

**MINUTES**  
**AUTO INDUSTRY ENFORCEMENT DIVISION**  
**RULEMAKING WORKING GROUP 2**

**Meeting of August 23, 2018**  
**9:00 a.m.**

**1881 Pierce St.**  
**Lakewood, CO 80214**

**Working Group Members Present**

Bruce Zulauf (Chair, CDOR – Auto Industry Division)  
Chris Rouze (Co-Chair – Auto Industry Division)  
Chris Hartman, CDOR – Auto Industry Division  
Cory Amend, CDOR – Deputy Senior Director of Enforcement  
Leland Bebee, CDOR – Auto Industry Division  
Beth Spellerberg, CDOR – Auto Industry Division  
Brad Jones (Colorado Attorney General’s Office)  
John Opeka, CDOR – Auto Industry Division  
Frank Agos, CDOR – Auto Industry Division  
Joshua Dexter, CDOR – Auto Industry Division  
Steve Perkins – Board Member  
Todd O’Connell, Executive Director – CIADA  
Michael Dommermuth, Esq. – CADA  
Matthew Groves, CADA  
Jerry Abboud – Powersports Dealers  
Lisa McCann, CDOR – Contractor

Director Zulauf opened the 1st meeting of Group 2. Each working group member introduced themselves. These stakeholder meetings will be recorded and the audio posted on the Auto Industry Division website.

There was a discussion of the rulemaking process and group guidelines in addition to information about the pending change from Title 12 to 44.

The following rules are under review:

<b>Regulation 12-6-102(12)</b>	<b>Definition of new and used motor vehicle</b>
<b>Regulation 12-6-502(11)</b>	<b>Powersports – Definition of new and used motor vehicle (New Rule)</b>
<b>Regulation 12-6-108.5(2)</b>	<b>Temporary out of state dealer license</b>
<b>Regulation 12-6-509(2)</b>	<b>Temporary out of state dealer license</b>

Regulation 12-6-109	Display of licenses – Motor Vehicle
Regulation 12-6-510	Display of licenses – Powersports
Regulation 12-6-117	Features of place of business
Regulation 12-6-519	Features of place of business
Regulation 12-6-108(1)(e)	Wholesaler place of business
Regulation 12-6-508(1)(f)	Wholesaler place of business
Regulation 12-6-102(18)	Features of Wholesaler License
Regulation 12-6-502(20)	Features of Wholesaler License
Regulation 12-6-108(1)(h)(l)	Wholesale Motor Vehicle Auction Dealer – check & title insurance policy

**Working Group Meeting Scope – Topics and Discussion**

- Review the current regulations on the Group 2 list and consider the Auto Industry Division staff recommendations related to these.

Mr. Bebee commented that this regulatory compilation provides an initial framework for Stakeholders to discuss each listed regulation in the course of the Stakeholder meetings. The regulations appear in “rule pairs,” e.g., Rule Pair 1, “Rule Pair 2,” etc., to ensure concurrent consideration of parallel regulations respective to Motor Vehicles and Powersports Vehicles. The Motor-Vehicle-related regulation in the pair always appears first, marked by the letter, “A.” The parallel Powersports-Vehicle-related regulation and the Powersports-Vehicle-related regulation display the current text of the regulation (if any) followed by the Staff’s proposed new text (if any).

During the last Sunset review, the General Assembly added a new definition for “new motor vehicle”.

**“New Motor Vehicle” means a motor vehicle that has been transferred on a manufacturer’s statement of origin and that has sufficiently low mileage to be considered new, as determined by the Board”.**

Mr. Jones stated that this definition puts limitations on what can be defined as a new motor vehicle and the only area the Board can fill in is the sufficiently low mileage amount.

The 2018 Rule Group 2 compilation of regulation comments/recommendations are as follows:

**Rule Pair 1:**

**Regulation 12-6-102(12) -**

Mr. Dommermuth proposed clarification of what is meant by “transfer”.

Mr. O’Connell stated that most RV dealers are currently ranging from 1200 to 1600 miles from the time they get the vehicle from the manufacturer.

A lengthy discussion followed which included adding an exemption for manufacturer to dealer but not dealer to dealer.

**Regulation 12-6-502(11)** – The Division recommends no parallel rule. The statutory provisions appear to be sufficient. All concurred.

Group took a 10 min. break - Reconvened at 10:14 a.m.

**Rule Pair 2:**

**Regulation 12-6-102(18)** - Division suggests creation of new rule combining substantive materials from Regulation 12-6-108(1)(e).

**Regulation 12-6-506(20)** – Create parallel rule.

**Rule Pair 3**

**Regulation 12-6-108(1)(e)/ Regulation 12-6-102(18)** - Division recommends deletion of 12-6-102(18) and revision of 12-6-108(1)(e).

Mr. O’Connell prefers the old wording in Para. 3. A lengthy discussion followed.

Mr. Opeka suggests adding “written” in Para. 4 and clarify sole proprietor as a business in Para. 5.

Mr. Dexter suggests using the word “contract” rather than “negotiate” in Para. 4.

**Regulation 12-6-508(1)(f)** - Division recommends creation of new parallel rule for Powersports with recommended revisions.

#### **Rule Pair 4**

**Regulation 12-6-108(1)(h)(l)** - Division recommend deletion of the rule.

A consensus was reached by all parties to move forward with recommendation. There is no parallel rule for Powersports.

Group took a 10 min. break - Reconvened at 11:15 a.m.

#### **Rule Pair 5**

**Regulation 12-6-108.5(2)** - Mr. Perkins recommends revising language to capture both “out-of-state motor vehicle dealer and out-of-state used motor vehicle dealer throughout.

**Regulation 12-6-509(2)** – Apply recommended revisions to Powersports parallel rule.

#### **Rule Pair 6**

**Regulation 12-6-109** - The Division will research further and update the Group at the 2<sup>nd</sup> stakeholder meeting with findings in regard to use of electronic displays.

Suggestion was made to remove “posted hours” from Para. 2. A lengthy discussed followed.

**Regulation 12-6-510** - Create new parallel rule for Powersports with revisions.

#### **Rule Pair 7**

**Regulation 12-6-117** - Update throughout and identify both with either “motor vehicle dealer” and used motor vehicle dealer.

**Regulation 12-6-519(1)** - Revise Powersports parallel rule with recommendations.

Director Zulauf stated there will be a 2<sup>nd</sup> meeting of Group 2 stakeholders, which is scheduled for Tuesday, September 11, 2018 at 9:00 a.m.

Director Zulauf thanked everyone for their participation and adjourned the meeting at 12:00 p.m.

*(Note: The minutes of these rulemaking working groups are very general in nature and only summarize the contents of the meeting. They are not verbatim transcripts and are based principally upon the digital recording of the meeting and upon the later collaboration of staff attendees to ensure that the summary faithfully captures the matters before the working group and the discussion the group had. The digital recording of the meeting is a permanent record of the Division, retained in the electronic filing system of Division, and is available on the Division’s website.)*