

INITIAL STATEMENT OF REASONS

The following Initial Statement of Reasons has been prepared in regard to the proposal of the New Motor Vehicle Board ("Board") of the State of California to amend section 553 of Article 1, Chapter 2, Division 1, of Title 13 of the California Code of Regulations.

INTRODUCTION

The Board is an agency within the Department of Motor Vehicles ("Department") with oversight provided by the Business, Transportation and Housing Agency. The Board consists of nine members, seven of who are appointed by the Governor, one by the Speaker of the Assembly, and one by the Senate Rules Committee (Veh. Code §§ 3000 and 3001).

The duties of the Board include the following:

1. To adopt rules and regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code governing those matters that are specifically committed to its jurisdiction.
2. To hear and determine "appeals" which are filed by specified occupational licensees within the new motor vehicle industry as a result of adverse disciplinary action taken by the Department against the license of such entity. (Veh. Code § 3050(b)).
3. Consider any matter concerning the activities or practices of any person applying for or holding a specified type of occupational license. These disputes are considered by the Board as a result of the filing of a "petition", which may be done by any person. (Veh. Code § 3050(c)).
4. To hear and decide "protests" filed by new motor vehicle dealers against their respective franchisors, pursuant to the provisions of the Automotive Franchise Act. (Veh. Code §§ 3050(d), 3060, 3062, 3064, 3065, 3065.1, and 3066). These protests pertain to specified types of franchise disputes between the dealer (franchisee) and the manufacturer or distributor (franchisor).

SECTION 553

PURPOSE OF THE REGULATION

The purpose of the regulation is to give the Board authority to collect Board fees for a two-year period to coincide with the Department of Motor Vehicle's proposal to issue and renew new motor vehicle dealer's licenses for a two-year period. This amendment does not constitute a change in the law.

NECESSITY

The amendment to section 553 of the Board's regulations is necessary in order to synchronize the collection of Board fees to coincide with the Department of Motor Vehicle's proposal to issue and renew new motor vehicle dealer's licenses for a two-year period.

TECHNICAL, THEORETICAL, AND/OR EMPIRICAL STUDY, REPORTS, OR DOCUMENTS.

The Board at its September 21, 2005, General Meeting, approved regulatory changes proposed herein for section 553.

ALTERNATIVES TO THE REGULATION

In accordance with Government Code section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

At the September 21, 2005, General Meeting, wherein the Board preliminarily adopted the proposed regulatory text, no other alternatives were considered. Board Members were advised that members of the public would be invited to submit written and oral comments during the Public Notice and Comment Period, and or the Public Hearing on the proposed regulatory changes. Further, while the Board instructed staff to go forward with the proposed rulemaking, it did not necessarily indicate final Board action. If any written or oral comments were received, the full Board would consider the comments and reconsider the text of the proposed rulemaking. Lastly, if the staff decided that modifications to the proposed text were necessary, the Board would consider those modifications at a noticed meeting. If there were no written or oral

comments received, then the rulemaking process will proceed without further Board involvement.