

Dealer, Salesman, Manufacturer, and Factory Representative Licensing Report

The following information addresses the requests by the Occupational Licensing Interim Committee, established through the passage of Senate Concurrent Resolution 146 and the Governor's 2017-06 Executive Order.

Background

The Idaho Transportation Department's (ITD) authority to issue licenses and regulate vehicle/vessel dealers, salesmen, vehicle/vessel manufacturers, and factory representatives is prescribed in Chapter 16, Title 49, Idaho Code – Dealers and Salesmen Licensing.

ITD licenses approximately 1,200 vehicle/vessel dealers, 5,000 salesmen, 240 in-state and out-of-state manufacturers, and 630 factory representatives. Dealers must renew their license on an annual basis, while salesman licenses must be renewed every three years.

1a. License Application Timeframe

1. Initial dealer application

Provided that the applicant is not ineligible for receiving a license and submits required documentation and fees, ITD is typically able to issue an initial dealer license, which includes an on-site place of business inspection by a motor vehicle investigator, **within 2-3 weeks** of the application submittal.

The most common reason for delay in initial issuance is incomplete applications and slow responsiveness by the applicant to provide all necessary documentation and fees. Other factors include Motor Vehicle Investigator staff availability. There are only nine motor vehicle Investigators statewide; each is tasked with a variety of duties including auditing of dealer records and investigating consumer complaints against licensed dealers. The investigators also respond to customers with complex titling issues and assist law enforcement when requested in investigations involving stolen vehicles and altered vehicle identification numbers and odometer readings.

2. Renewal dealer application

Provided that the applicant is not ineligible for receiving a license and submits required documentation and fees, a dealer license renewal is typically completed within **1-2 business days** of receipt.

3. Salesman application

Provided that the applicant is not ineligible for receiving a license and submits required documentation and fees, a salesman’s initial or renewal application is typically completed the **same day** it is received.

4. Manufacturer application (A manufacturer is a business that manufactures or assembles the types of vehicles that are required to be registered.)

Provided that the applicant is not ineligible for receiving a license and submits required documentation and fees, a manufacturer’s initial or renewal application is typically completed within **2-3 business days** of receipt.

5. Factory representative application (A factory representative is any person who represents a vehicle manufacturer by promoting the sale of their vehicles or supervising or contacting their dealers or prospective dealers.)

Provided that the applicant is not ineligible for receiving a license and submits required documentation and fees, a factory representative initial or renewal application is typically completed the **same day** it is received.

1b. Requirements for licensure

Initial Dealer License Requirements

Requirement	Support
“Dealer” term defined and license established	49-105(1) 49-1606(1 and 3)
Pre-licensing class (if required)	49-1637
Application showing business, name, location and owners’ names/capacity	49-1602(4a,b,d)
Franchise agreement letters (if applicable)	49-1602(4c)
Zoning approval	49-117(17)
Salesmen applications and fees	49-1602(4d)
Surety bond	49-1608 IDAPA 39.02.03
Liability insurance	49-1608(a) IDAPA 39.02.03(100-05)
Seller’s permit	49-1602(4)
Assumed business name filing	49-1602(4e)
Verification of LLC, LLP, or corporation (secretary of state filing)	49-1602(4a)
Application fees	49-1607(1a)

Idaho Consumer Asset Recovery Fund fee (if required)	49-1608B IDAPA 39.02.03 (100-04a)
EIN number or certificate of no EIN	49-1602(4)
Phone number listing/answered in the name of the business	IDAPA 39.02.03
Principal place of business signage and standards met	49-117(17), 49- 1602(6), IDAPA 39.02.03

Initial Salesman Application Requirements

Requirement	Support
"Salesman" term defined and license established	49-123(4) 49-1606 (2)
Application requirements	49-1602(4d)
Dealer certifies applicant's qualifications	49-1602(4g)
Fee required	49-1607(1b)

Initial Manufacturer License Requirements

Requirement	Support
"Manufacturer" term defined and license established	49-114(4) 49-1606(4)
Application and fee requirements	49-1607(1a)

Initial Factory Representative License Requirements

Requirement	Support
"Factory Representative" term defined and license established	49-107(2) 49-1606(6)
Application and fee required	49-1607(1d)

Suggestions for elimination of initial application requirements:

To ensure our department is effectively licensing and regulating the industry, ITD regularly collaborates with the governor-appointed Dealer Advisory Board (defined in Idaho Code 49-1603) and two industry organizations: the Idaho State Independent Automobile Dealers Association (ISIADA) and the Idaho Automobile Dealers Association (IADA). These groups regularly offer suggestions and assist in enhancing industry standards; none have voiced a concern over unnecessary barriers to entry for any of these licenses.

