

NEW MOTOR VEHICLE BOARD

Section Affected in Title 13: 553.70

Justification for Changes 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(c). The New Motor Vehicle Board (Board) in the Department of Motor Vehicles is 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. (Bus. & Prof. Code, § 472.5)

Business and Professions Code section 472.5 requires that:

- Each manufacturer and distributor file a statement with the Board, on or before May 1st of each calendar year, which contains specified information, and to pay a fee within a specified time after written notification by the Board;
- The Department notify the Board, on or before February 1st of each year, of the dollar amount necessary to fully fund the ACP for the upcoming fiscal year, but not specify to the method by which the Board is to determine the dollar amount;
- The regulations 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 Section 553.70 in Title 13 of the California Code of Regulations. These changes reflect the dollar amount to be charged for the 2025-2026 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 Section 553.70. Pursuant this provision, the Board is required to divide the dollar amount necessary to fully fund the Department's ACP by the number of new motor vehicles sold, leased or otherwise distributed in California during the previous calendar year. It was reported that 1,926,994 new motor vehicles were sold, leased or otherwise distributed in California during 2024 (see attached Exhibit A). The Department reports that it will need \$1,821,000.00 to fund the ACP for fiscal year 2025-26 (see attached Exhibit B).

In summary, the computation of the fee to be charged per vehicle is as follows:

ACP's funding requirements	\$ 1,821,000
Number of vehicles distributed in 2024	1,926,994
Fee per vehicle (calculated by dividing the total funding needed by the number of vehicles distributed)	\$.945

Accordingly, collecting the fee allowable by statute of \$.945 per vehicle will cover almost all costs associated with this program.

The proposed changes qualify as Title 1, CCR, section 100 changes because they do "not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision" due to their non-material nature.