael Hazaray
- Mike Hierholzer
- Danny Hockett
- Tom Kelley
- Dave Mann
- Ken Eckstein
- Jim Arnold
- Steve Hartwig

Board member *not* in attendance:

- Mark Fuson

Others in attendance:

- Dennis Kruse
- Joseph Loftus
- Jim Kelley – Kelley Automotive
- Trevor Vance – Toyota
- Rachael Ehlich, Division Director – Auto Dealer Services Division
- Scott Conner, Deputy Director – Auto Dealer Services Division
- Erin Filban, Enforcement Attorney – Auto Dealer Services Division
- Christina Schnaith, Legal Assistant – Auto Dealer Services Division
- Rhonda Miller, Examiner – Auto Dealer Services Division

Adoption of June 7, 2018 Meeting Minutes

- Motion to adopt by Tom Kelley, seconded by Danny Hockett
- All in favor, none opposed.

Election of Officers and Member Appointments

- Rachael Hazaray elected as Secretary
 - There were no additional nominations.
- New member appointments are with the Governor's Office.

Office Update

- New phishing policy in place and additional efforts to prevent infection

Division and System Update

- New Employees & new titles
 - Rachael Ehlich is the new Director
 - Scott Conner is the new Deputy Director
 - Erin Filban is the new Enforcement Attorney
 - Aleida Lopez is a new Examiner
 - Allie Nelson is a new Clerk

- Blitzes are in progress – examiners going out to touch base with dealers, outside of an audit context, in order to discover unlicensed dealers and also to develop a better relationship with dealers.
 - Encourages dealers to notify examiners of unlicensed sales in their area
 - 1st blitz was in August
- Rhonda Miller discussed training for new and existing dealers.
 - Might branch out to locations around the state if there is enough interest
 - The idea was presented to possibly set up a table outside the auctions to provide training and additional information.
 - Rhonda is now doing full-time training outreach and will no longer conduct audits regularly.
- System updates scheduled for the end of October.
- User role clean-up
 - Primary User – has access to everything and does not need to have any other role
 - The system gets confused if primary user has any other roles assigned

Legislation Review

- Summer study session soon – looking at subscription issue related to leasing
- Clean up
 - Defining who a dealer “owner” is and moving office policy into statute
 - Removing expired statutes
 - Centralizing all licensing compliance statutes into one location
 - Separating recordkeeping requirements by transaction for salvage dealers
 - Not changing substantive rules, just placement in the code
 - Terminology clean-up & outdated references
 - Limiting on how old zoning approval can be and moving office policy into statute
 - Moving watercraft interim fee rule into statute from the BMV
- Substantive changes
 - Buy-here-pay-here, issue with not wanting to release title until first lien payment is made
 - Dealer is writing in “deferred down payments”, likely in order to get around the 31-day title delivery requirement
 - Title must be released to consumer upon first payment
 - Division is clarifying what “counts” as an initial payment
 - Removing non-business related activities from salvage requirements
 - Example: collection of old, inoperable vehicles, you do not need a salvage license
 - Shortening the amount of time a salvage recycler has to report to NMVTIS.
 - Big push next year to make sure licensed salvages recyclers are reporting to NMVTIS.
 - MVAB member composition
 - Designed to make spots easier to fill and allow for more flexibility.
- Potential additions
 - Amending zoning requirements for manufactured homes dealers
 - Running into trouble with commercial vs. residential zoning.
 - Clarification between broker and lead-generator
- Recall notification legislation follow-up
 - Division will not be bringing new legislation but will keep an eye out for new legislation.
 - Division knows of some interest from Rep. Soliday, but is unsure if legislation is being drafted.
 - Disclosure requirement regarding recalls will likely be the focus.
- Transport operator plates follow-up
 - Unsure whether or not the Division will take it on, but the BMV pushing for it to happen.

- Will require huge system updates and new employee(s) to handle if need be.
- The need for transport operator plates is there so they will not go away, no matter which agency regulates them.
- A suggestion was made to make it a felony to sell a vehicle without a title
 - Division is planning on working with the prosecutor's office to bring criminal charges, but may or may not include actual legislation
 - Division is working on building up the investigative component of these types of cases in order to bring it to the prosecutor's office

Questions for Industry

- CarSaver – opening kiosks inside Walmarts
 - Consumer can search for a vehicle, CarSaver will connect you with a dealer in your area that has the vehicle
 - Question from Division: Is this brokering?
 - Division is under the impression that there would be a flat rate subscription fee, not a per-transaction fee
 - Cars.com
 - If the service determines that the consumer found out about the dealership through their service, the dealership owes the service a fee.
 - More of a lead generator, not brokering. Acts as advertising.
 - Online auctions are taking sales away from in-person auctions, similar to online lead generator/brokering services. Online services, in general, are changing the business models.
 - Division will be focusing more on this practice in the future.

Member Open Discussion

- System went down Tuesday after Labor day, outside of the Division's control
 - InBiz, BMV and Plates On Demand was impacted
 - Hurts sales if dealer cannot issue a temporary plate to a sold vehicle
 - Suggestion of having an inventory of physical temp plates on hand
 - Large potential for abuse.
 - Dealers cannot put metal dealer plate on purchased vehicle.
 - What can dealer's do in this situation?
 - Suggestion to fabricate/draw up a hand-written temporary plate until system is back up, then will email or mail temporary plate to consumer when system is back up
 - Should this be done administratively or legislatively?
 - Division is aware this is a serious issue and is brainstorming ideas to remedy this situation
 - IT has suggested to move away from IOT servers and to move towards cloud servers.
 - Division has received suggestion to partner with BMV to get physical temp plates for dealers
 - BMV has the authority to allow a temporary solution to this type of issue.
 - Suggestion to contract outside company to handle Plates on Demand or at least a temporary alternative

Motion to Close

- Fritz Kreutzinger moved to close, seconded Rachael Hazaray
- All in favor, none opposed

Next meeting is December 13, 2018 at 11:45 a.m.