Department of State
Division of Publications
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Nashville, TN 37243
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For Department of State Use Only

Sequence Number: 07-31-16
Rule ID(s): 6268
File Date: 7/22/16
Effective Date: 10/20/16

Proposed Rule(s) Filing Form

Proposed rules are submitted pursuant to Tenn. Code Ann. §§ 4-5-202, 4-5-207, and 4-5-229 in lieu of a rulemaking hearing. It is the intent of the Agency to promulgate these rules without a rulemaking hearing unless a petition requesting such hearing is filed within ninety (90) days of the filing of the proposed rule with the Secretary of State. To be effective, the petition must be filed with the Agency and be signed by ten (10) persons who will be affected by the amendments, or submitted by a municipality which will be affected by the amendments, or an association of ten (10) or more members, or any standing committee of the General Assembly. The agency shall forward such petition to the Secretary of State.

Pursuant to Tenn. Code Ann. § 4-5-229, any new fee or fee increase promulgated by state agency rule shall take effect on July 1, following the expiration of the ninety (90) day period as provided in § 4-5-207. This section shall not apply to rules that implement new fees or fee increases that are promulgated as emergency rules pursuant to § 4-5-208(a) and to subsequent rules that make permanent such emergency rules, as amended during the rulemaking process. In addition, this section shall not apply to state agencies that did not, during the preceding two (2) fiscal years, collect fees in an amount sufficient to pay the cost of operating the board, commission or entity in accordance with § 4-29-121(b).

Agency/Board/Commission:	Tennessee Motor Vehicle Commission
Division:	Department of Commerce and Insurance
Contact Person:	Matthew Reddish
Address:	500 James Robertson Parkway, Nashville, TN
Zip:	37243
Phone:	615-741-3072
Email:	Matthew.E.Reddish@tn.gov

Revision Type (check all that apply):
_x_ Amendment
___ New
___ Repeal

Rule(s) Revised (**ALL** chapters and rules contained in filing must be listed here. If needed, copy and paste additional tables to accommodate multiple chapters. Please enter only **ONE** Rule Number/Rule Title per row)

Chapter Number	**Chapter Title**
0960-01	General Rules
Rule Number	**Rule Title**
0960-01-.22(1)	Surety Bonds

Chapter 0960-01
General Rules
Amendments

Rule 0960-01-.22 [SURETY BONDS.] is amended by deleting the phrase "and must name the Tennessee Motor Vehicle Commission as beneficiary" in paragraph (1) of the rule so that, as amended, the rule shall read:

(1) The surety bond required by T.C.A. Title 55, Chapter 17, Section 111(g) must remain and continue in force for as long as the licensee remains licensed. Upon notice of cancellation, the licensee shall either cease business operations until proof of minimum coverage is provided, or provide evidence of minimum coverage from another provider.

(2) Any surety is required to provide sixty (60) days notice of cancellation to the Commission.

Authority: T.C.A. §§ 55-17-107, 55-17-111 and 55-17-114.

* If a roll-call vote was necessary, the vote by the Agency on these rules was as follows:

Board Member (if required)	Aye	No	Abstain	Absent	Signature
Eddie Roberts	X				
Stan Norton	X				
Ian Leavy	X				
Nathaniel Jackson	X				
Don Parr				X	
Steve Tomaso				X	
Lynn Webb	X				
B. Joe Clayton	X				
Ronald Fox	X				
Stan McNabb				X	
Reed Trickett	X				
Jim Galvin Jr.				X	
John S. Murrey	X				
Donnie Hatcher					
Farrar Schaeffer Vaughan	X				

I certify that this is an accurate and complete copy of proposed rules, lawfully promulgated and adopted by the Commission on 04/25/2016, and is in compliance with the provisions of T.C.A. § 4-5-222. The Secretary of State is hereby instructed that, in the absence of a petition for proposed rules being filed under the conditions set out herein and in the locations described, he is to treat the proposed rules as being placed on file in his office as rules at the expiration of ninety (90) days of the filing of the proposed rule with the Secretary of State.

Date: 6-20-16

Signature: Matt Reddish

Name of Officer: Matthew Reddish

Title of Officer: Assistant General Counsel

VANESSA HUNTSMAN STATE OF TENNESSEE NOTARY PUBLIC SUMNER COUNTY MY COMMISSION EXPIRES 11-21-17

Subscribed and sworn to before me on: June 20, 2016

Notary Public Signature: Vanessa Huntsman

My commission expires on: Nov. 21, 2017

All proposed rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.

Herbert H. Slatery III
Attorney General and Reporter

7/18/2016
Date

Department of State Use Only

Filed with the Department of State on: 7/22/16

Effective on: 10/20/16

Tre Hargett
Secretary of State

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Regulatory Flexibility Addendum

Pursuant to T.C.A. §§ 4-5-401 through 4-5-404, prior to initiating the rule making process as described in T.C.A. § 4-5-202(a)(3) and T.C.A. § 4-5-202(a), all agencies shall conduct a review of whether a proposed rule or rule affects small businesses.

Statements:

(1) The type or types of small business and an identification and estimate of the number of small businesses subject to the proposed rule that would bear the cost of, or directly benefit from the proposed rule.

