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NOTE: We make every effort to ensure information in *Dealer Talk* is accurate, but it is not a substitute for legal advice.

Motor Vehicle Dealer Board Mission Statement

The Motor Vehicle Dealer Board will administer sections of the Commonwealth's Motor Vehicle Dealer Laws and regulations as charged; while providing a high level of customer service for the automotive consumer and dealer community.

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Transportation Authority Fees

Effective January 1, 2008, statutory fees collected by dealers and remitted to the Department of Motor Vehicles (DMV) will include new regional transportation fees for the Northern Virginia Transportation Authority (NVTA) enacted by the 2007 General Assembly to support regional highway and transit improvements. The NVTA fees are non-refundable and include:

1. A \$10 Annual License Fee, collected in conjunction with the state vehicle registration fee, for vehicles garaged in jurisdictions encompassed within the NVTA region (See the following information for a list of these cities and counties.); and
2. An Initial 1% Fee, equivalent to one percent of the vehicle's value, imposed at the time a vehicle is initially registered within an NVTA locality.

Any dealer processing titling and registration applications for vehicles sold January 1, 2008 and after, when the purchased vehicle will be garaged in one of the NVTA participating localities, is required to collect the additional \$10 Annual License Fee (unless the customer is transferring tags) and the Initial 1% Fee. The buyer's order must list separately the amount collected for both of these NVTA fees, and the additional fees must be remitted to DMV or a DMV Select with the original application paperwork. If the fees are not collected and remitted in full, DMV or its agent will not accept the application for processing.

If you are currently an online dealer using either CVR or TriVin, DMV will automatically calculate all fees, including the additional NVTA \$10 Annual License Fee and Initial 1% Fee due when the vehicle is first titled and registered.

If you are not an online dealer, you must add the NVTA \$10 Annual License Fee and Initial 1% Fee to the sums collected from your customer. The Initial 1% Fee is based on the sale price of the vehicle, the same value that is used to calculate the state motor vehicle sales and use tax.

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Calendar of Events

**All Meetings held at DMV
Headquarters
2300 W. Broad Street, Room
702 Richmond, VA**

Monday, January 14, 2008

Time: 8:30 a.m.

Dealer Practices Committee
Meeting

Monday, January 14, 2008

Time: Immediately following

Dealer Practices
Licensing Committee Meeting

Monday, January 14, 2008

Time: 9:30 a.m.

Advertising Committee Meeting

Monday, January 14, 2008

Time: Immediately following

Advertising
Transaction Recovery Fund
Committee Meeting

Monday, January 14, 2008

Time: 10:00 a.m.

Full Board Meeting

NOTE: Meetings may begin
later, but not earlier
than scheduled.
Meeting end times
are approximate.

Governor Kaine Announces Auto Supplier Expansion

Recently, Governor Timothy M. Kaine announced that International Automotive Components Group North America Inc. (IAC), a leading supplier of automotive interior and exterior systems and components, will invest \$4 million to increase business at its facilities in Russell and Shenandoah Counties. It is anticipated that nearly 150 new jobs will be created by the expansion. Virginia successfully competed with Ohio and Tennessee for the project.

International Automotive Components Group is a leading global supplier of automotive components and systems, including interior and exterior trim and structural and functional applications. IAC's annual global revenue now exceeds \$5.2 billion. International Automotive Components Group operates manufacturing facilities in 16 countries with more than 27,000 employees.

IAC includes the former interior systems division of Lear Corporation, and was formed April 1 of this year as a joint venture between WL Ross & Co. LLC, Franklin Mutual Advisors LLC and Lear Corporation.

The Virginia Economic Development Partnership worked with Russell County and Shenandoah County to secure the project for Virginia. Governor Kaine approved \$50,000 from the Governor's Opportunity Fund to assist Shenandoah County with their project. Both localities will receive training and retraining assistance through the Virginia Department of Business Assistance's Workforce Services Jobs Investment Program.

"This is another great announcement for the Commonwealth of Virginia and especially Russell and Shenandoah Counties," said Harry Rutherford, chairman of the Russell County Industrial Development Authority. "International Automotive Components has been a very strong citizen of Russell County and we look forward to continued success and a very prosperous future for IAC. The automotive industry has had some tough times over the past few years and it is great to be on the upswing with the announcement of this expansion. I would like to express the appreciation of the citizens of Russell County for all involved in this expansion."

"Shenandoah County is extremely pleased that IAC has selected the Shenandoah County facility for expansion," said Shenandoah County Board Chairman Dick Neese. "This facility has been a major employer in Shenandoah County for many years and is a staple for our economy. Shenandoah County is certainly appreciative of the cooperative effort on behalf of the Virginia Economic Development Partnership and the Governor in making this expansion occur."

