

## **TITLE 13. NEW MOTOR VEHICLE BOARD**

(Notice published June 13, 2025)

### **NOTICE OF PROPOSED RULEMAKING**

As required by section 11346.4 of the Government Code, **NOTICE IS HEREBY GIVEN** that the California New Motor Vehicle Board ("Board"), pursuant to the authority vested in the Board by subdivision (a) of Vehicle Code section 3050 proposes to adopt the proposed regulations as described below, after considering all comments, objections, and recommendations regarding the proposed regulatory action.

### **PROPOSED REGULATORY ACTION**

The Board proposes to amend sections 553 and 553.20 of Title 13 of the California Code of Regulations pertaining to the Annual Board Fee.

### **PUBLIC DISCUSSIONS PRIOR TO NOTICE**

Prior to the publication of this notice, and at a noticed General Meeting held on November 1, 2024, the Board considered and adopted the proposed regulations. Fifteen days prior to the meeting, a detailed agenda including the consideration of the proposed text of the regulations was mailed to all individuals and entities on the Board's Public Mailing list and Electronic Public Mailing list. The agenda and materials were also posted on the Board's website.

The public was invited to comment at the General Meeting in relation to the proposed changes to the regulations in this notice. No comments by the public were received at the November 1, 2024, General Meeting, and no further public discussion was held prior to publication of the notice.

### **PUBLIC HEARING**

The Board has not scheduled a public hearing on this proposed action. However, the Board will hold a hearing if it receives a written request for a public hearing from any interested person, or their authorized representative, no later than 15 days before the close of the written comment period.

### **WRITTEN COMMENT PERIOD**

Any person interested, or their authorized representative, may submit written comments relevant to the proposed regulatory action to the Board. Comments may also be submitted by e-mail at [Robin.Parker@nmvb.ca.gov](mailto:Robin.Parker@nmvb.ca.gov) or [nmvb@nmvb.ca.gov](mailto:nmvb@nmvb.ca.gov). The written comment period closes on Monday, July 28, 2025. The Board will only consider comments received at the Board's offices by that time. Submit comments to:

Robin Parker, Chief Counsel  
New Motor Vehicle Board  
2415 1<sup>st</sup> Avenue, MS L242  
Sacramento, CA 95818  
(916) 244-6776 direct line  
(916) 445-1888 main line  
[robin.parker@nmvb.ca.gov](mailto:robin.parker@nmvb.ca.gov)

## **AUTHORITY AND REFERENCE**

Vehicle Code section 3050, subdivision (a), authorizes the Board to adopt the proposed regulations. The proposed regulations implement, interpret, and make specific Vehicle Code sections 3016, 3050, and 11723.

## **SUMMARY OF EXISTING LAWS AND REGULATIONS**

Subdivision (a) of Vehicle Code section 3050 authorizes the Board to adopt rules and regulations governing such matters as specifically committed to it.

Vehicle Code section 3016 authorizes the Board to charge a fee to new motor vehicle dealers and other licensees under its jurisdiction in an amount sufficient to fully fund the Board's activities.

Section 553 sets the Board's annual fee for new motor vehicle dealers and new motor vehicle manufacturers and distributors.

Section 553.20 specifies the method for calculating the annual fee to be paid by each manufacturer and distributor by multiplying the numerical coefficient by the number of new motor vehicles distributed by the manufacturer or distributor in the preceding calendar year. The Board also proposes to amend Section 553.20 to conform it to the proposed amendments to Section 553.

## **INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW**

The adopted mission of the Board is to "enhance relations between dealers and manufacturers throughout the State by resolving disputes in the new motor vehicle industry in an efficient, fair and cost-effective manner." The adopted vision statement provides that the Board "demonstrate professionalism, integrity, and accountability in securing fair resolutions to motor vehicle industry disputes."

This rulemaking action makes specific the amount of fees required to be paid by licensees under the Board's jurisdiction to fully fund the Board's activities.

Subdivision (a) of Vehicle Code section 3050 authorizes the Board to adopt rules and regulations governing such matters as specifically committed to it.

The Board proposes to amend Section 553 to increase the Annual Board Fee from \$300 per year to \$425 per year for new motor vehicle dealers and increase the annual fee paid to the Board by new motor vehicle manufacturers or distributors by raising the numerical coefficient, on which the fee is based, from \$0.45 to \$0.65 per new motor vehicle sold, leased or otherwise distributed in California to a consumer of such new motor vehicles during the preceding calendar year. The proposed amendment would also increase the minimum Annual Board Fee due from a manufacturer or distributor from \$300 to \$425 per year.

Section 553.20 specifies the method for calculating the annual fee to be paid by each manufacturer and distributor by multiplying the numerical coefficient (as set forth in Section 553, subdivision (b) and discussed above) by the number of new motor vehicles distributed in California to a consumer of such new motor vehicles during the preceding calendar year. The Board also proposes to amend Section 553.20 to conform it to the proposed amendments to Section 553.

