



**MVDB**

**Motor Vehicle Dealer Board**

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COMMONWEALTH OF VIRGINIA

*Senate Finance Committee, Transportation  
Subcommittee*

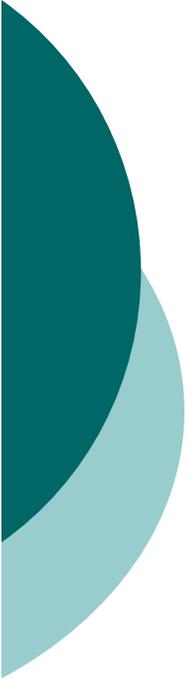
*Sean Connaughton, Secretary of Transportation  
January 2010*



# MOTOR VEHICLE DEALER BOARD OPERATING FUND

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- The motor vehicle dealer sales industry has been hit hard by the current economic situation. On July 1, 2008 there were 3,760 licensed new and used car dealers and 19,422 licensed salespersons in Virginia. Currently there are about 3,547 dealers (5.5 percent decrease) and 16,414 salespersons (15.5 percent decrease).
- The Motor Vehicle Dealer Board is a “special fund” agency and operates strictly on fees paid by dealers and salespersons. No General Fund dollars are appropriated to the agency. The MVDB Annual Budget is about \$2.1 million.
- Revenue has been trending down with the shrinking population of dealers and salespersons, however, adjustments to expenditures have allowed the agency to maintain a balanced budget. Goal is to continue to balance expenditures and revenue in the next biennium.



# MOTOR VEHICLE DEALER BOARD RECOVERY FUND

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- The MVDB is responsible for administering the Transaction Recovery Fund. This special fund is designed to compensate consumers who have been defrauded by licensed dealers.
- The Fund, which is funded strictly by dealers, has a balance of \$994,000. The combination of fewer dealers paying into the Fund and an increase in the number of claims against the Fund, is causing the Fund balance to decrease. In FY 09 about \$80,000 more was paid-out from the Fund than what was collected.
- With the economic downturn, there has been an increase in claims. In FY 08 the Board considered eleven claims; in FY 09, twenty-two claims and thus far in FY 10, nine claims have been considered and another fifty-two are pending.



# MOTOR VEHICLE DEALER BOARD RECOVERY FUND

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- SB 29 includes transferring \$700,000 from the Transaction Recovery Fund to the General Fund. If \$700,000 was taken today from this Fund the balance in the Fund would be \$294,000. The Code of Virginia states that a minimum balance of \$250,000 must be maintained in the Fund. If \$700,000 is taken from the Fund, it would necessitate the Board assessing an immediate, additional fee on dealers in order to ensure that the Code required minimum balance is maintained and that the Fund has adequate balances to pay future claims to consumers.