

NEW MOTOR VEHICLE BOARD

Arbitration Certification Program Fee Collection -- FY 2015-16

Statement Specifying Why The Changes Are Without Regulatory Effect

Business and Professions Code section 472.1 authorizes the Department of Consumer Affairs (Department) to establish a program for certifying each third-party dispute resolution process used for the arbitration of motor vehicle disputes pursuant to Civil Code section 1793.22(d)(9). Business and Professions Code section 472.5 designates the New Motor Vehicle Board (Board) as the agency responsible for administering the collection of fees from new motor vehicle manufacturers and distributors to fully fund the Arbitration Certification Program (ACP) within the Department of Consumer Affairs.

Business and Professions Code section 472.5 further requires:

- a) That each manufacturer and distributor file a statement with the Board, on or before May 1 of each year, which contains specified information, and to pay a fee within a specified time after written notification by the Board;
- b) That the Department notify the Board, on or before February 1 of each year, of the dollar amount necessary to fully fund the Arbitration Certification Program for the upcoming fiscal year, but not specify to the method by which the Board is to determine the dollar amount;
- c) That the regulations which the Board adopts to implement the provisions relating to the collection of fees shall include, at a minimum, a formula for calculating the fee to be collected for each motor vehicle and the total amount of fees to be collected from each manufacturer or distributor.

The Board adopted regulations in Title 13 of the California Code of Regulations (sections 553.50 et seq.), to clarify and implement the collection of the fees.

Currently, the Board is proposing to adopt changes to 13 CCR section 553.70. These changes merely reflect the dollar amount to be charged for the 2015-16 fee collection and are without regulatory effect. The amount to be collected pursuant to Section 472.5 (b) of the Business and Professions Code is to be determined each year by a specific formula as delineated in 13 CCR 553.70. Pursuant to 13 CCR 553.70, the Board is required to divide the dollar amount necessary to fully fund the Department's Arbitration Certification Program by the number of new motor vehicles sold, leased or otherwise distributed in California during the previous calendar year. It was reported that 1,941,571 new motor vehicles were sold, leased or otherwise distributed in California during 2014 (see attached Exhibit A). The Department reports that it will need \$1,209,000 to fund the Arbitration Certification Program for fiscal year 2015-16 (see attached Exhibit B). The Department's figure does not, however, include the Board's costs of administering the collection of fees to fund this program.

Section 3016 of the Vehicle Code requires that the Department reimburse the Board for its costs associated with the administration of the collection of the fees. The Board's costs for this program during the period from July 1, 2014, through June 30, 2015 (see attached Exhibit C) were approximately \$3,000. As such, computation of the fee to be charged per vehicle is as follows:

ACP's funding requirements	\$1,209,000
Board's costs	\$ 3,000
Total funding requirements	\$1,212,000
Number of vehicles distributed in 2014	1,941,571
Fee per vehicle (calculated by dividing the total funding needed by the number of vehicles distributed)	\$ 0.625

Accordingly, a fee of \$0.625 per vehicle will cover all costs associated with this program.

The proposed changes in the regulation are implementing the conditions and prescriptions contained in the regulation. The Board is merely specifying the amount to be charged and does not alter the requirements, rights, responsibilities, conditions, or prescriptions contained in the existing regulation.