HOLIDAY HOURS

In observance of the upcoming holidays, all state agencies, including the Dealer Board, will be closed on the following dates:

CHRISTMAS

December 24, 2007

December 25, 2007

NEW YEARS

December 31, 2007

January 1, 2008

LEE-JACKSON DAY

January 18, 2008

MARTIN LUTHER KING DAY

January 21 2008



Seasons Greetings

NEW AT THE DEALER BOARD

Check-out our refreshed WEB site at www.mvdb.virginia.gov. The WEB site has a new look to go along with our new logo. This issue of *Dealer Talk* is also sporting a new look. Please let us know how you like our new “looks” and our new logo.

Transportation Authority Fees

(Continued from page 1)

The Initial 1% fee must be listed separately on the buyer's order and may not be combined with the 3% sales and use tax. The 1% fee should be labeled as either “NVTA 1% Initial Vehicle Registration Fee” or simply “NVTA 1% Fee”. The \$10 Annual License Fee must also be listed separately on the buyer's order and may not be combined with the statewide registration fee. This \$10 fee should be labeled “NVTA Annual License fee”.

If the vehicle purchaser chooses to register a vehicle for two years, the NVTA \$10 Annual License Fee must be doubled and an additional \$20 must be collected from the purchaser. The NVTA Initial 1% Fee is only a one-time fee and, thus, should not be doubled. DMV has revised the Application for Certificate of Title and Registration (VSA 17A) to reflect itemization of these fees in the 'DMV Use Only' section. A copy of the revised VSA 17A is included with this mailing. The revised application can also be printed from DMV's WEB site (www.dmvnow.com) or from the Motor Vehicle Dealer Board's WEB site (www.mvdb.virginia.gov).

The localities encompassed in the NVTA include the counties of Arlington, Fairfax, Loudoun, and Prince William, the cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park and the towns of Clifton, Dumfries, Hamilton, Haymarket, Herndon, Hillsborough, Leesburg, Lovettsville, Middleburg, Occoquan, Purcellville, Quantico, Round Hill and Vienna.

Collection of the NVTA regional transportation fees in conjunction with the existing vehicle registration and titling process is an efficient collection approach that limits inconvenience for your customers by allowing them to make one payment for all related statutory fees. It also provides an opportunity for the fees to be included with any financing associated with the vehicle purchase.

To assist you in collecting the appropriate fees DMV is developing an on line fee calculator that will be available January 1, 2008. This program will be available via the Internet and accessible to all of your staff, including your financial staff.

Thank you for your cooperation in implementing this important legislative initiative. If you or your customers would like more information about the state's transportation funding legislation, please visit www.hb3202.virginia.gov.

HELPFUL TIP #1

Sales Events: If you are thinking about contracting with a marketing firm to bring a “sales event” to your dealership . . . read on: Virginia Code Section 46.2-1537 states in part “It shall be unlawful for any motor vehicle dealer . . . to pay, or cause to be paid, any commission or compensation in any form whatsoever to any person in connection with the sale of a motor vehicle, unless the person is duly licensed as a salesperson employed by the dealer.” This law has two very important implications if you are hiring a marketing firm to help you with a sale.

The first implication is how you pay the firm for the services they provide. **Payment must not be based on sales.** You may pay the firm a set fee for providing services such as mailers; scripts and copy for advertisements; and other materials and “props” used at the dealership to promote the sale.

The second implication applies to marketing firms that provide sales staff for the duration of the sales event. Just like your regular sales staff, the sales staff provided by the marketing firm must be properly licensed to your dealership. This includes becoming certified by passing the test administered at all DMV Customer Service Centers and submitting applications and fees to the Motor Vehicle Dealer Board. Once a license is issued by the Board, the salespersons can go to work.

Lastly, the law quoted above states that salespersons must be **employed** by the dealer. This means that while these salespersons are working at your dealership, they must be your employees and their salary/commission is paid to them by the dealer. They may not be paid as an ‘independent contractor’ (IRS Form 1099). By definition, an independent contractor is not an employee.

Criminal History Reports

It has been just over one year since the Motor Vehicle Dealer Board formed a partnership with *ScreeningOne* to run criminal history background reports on applicants for a salesperson’s license. This nationwide background check not only searches for criminal records, but it also searches registered sex offender lists and the National OFAC (Terrorist) list.

Since many dealerships already administer their own criminal background screening, we are pleased to announce an initiative that will improve the process for both dealers and the Motor Vehicle Dealer Board.

Starting December 1, 2007, dealerships will have the option to submit their own *ScreeningOne* background reports with the application for a sales license. Submitting a recent report that you have run will reduce the turnaround time on sales licenses. It will also give you the opportunity to make hiring decisions before you take additional steps and incur additional costs related to the hiring process on applicants that you believe are not up to your standards and who may not meet board requirements. Dealerships will have access to exclusive VA Dealer Board rates from *ScreeningOne* that can be used for all departments within the dealership. Currently, only *ScreeningOne* criminal background reports will be accepted by the Board.

ScreeningOne and the MVDB are working to enhance the process in the near future that will eliminate the need for the dealer to submit the criminal history results to the Board with the salesperson’s application. Rather, Board staff will be able to view the report on-line, thereby eliminating the need for the dealership to mail it to the Board.