1c. Renewal requirements:

Dealer License Renewal Requirements

Requirement	Support
Continuing education (for non-franchised dealers)	49-1637
Annual renewal application and fees	49-1607(3), 49-1607(1a)
Idaho Consumer Asset Recovery Fund fee (if required)	49-1608B IDAPA 39.02.03 (100-04a)
Current liability insurance	49-1608(a) IDAPA 39.02.03(100-05)

Salesman Renewal Requirements

Requirement	Support
Salesman license valid for 3 years and sponsoring dealer must have a dealer license	49-1607(4a-b)
Application required	49-1602(4d)
Dealer certifies applicant's qualifications	49-1602(4g)
Fee required	49-1607(1b)

Manufacturer Renewal Requirements

Requirement	Support
Application and renewal fee required	49-1607(1a)

Factory Representative Renewal Requirements

Requirement	Support
Application and fee required	49-1607(1d)

Suggestions for elimination of renewal application requirements:

None of the aforementioned industry groups or the governor-appointed Dealer Advisory Board has voiced a concern over any unnecessary license renewal requirements. The Dealer Advisory Board, which represents all of the industry, offers suggestions and puts forward legislation to enhance the industry and protect consumers.

1d. Statutory prohibitions to deny the acceptance of an original application or renewal application

Prohibition/Limitation/Qualification	Support
ITD may refuse to issue a license for certain past violations of industry-related Idaho Code and felonies committed in conjunction with their dealership business.	49-1602(1)
ITD may refuse to issue a license if application information is incomplete, incorrect, or fictitious.	49-1602(5)
Pending the satisfaction of ITD's review that the applicant has met the requirements for licensure, it may issue a temporary license	49-1606(7)
ITD may issue a probationary salesman's license	49-1606(8)
Unlawful acts defined	49-1613
Denial or revocation requires an opportunity for an administrative hearing	49-1618
ITD may refuse to issue or renew a license if outstanding claims against a dealer that have been paid out by the Idaho Consumer Asset Recovery Fund have not been repaid to the by fund by the dealer.	49-1608F(7)

Report of number of denied/non-accepted applications and denied renewals with supporting documentation for the denial:

There have been no recent denials (2+ years) for any initial application.

1e. Statutory authority for suspension, revocation, and other disciplinary action

Prohibition/Limitation/Qualification	Support
For just cause, ITD may revoke or suspend a license if it is shown that the licensee has violated any industry-related Idaho Code or committed a felony in conjunction with their dealership business. Limits on re-application are established	49-1602(2)
Unlawful acts defined	49-1613
Failure to maintain a surety bond	49-1608
Failure to maintain a principal place of business	49-117(17) (Defined) and IDAPA 39.02.03
Denial or revocation requires an opportunity for administrative hearing	49-1618

Report of each such disciplinary action and supporting factual or statutory basis for each action:

There have been no recent license suspensions or revocations (2+ years).

1f. Cost of administering the licensing process per applicant and fees charged for initial license issuance and renewal

The cost to administer each license is not related to the time involved for each issuance. Time varies depending on the completeness and type of license being issued or renewed.

Licensing fees:

Note – all licensing application fees are supported in Idaho Code 49-1607; the Idaho Consumer Asset Recovery Fund fee (ICAR) is prescribed in 49-1608C(2) and further explained in IDAPA 39.02.03(100-04).

License Type	Cost
Initial dealer license	\$190
Renewal dealer license	\$175
Idaho Consumer Asset Recovery Fund fee (ICAR) (if applicable – paid by dealers with initial and renewal applications)	\$300 (set by the ICAR Board)
New or renewal salesman license	\$26
Initial manufacturer license	\$190
Renewal manufacturer license	\$175
Factory Representative license	\$44

1g. Laws and Rule changes enacted in the past five years to eliminate barriers

Given that no barriers to entry have been recently identified by the Dealer Advisory Board and industry associations, no laws or rules have been enacted in the past five years to eliminate barriers. As mentioned, ITD and these groups continually monitor the industry to ensure barriers to entry are not unreasonable.

2a. Licensure and Related Requirements Statement

Our department regularly consults with the Governor-appointed Dealer Advisory Board and industry organizations to constantly assess the best methods to educate and assist new dealerships, afford consumer protection, and support the compliant operation of established dealerships in order to ensure the department is supporting economic opportunity in Idaho.

Dealerships vehicle sales is approximately a \$4 billion-dollar-a-year industry in Idaho. In some manner, dealership and/or salesperson licensure is administered in every state in the United States. Costs and barriers to entry tend to be much less restrictive in Idaho compared to many other states' requirements. As such, and for reasons previously identified, ITD asserts that the existing licensure

and requirements for dealer, salespersons, manufacturers, and factory representatives is necessary, equitable, and in accordance with the public interest.

2b. Recommendations for Elimination of Licensure Requirements

To ensure our department is effectively licensing the industry, ITD regularly collaborates with the governor-appointed Dealer Advisory Board (defined in Idaho Code 49-1603) and two industry organizations: the Idaho State Independent Automobile Dealers Association (ISIADA) and the Idaho Automobile Dealers Association (IADA). These groups regularly offer suggestions and assist in enhancing industry standards; none have voiced a concern over an unnecessary barrier to entry for any of these licenses. Additionally, ITD reviews existing laws and practices to ensure the program is implemented appropriately by identifying any policy or procedural inconsistencies and/or restrictions that are not supported by Code or Administrative Rule.

2c/d. Process for Interested Party Comments and Notification

ITD offers four public Dealer Advisory Board meetings annually, which extend the opportunity for any interested party to voice their industry-related concerns. This Executive Order and associated Senate Concurrent Resolution was announced at the Dealer Advisory Board meeting held June 28th, 2018. The board and industry representatives were advised of and asked to provide comments or express any concerns over the material set forth in the Executive Order.