Exhibit A

Arbitration Certification Program

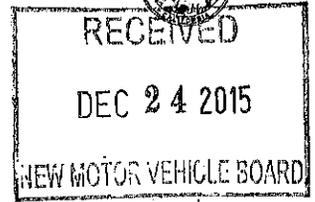
2015-2016 fee collection

OL#	company	2014 sales	x.625	fees
41920	American Custom Golf Cars, Inc.	70	43.75	44
03421	American Honda Motor Company, Inc.	248,391	155,244.38	155,244
82015	Arboc Specialty Vehicles, LLC	48	30.00	30
41910	Aston Martin Lagonda	223	139.38	139
41171	Automobili Lamborghini America	209	130.63	131
11980	Bentley Motors, Inc.	873	545.63	546
15776	BMW of North America, Inc.	90,079	56,299.38	56,299
41521	Club Car, Inc.	88	55.00	55
45666	Daimler Vans USA, LLC	2,111	1,319.38	1,319
68331	Eagle Coach Company	20	12.50	13
45259	FCA US LLC	139,108	86,942.50	86,943
29188	E-Z Go Division of Textron, Inc.	115	71.88	72
32354	Ferrari North America, Inc.	584	365.00	365
00014	Ford Motor Company	181,714	113,571.25	113,571
47282	Garla, Inc.	33	20.63	21
00015	General Motors LLC	246,846	154,278.75	154,279
17000	Hyundai Motor America	74,406	46,503.75	46,504
44615	JH Global Services, Inc.	59	36.88	37
41916	Jaguar/Land Rover	11,592	7,245.00	7,245
19573	KIA Motors America, Inc.	56,689	35,430.63	35,431
27202	Lexus, A Division of Toyota	66,555	41,596.88	41,597
15920	Lotus Cars USA, Inc.	50	31.25	31
54302	Maserati North America, Inc.	3,965	2,478.13	2,478
04896	Mazda Motor of America, Inc.	47,429	29,643.13	29,643
48899	McLaren Automotive, Inc.	144	90.00	90
05506	Mercedes-Benz of North America, Inc.	82,789	51,743.13	51,743
00202	Mitsubishi Motor Sales of America, Inc.	6,093	3,808.13	3,808
85142	Mobility Ventures LLC	43	26.88	27
00562	Nissan North America, Inc.	191,178	119,486.25	119,486
38966	Polaris Industries, Inc. (GEM)	719	449.38	449
16403	Porsche Cars North America, Inc.	11,169	6,980.63	6,981
59010	Rolls Royce Motor Cars	403	251.88	252
18593	Subaru of America, Inc. - WER	49,725	31,078.13	31,078
63277	Tesla Motors Inc.	2,330	1,456.25	1,456
00797	Toyota Motor Sales, U.S.A., Inc.	339,794	212,371.25	212,371
45239	Vantage Vehicle International, Inc.	40	25.00	25
11976	Volkswagen Group of America, Inc.	80,278	50,173.75	50,174
17773	Volvo Cars of North America, Inc.	5,527	3,454.38	3,454
12491	Wheeled Coach Industries, Inc.	82	51.25	51
Total		1,941,571	\$1,213,481.88	1,213,482

Exhibit B



STATE AND CONSUMER SERVICES AGENCY • GOVERNOR EDMUND G. BROWN JR.
ARBITRATION CERTIFICATION PROGRAM
1625 North Market Boulevard, Suite N112, Sacramento, CA 95834
P 916-574-7350 F 916-574-8638 | www.dca.ca.gov/acp



December 22, 2015

William G. Brennan
Chief Administrative Law Judge/ Executive Secretary
New Motor Vehicle Board
1507 21st Street, Suite 330
Sacramento, CA 95811

Dear Mr. Brennan:

Pursuant to Business and Professions Code, Chapter 9, Division 1, we have estimated that \$1,209,000 will need to be collected from manufacturers to fully fund the Arbitration Certification Program (ACP) in FY 2015/2016. If needed, we request that the New Motor Vehicle Board collect the maximum allowed per statute (\$1) and the ACP will use its budget reserves to cover the remaining balance. Attached is the ACP's fund condition.

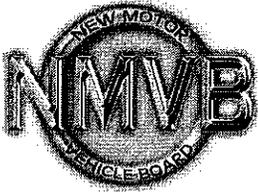
If you have any questions or need additional information, please contact me at (916) 574-7350.

Sincerely,

Sherrie Moffet-Bell
Program Chief

Enclosure: ACP's Fund Condition

Exhibit C



NEW MOTOR VEHICLE BOARD

1507 21ST Street, Suite 330, Sacramento, California 95811

Telephone: (916) 445-1888 Legal Fax: (916) 323-1632 Mediation Fax (916) 323-1632
Legal E-mail: nmvp@nmvp.ca.gov Mediation E-mail: nmvpmediation@nmvp.ca.gov
Website: www.nmvp.ca.gov

Edmund G. Brown Jr., Governor
State of California

Brian P. Kelly, Secretary
California State Transportation Agency

Glenn E. Stevens, President • Victoria Rusnak, Vice-President

Ramon Alvarez C. • Anthony A. Batarse Jr. • Ryan L. Brooks • Kathryn E. Doi • Rahim Hassanally • David C. Lizárraga • Bismarck Obando

INVOICE

Department of Consumer Affairs
Arbitration Certification Program
Attn: Jose Escobar
1625 North Market Blvd., N112
Sacramento, CA 95834

Date: October 6, 2015

This invoice is for direct costs incurred by the New Motor Vehicle Board in the administration and collection of fees to support the Department of Consumer Affairs' Arbitration Certification Program for the period July 1, 2014 – June 30, 2015. (Authority cited: Vehicle Code § 3016; Business and Professions Code § 472.5)

Staff Time	\$2,663.65
Postage	\$229.02
Office Supplies	\$ 40.00
Total	\$2,932.67

Please remit payment (with a copy of this invoice) to:

New Motor Vehicle Board
Attn: Dawn K. Kindel
1507 – 21ST Street, Suite 330
Sacramento, California 95811