Vehicle Code section 3016 authorizes the Board to charge a fee to new motor vehicle dealers and other licensees under its jurisdiction in an amount sufficient to fully fund the Board's activities.

The Board conservatively forecasts that if the subject fees remain at current levels, the Board will lack sufficient operating funds, and by the end of the 2028-29 fiscal year, the Board's cash reserves will be depleted.

## **BROAD OBJECTIVES AND SPECIFIC BENEFITS OF THE PROPOSED RULEMAKING**

The broad objective of the regulations is to ensure that the Board receives funds adequate to maintain a reserve fund that will, in turn, make certain that the Board has funds adequate to fulfill its statutory mandate.

The specific benefit anticipated from the regulation is assurance of the continued operation of the Board, which, in turn, promotes the expeditious and economical resolution of statutorily enumerated disputes between new motor vehicle dealers (franchisees) and their manufacturers or distributors (franchisors). The Board keeps these types of cases from further clogging our already congested courts. It provides a uniformity of decisions across the state, allowing franchisors and their dealers to conduct their business in compliance with California law. Lastly, through its Consumer Mediation Program, the Board offers, at no cost to the consumer, an informal means for efficiently resolving disputes between members of the public and any new motor vehicle dealer, manufacturer, or distributor.

## **DETERMINATION OF INCONSISTENCY/INCOMPATIBILITY WITH EXISTING STATE REGULATIONS**

The Board has determined that the proposed regulations are not inconsistent or

incompatible with existing regulations. After conducting a review for any regulations that would relate to or affect this area, the Board has concluded that these are the only regulations that authorize the Board's collection of annual fees that are the subject of the proposed regulations.

## **DISCLOSURES REGARDING THE PROPOSED ACTION**

The Board has made the following initial determinations:

- Mandate on local agencies and school districts: None.
- Cost or savings to any state agency: None.
- Cost to any local agency or school district which must be reimbursed in accordance with Government Code sections 17500 through 17630: None.
- Other nondiscretionary cost or savings imposed on local agencies: None.
- Cost or savings in federal funding to the state: None.
- Cost impacts on a representative private person or business:

The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

- Statewide adverse economic impact directly affecting businesses and individuals:

The proposed regulations raise fees by modest amounts. Although the proposed action will directly affect a limited, discreet class of businesses statewide, including small businesses and individuals, the Board has initially determined that the adverse economic impact, including the ability of California businesses to compete with businesses in other states, would not be significant. In making this initial determination, the Board relied on the following documents:

- (1) Fiscal Committee Memorandum dated October 10, 2024 pertaining to amendments to sections 553 and 553.20;
- (2) Policy and Procedure Committee Memorandum dated October 16, 2024, pertaining to amendments to sections 553 and 553.20.

The Board relied upon the following historical documents for background information on its annual fee collection, and its revenue and expenditures from fiscal years 2019-20 to the present:

- (1) California New Car Dealers Association 2016 Economic Impact.
- (2) California New Car Dealers Association 2017 Economic Impact.
- (3) California New Car Dealers Association "California Auto Outlook" released August 2020 covering 2nd quarter 2020.
- (4) California New Car Dealers Association "California Auto Outlook" released February 2023 covering 4th quarter 2022.
- (5) Fund Condition Statement [FY 19\_20 Expenditure Revenue] 2021-22 State Budget.
- (6) Fund Condition Statement [FY 20\_21 Expenditure Revenue] 2022-23 State Budget.
- (7) Fund Condition Statement [FY 21\_22 Expenditure Revenue] 2023-24 State Budget.
- (8) Fund Condition Statement [FY 22\_23 Expenditure Revenue] 2024-25 State Budget.
- (9) Fund Condition Statement [FY 23\_24 Expenditure Revenue] 2024-25 State Budget.
- (10) Department of Motor Vehicles, Expenditure Management Plan - 1<sup>st</sup> Qtr. (Jul-Sep), New Motor Vehicle Board, FY 2024/25.
- (11) Department of Motor Vehicles, Expenditure Management Plan - 2<sup>nd</sup> Qtr. (Oct-Dec), New Motor Vehicle Board, FY 2024/25.
- (12) DMV Expenditure Report; Report Date: 20-Mar-25 [New Motor Vehicle Board].
- (13) Department of Motor Vehicles, Revenue Summary Year to Date, Month Ending Jun 30, 2020, New Motor Vehicle Board, Dealer Fees.
- (14) Department of Motor Vehicles, Revenue Summary Year to Date, Month Ending Jun 30, 2021, New Motor Vehicle Board, Dealer Fees.
- (15) Department of Motor Vehicles, Revenue Summary Year to Date, Month Ending Jun 30, 2022, New Motor Vehicle Board, Dealer Fees.
- (16) Department of Motor Vehicles, Revenue Summary Year to Date, Month Ending Jun 30, 2023, New Motor Vehicle Board, Dealer Fees.
- (17) Department of Motor Vehicles, Revenue Summary Year to Date, Month Ending Jun 30, 2024, New Motor Vehicle Board, Dealer Fees.
- (18) DMV Expenditure Report; Report Date: 02-Sept-22 [New Motor Vehicle Board], Rent.
- (19) DMV Expenditure Report; Report Date: 30-Aug-23 [New Motor Vehicle Board], Rent.

