

Motor Vehicle Advisory Board Meeting
April 11, 2016
Indiana South Government Center South, Teleconference Media Center

Meeting called to order at 2:10 pm.

Members in attendance:

- Thomas Kelley (Kelley Motors)
- Rachel Hazaray (Subaru of Indiana Automotive)
- Charles Svihlik (Ivy Tech)
- Fritz Kruetzing, Secretary (Fritz Motors)
- Robert Hockett (Indianapolis Car Exchange)
- Mike Hierholzer (Ray's Auto Parts)
- Pam Argostino (Camp-Land RV)- Via Conference Call
- Scott Stidham (Honda)

Members absent:

- Mark Dougherty (N3 Boatworks)
- Senator Thomas Wyss
- Mark Fuson (Fuson Automotive)

Office of the Secretary of State representatives in attendance:

- Melissa Reynolds, Director – Auto Dealer Services Division
- Rachael Ehlich, Senior Counsel – Auto Dealer Services Division
- Scott Conner, Enforcement Attorney - Auto Dealer Services Division
- Liz Bryant, Operations Specialist

Others present:

- Senator Jim Arnold
- Marty Murphy (Automobile Dealers Association of Indiana)
- Mike Solari (Short Strategy Group, Inc.)
- Joe Loftus (Barnes & Thornburg, LLP)

Adoption of Minutes:

- Motion to Adopt by Fritz Kruetzing
- Seconded by Thomas Kelley
- No opposition, minutes are adopted

Office Update: (Melissa Reynolds)

- Vendor for new licensing system identified as PCC.
- New system will have customer service enhancements that will benefit dealers such as the ability to pay online and complete certain forms online.

Legislative Update (Melissa Reynolds):

- Effective July 1, 2016:
 - The title delivery deadline will be extended to 31 days and the interim plates will be valid for 45 days. BMV has also extended the time a customer has to apply for title from 30 days to 45 days.

- Our office no longer needs to designate dealer employees to conduct VIN inspections.
- New expiration dates for manufacturer and distributor representatives.
- New license and plate expiration date for dealer names beginning with a number or symbol.
- Dealers authorized to issue an interim plate at time of delivery (spot-delivery situation).
- Issuance of an interim plate by a new dealer when that dealer delivers a motor vehicle pursuant to a written agreement with another licensed new dealer or manufacturer.

New Motor Vehicle Dealer & Manufacturer Clarification (Melissa Reynolds):

- A packet of educational material was included in the materials handed out to board members and attendees at this meeting. This packet is intended to provide some clarification regarding the different licensing requirements and authorized activities for manufacturers and dealers.
- Melissa asked the attendees to call or email her with any questions.

Watercraft Title Delivery & Plates Discussion (Melissa Reynolds):

- How many dealer plates are or should be displayed on a watercraft while being demonstrated by a dealer?
 - The statute and rules are not clear if one (1) or two (2) plates are required.
 - General consensus was that one (1) plate was sufficient, though two (2) plates, one on each side of the watercraft, may be easier for law enforcement to spot.
- Should watercraft interim plates be issued through the plates on demand system?
 - No – a laminated plate may be more difficult to affix than the current interim plates.
- Should watercraft be required to deliver title at the time of sale or should they be given the same amount of time as a dealer?
 - Per Tom K., the process should be the same as for dealers because, as with cars, customers are likely financing most purchases. Fritz K. agreed.

Consignment Sale Discussion (Melissa Reynolds):

- How often do those present engage in consignment sales?
 - Per Tom K., he does not participate in consignment sales. Fritz K. does engage in consignment sales.
 - Clarified what activities constitute a consignment sale.
 - Per Fritz K., some consumers are uncomfortable handing over title at the time of the agreement. Consumer may not have title due to financing.
- There will always be issues with people providing titles. Plate and insurance must remain on cars.
- General discussion related to curbstoners.
- Tom K. volunteered to talk to some dealers in Fort Wayne to see how they handle consignment of high-end (likely financed) vehicles

Administrative Rule Content Discussion (Rachael Ehlich):

75 IAC 3 (Salvage)

- Should serial and stock number be captured in record keeping? Per Mike H.- sell part by stock number, bill has serial number of every part).

75 IAC 5 (Watercraft)

- No questions for the group from ADSD.

