

State Revenue

Under current law, the executive director of the Department of Revenue is authorized to levy an administrative penalty of \$1,000 per day for certain unlawful acts. The bill increases the civil fine to between \$10,000 and \$25,000 per day on a motor vehicle manufacturer, distributor, or manufacturer's representative for failing to offer the right of first refusal or make a compensation payment to a motor vehicle dealer whose dealership has been closed within five years. Revenue from civil fines imposed by the bill will be deposited in the Auto Dealers License Fund. At the present time, it is unknown whether any future civil fines will be imposed or collected.

Departmental Differences

The Department of Law has indicated the need for \$120,080 in reappropriated cash funds from the Auto Dealers License Fund and 0.9 FTE in FY 2010-11, and \$58,947 CF and 0.4 FTE in FY 2011-12 to assist the Department of Revenue in establishing rules and enforcing the bill. Currently, there are no rules regarding the regulation of manufacturers, distributors, or manufacturer's representatives. The Department of Law anticipates that the increase in the civil fine authorized by SB10-201 will elicit vigorous litigation with the licensees as a result of failure to compensate motor vehicle dealers for improvements and good will, as required by law. However, the department indicates that these expenditures are necessary as a result of the passage of HB10-1049 only, and that passage of SB10-201 will not increase the need for additional department expenditures over that level.

This fiscal note disagrees with the need for any litigation assistance. Any bill passed by the General Assembly has the potential to be litigated. As a general rule, the cost of legal assistance to defend or enforce a law, or legal assistance to defend the General Assembly regarding its authority to enact such a law, is not considered for fiscal note purposes as a cost attributable to the bill.

Departments Contacted

Revenue Law Judicial