(20) Governor's Proposed Budget, Fund Condition, Statement fiscal year 2025-26.

- Significant effect on housing costs: None.

## **RESULTS OF THE ECONOMIC IMPACT ANALYSIS/ASSESSMENT**

The Board concludes that the proposed regulations will not (1) create any jobs within the State of California, (2) eliminate any jobs within the State of California, (3) create any new businesses within the State of California, (4) eliminate any existing businesses within the State of California, or (5) cause the expansion of businesses currently doing business within the State of California.

The Board resolves disputes between motor vehicle dealers (franchisees) and their manufacturers or distributors (franchisors), helping to reduce congestion in the courts. This amendment will enable the Board to continue its statutory mandate and fund its operations and activities.

The proposed regulation will not impact the health and welfare of California residents, and worker safety because they do not regulate worker safety standards and will also not benefit the environment because it does not change any applicable environmental standards.

## **BENEFITS OF THE REGULATION**

The proposed regulations will promote the expeditious and economical resolution of disputes between new motor vehicle dealers and their manufacturers or distributors. Also, the proposed regulations benefit the public or consumer at no cost through the Board's Consumer Mediation Program, an informal means in efficiently resolving disputes between the public and any new motor dealer, manufacturer, or distributor.

## **SMALL BUSINESS DETERMINATION**

The Board has determined that the proposed regulations will have a minimal effect on small business, in that the proposed regulations will marginally increase fees paid by a minor number of small businesses that are within the Board's limited jurisdiction.

The Board's operations concern franchised new motor vehicle dealers and their franchisors (new motor vehicle manufacturers or distributors) within the Board's jurisdiction.

## **CONSIDERATION OF ALTERNATIVES**

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, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

The Board invites interested persons to present comments, statements or arguments with respect to alternatives to the proposed regulations, during the written comment period or at the public hearing, if one is requested.

## **CONTACT PERSONS**

Please direct requests for copies of the proposed text (the “express terms”) of the regulations, the initial statement of reasons, the modified text of the regulations, if any, or other information upon which the rulemaking is based to Ms. Parker at the following address:

New Motor Vehicle Board  
2415 1<sup>st</sup> Avenue, MS L242  
Sacramento, CA 95818  
(916) 244-6776 direct line  
(916) 445-1888 main line  
[Robin.Parker@nmvb.ca.gov](mailto:Robin.Parker@nmvb.ca.gov)

The backup contact person for these inquiries is:

Alejandro Martinez  
New Motor Vehicle Board  
2415 1<sup>st</sup> Avenue, MS L242  
Sacramento, CA 95818  
(916) 244-6789 direct line  
(916) 445-1888 main line  
[Alejandro.Martinez2@nmvb.ca.gov](mailto:Alejandro.Martinez2@nmvb.ca.gov)

## **AVAILABILITY OF STATEMENT OF REASONS, TEXT OF PROPOSED REGULATIONS, AND RULEMAKING FILE**

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its offices at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulations, the initial statement of reasons, the Economic and Fiscal Impact Statement, and all the information upon which the proposal is based. Copies may be obtained by contacting the contact persons identified above.

## **AVAILABILITY OF CHANGED OR MODIFIED TEXT**

After considering all timely and relevant comments received, the Board may adopt

the proposed regulations substantially as described in this notice. If the Board makes modifications which are sufficiently related to the originally proposed text, it will make the modified text (with the changes clearly indicated) available to the public for at least 15 days before the Board adopts the regulations as revised. Requests for copies of any modified regulation should be addressed to the Board contact person or back-up contact person at the addresses indicated above. The Board will accept written comments on the modified regulations for 15 days after the date on which they are made available to the public.

#### **AVAILABILITY OF THE FINAL STATEMENT OF REASONS**

Upon completion of the Final Statement of Reasons, copies thereof may be obtained by contacting Ms. Parker or Mr. Martinez at the above address.

#### **AVAILABILITY OF DOCUMENTS ON THE INTERNET**

Copies of the Notice of Proposed Action, the Initial Statement of Reasons, and the text of the regulations in underline and strikeout font can be accessed through the Board's website at [www.nmvb.ca.gov](http://www.nmvb.ca.gov).