75 IAC 6 (Dealer)

- Definition of a “classic” car
 - 75 IAC 6-2-3.1
 - Members agree with age definition, along with being a collector or antique-not primarily used for transportation.
- Use of dealer plate to transport car from manufacturer to dealer (why not use manufacturer or transport plates?)
 - 75 IAC 6-3-2(b)(9)
 - Per Rachel H., manufacturers use dealer plates, not manufacturer plates.
- Should out-of-state (“OOS”) manufacturers have Indiana dealer plates?
 - 75 IAC 6-3-3
 - Per Rachel H. and Scott S., it is unlikely that an OOS manufacturer would have a use for an IN dealer plate.
- Does it make sense to allow manufacturers, distributors, and converter manufacturers to use dealer plates on inventory? Do they have inventory?
 - 75 IAC 6-3-3(b)(1)
 - Per Scott S. and Rachel H., manufacturers do have an inventory.
- What is meant by “plates under this section shall not be used on motor vehicles required to be registered or upon any motor vehicle for which the . . . received compensation from individuals other than the . . . employees”?
 - 75 IAC 6-3-3(b)(2)
 - 75 IAC 6-3-6(d)
 - Per Tom K., likely just addressing/preventing another situation where someone may be trying to avoid registration.

Open Discussion on proposed administrative rule changes:

- Tom K. had a question about changes to definitions depending on what happens with direct sales legislation. This change would not take place in rules, but Melissa confirmed that definitions would need to be changed if manufacturers were prohibited from direct sales.
- Possible new location rules for automotive salvage recyclers.
 - Per Mike H., a year or so would be sufficient time to come into compliance.
 - Per Tom K., the timeline for the transition for wholesale dealers to used dealers worked well and may work well here.
- Possible requirement that all cars on lot be marked with dealer’s name.
 - Opposed to a requirement that dealer’s name be on Buyer’s Guide because the dealer who put the Buyer’s Guide on may not end up being the dealer that sells the car to a consumer. Also, new cars are not required to have a Buyer’s Guide.
 - ADSD does not intend to state how the car must be labeled. A business card would be sufficient. Regulation aimed at dealers that have neighboring lots in strip malls, etc.

Promotional and Designee Plates (Rachael Ehlich):

- Making promotional plates available is part of our rulemaking effort. Promotional plates allow a dealer to put its logo put on a dealer plate. Would manufacturers want a promotional plate?

- Rachel H. said there would likely be manufacturer interest – may help distinguish manufacturers from dealers. She will follow up.
- Rachel H. and Scott S. agreed to take this question back to Subaru and Honda.
- General discussion about dealer designee plates moving to SOS from BMV.
 - Is there an interest in the designee plate?
 - Yes, there are instances where dealers would like to loan out a car to someone who is not an employee or a service customer.
 - Much about designee plate needs to be clarified.
 - Who is responsible for insurance?
 - Who is/can be a “designee”?
 - Can a designee plate be re-used/re-issued?
 - A requirement that a designee plate can only be placed on a car in a dealer’s inventory will minimize likelihood of abuse.

Transport Operator License Plate Discussion (Melissa Reynolds):

- Danny H. reported that his auction uses transport plates to pick up cars from dealers. No other dealer types reporting using transport plates and manufacturers do not use transport plates.
- Uses for transport plates reported by dealers:
 - By transport companies to deliver vehicles (per Pam)
 - By businesses who work on cars for dealers (e.g. detailing, interior work) to pick up and drop off cars from a dealer. Dealers do not want to put dealer plates on those cars because dealer plates are more likely to be lost or stolen if they are not in the control of a dealer employee.
- Per Danny H., recordkeeping (e.g. logs of when each set was used) is very important.
- Not uncommon for only one plate to be used instead of the required set of two because there is no place to affix a front license plate.

Brokering Discussion (Rachael Ehlich):

- Currently, statute is unclear as to whether dealers were intended to be included in the prohibition on brokering
- Consensus was that dealers do not ever act as brokers and there would not be an objection to clarifying that dealers and dealer employees are prohibited from acting as a broker. The primary objective of the ban was to deter brokers who will try to negotiate with a dealer on behalf of a customer.
- The group distinguished brokering on behalf of a customer as different from “birddogging” or the type of brokering where the broker more works on behalf of the dealer to bring in sales referrals.

Automotive Mobility Discussion (Rachael Ehlich):

- Dealers are currently choosing other license types (e.g., new dealer, converter) instead of the mobility license type.
- ADSD is looking at switching to a mobility endorsement so that dealers do not have to choose between license types and the quality assurance requirement can still be enforced.
- Tom K. volunteered to provide additional info/help to ADSD with this, as his dealership does mobility conversion work.

Open Discussion:

- Tow companies want to sell vehicles to automotive salvage recyclers using title that customer signed over to tow company. Tow company has not gotten the vehicle titled in the tow company's name. Mike H. is currently turning them away. ADSD can discuss with BMV.
- Question for BMV about notice requirements for abandoned vehicles

Suggested meeting dates to be emailed to members.

Meeting Adjourned: 4:02pm