If you are already a *ScreeningOne* customer, you can begin utilizing this program immediately. If you are interested in signing up with *ScreeningOne* so that you too will be able to run your own criminal background checks and submit them to the MVDB with a salesperson’s application, contact Paul Craddock at *ScreeningOne* (888 327-6511 x109 or pcraddock@ScreeningOne.com or www.screeningone.com)

HELPFUL TIP #2

Dealer Talk: We produce six issues of Dealer Talk each year and we trust that you find the information included in this newsletter to be helpful. If you rely on receiving Dealer Talk by mail - you are missing out on most of the issues as we only mail a few issues per year. The other issues are distributed by email. In order to receive your copy by email, you must sign-up for e-mail notification. To do this, simply, go to our WEB site at www.mvdb.virginia.gov and from the home page under "What's New", "click" on "Subscribe to Our E-Mail List". Back issues of Dealer Talk can also be found on our WEB site under "Dealer and Salesperson" link. Please note that we do not share your email addresses with anyone else. There is no limit as to how many individuals in your dealership can sign-up and you may sign-up from your dealership or from home.

BARBARA HILL RETIRES!!

Many of you know Barbara Hill (AKA "Miss Barbara") from her 36 years as a dedicated state employee. Barbara worked in DMV Dealer Services before moving to the Motor Vehicle Dealer Board in 1995 - the year the Board was created.

We will all miss Barbara very much. We will especially miss her great smile and laugh and dedication to her work. We all wish Barbara good luck and good health in her retirement.

Board Actions

Fairfax Dealer: This dealer was cited several times for not maintaining business hours. More recently, evidence of record keeping problems and unlicensed salespersons surfaced. Board staff concluded that one-on-one educational efforts and written warnings were not effective in fixing deficiencies. Therefore, an informal fact-finding conference was conducted to address the alleged problems. Based on the evidence and the hearing officer's recommendation, the Board voted to assess a \$2,000 civil penalty on this dealer. The Board also voted to require the dealer-operator/owner of the business to successfully complete the dealer-operator course.

Fairfax Dealer: In the course of conducting a random inspection, a Board field representative discovered that five out of the seven individuals employed at this dealership as salespersons and were not licensed. On July 18, 2007, an informal fact-finding conference was conducted to address the alleged violation of Virginia Code Section 46.2-1537 (Allowing the sale of vehicles by an unlicensed individual and also compensating them). After reviewing all of the evidence the Board voted to assess a \$2,000 civil penalty.

Motor Vehicle Transaction Recovery Fund: At the November Board meeting, the Transaction Recovery Fund Committee and the Board approved the following claim:

On May 25, 2007, a consumer was awarded a judgment in the Circuit Court of Rockingham County in the amount of \$47,438.78 against Freedom Motors. Freedom Motors was owned and operated by Mark A. Puckett and has been out of business since November of 2006. After careful consideration of the facts the Board voted to authorize a payment in the amount of \$20,000, the maximum allowed by law.

NOTICE

The Board has formed a special Task Force to explore the concept of mandatory, periodic education for independent dealer-operators. Towards that end, the Board will soon publish a "Notice of Intended Regulatory Action" (NOIRA) in the Virginia Register of Regulations. If you are interested in receiving notices of future meetings of this task Force or have any comments or suggestions concerning this issue, please contact Mr. Bruce Gould, Executive Director, Motor Vehicle Dealer Board, 2201 W. Broad St., Suite 104, Richmond, Virginia 23220; or by email at Bruce.gould@mvdb.virginia.gov; or by Fax at (804) 367-1053.

Dealer-Operator Course

The Virginia Community College System and the Virginia Independent Automobile Dealers Association (VIADA) have teamed up to present a two-day Dealer-Operator course. The following is a list of up-coming classes. The list is regularly updated on our WEB site at <http://www.mvdb.virginia.gov/licensingprocess.htm>.

2007

December 18 & 19 - Lord Fairfax Community College, Fauquier Campus, Warrenton
Contact: Bill Pence; 540-868-7061; www.lfccworkforce.com

2008

January 8 & 9 - Tidewater Community College, Norfolk
Contact: Registration; 757-822-1234; www.tcc.edu/wd

January 22 & 23 - Paul D. Camp Community College, Franklin
Contact: Renee Brown; 757-569-6050; www.pc.vccs.edu/workforce

February 5 & 6 - Northern Virginia Community College, Reston
Contact: Claire Wynn; 703-450-2552 or 2552; www.nvcc.edu

February 19 & 20 - Piedmont Community College, Charlottesville
Contact: Maggie Myers; 434-961-5495; www.pvcc.edu

March 4 & 5 - Virginia Western Community College, Roanoke
Contact: Anne Koon; 540-767-6131; www.virginiawestern.edu

March 12 & 13 - Central Virginia Community College, Lynchburg
Contact: Twila DeMasters; 434-832-7607; www.cvcc.vccs.edu

March 18 & 19 - Germana Community College, Fredericksburg
Contact: Susan Brown; 540-891-3012; www.germannna.edu