There are approximately 3,700 licensed motor vehicle dealers in Tennessee that will be substantially impacted by this rule. There will be nominal costs for these dealers and the dealers as a whole should benefit due to a reduction in the needless litigation that is currently required for an injured consumer to collect from the dealer's surety bond.

(2) The projected reporting, recordkeeping and other administrative costs required for compliance with the proposed rule, including the type of professional skills necessary for preparation of the report or record.

This rule may result in additional administrative costs due to a potential need to update current surety bonds.

(3) A statement of the probable effect on impacted small businesses and consumers.

This rule is expected to have a positive impact on small businesses by reducing lawsuits filed in attempts to collect on dealer's surety bond.

(4) A description of any less burdensome, less intrusive or less costly alternative methods of achieving the purpose and objectives of the proposed rule that may exist, and to what extent the alternative means might be less burdensome to small business.

The Commission believes that this change is not burdensome, intrusive or costly and – as such – there do not appear to be any alternatives that would reasonably be expected to be less burdensome.

(5) A comparison of the proposed rule with any federal or state counterparts.

There exists no known state or federal counterpart.

(6) Analysis of the effect of the possible exemption of small businesses from all or any part of the requirements contained in the proposed rule.

Exemption from these rules would not be expected to be beneficial for small businesses, as existing standards are less clear.

Impact on Local Governments

Pursuant to T.C.A. §§ 4-5-220 and 4-5-228 "any rule proposed to be promulgated shall state in a simple declarative sentence, without additional comments on the merits of the policy of the rules or regulation, whether the rule or regulation may have a projected impact on local governments." (See Public Chapter Number 1070 (http://state.tn.us/sos/acts/106/pub/pc1070.pdf) of the 2010 Session of the General Assembly)

This rule has no projected impact on local governments.

Additional Information Required by Joint Government Operations Committee

All agencies, upon filing a rule, must also submit the following pursuant to T.C.A. § 4-5-226(i)(1).

(A) A brief summary of the rule and a description of all relevant changes in previous regulations effectuated by such rule;

Rule 0960-01-.22 [SURETY BONDS] is amended by allowing for injured consumers to be the beneficiary to a dealer's surety bond.

(B) A citation to and brief description of any federal law or regulation or any state law or regulation mandating promulgation of such rule or establishing guidelines relevant thereto;

This rule is not mandated by any federal or state law or regulation. T.C.A. § 55-17-111(g)(1) does provide some guidelines relevant to this rule.

(C) Identification of persons, organizations, corporations or governmental entities most directly affected by this rule, and whether those persons, organizations, corporations or governmental entities urge adoption or rejection of this rule;

This rule affects all licensed motor vehicle dealers.

(D) Identification of any opinions of the attorney general and reporter or any judicial ruling that directly relates to the rule;

There are no opinions of the Attorney General and Reporter or any other judicial ruling that directly relates to the rule.

(E) An estimate of the probable increase or decrease in state and local government revenues and expenditures, if any, resulting from the promulgation of this rule, and assumptions and reasoning upon which the estimate is based. An agency shall not state that the fiscal impact is minimal if the fiscal impact is more than two percent (2%) of the agency's annual budget or five hundred thousand dollars ($500,000), whichever is less;

There is no expected substantial impact on state or local government revenue and expenditures.

(F) Identification of the appropriate agency representative or representatives, possessing substantial knowledge and understanding of the rule;

Paula Shaw 500 James Robertson Parkway Davy Crockett Tower 5th Floor Nashville, TN 37243 (615) 741-2711	Matthew Reddish 500 James Robertson Parkway Davy Crockett Tower 5th Floor Nashville, TN 37243 (615) 770-0089

(G) Identification of the appropriate agency representative or representatives who will explain the rule at a scheduled meeting of the committees;

Paula Shaw, Executive Director, Motor Vehicle Commission
Matthew Reddish, Assistant General Counsel

(H) Office address, telephone number, and email address of the agency representative or representatives who will explain the rule at a scheduled meeting of the committees; and

Paula Shaw 500 James Robertson Parkway Davy Crockett Tower 5th Floor	Matthew Reddish 500 James Robertson Parkway Davy Crockett Tower 5th Floor

Nashville, TN 37243 (615) 741-2711	Nashville, TN 37243 (615) 770-0089

(l) Any additional information relevant to the rule proposed for continuation that the committee requests.

None

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Donnie Hatcher					
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Date: 6-20-16

Signature: Matt Reddish

Name of Officer: Matthew Reddish

Title of Officer: Assistant General Counsel

VANESSA HUNTSMAN
STATE OF TENNESSEE NOTARY PUBLIC
SUMNER COUNTY
MY COMMISSION EXPIRES 11-21-2017

Subscribed and sworn to before me on: June 20, 2016

Notary Public Signature: Vanessa Huntsman

My commission expires on: Nov 21, 2017

All proposed rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.

_____
Herbert H. Slatery III
Attorney General and Reporter

_____
Date

Department of State Use Only

Filed with the Department of State on: _____

Effective on: _____

_____
Tre Hargett
Secretary of State

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There are no opinions of the Attorney General and Reporter or any other judicial ruling that directly relates to the rule.

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Nashville, TN 37243 (615) 741-2711	Nashville, TN 37243 (615) 770-0089	

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