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Gerald A. Neal
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Reginald Thomas
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Mike Wilson
Majority Whip
David Yates
Minority Whip



LEGISLATIVE RESEARCH COMMISSION

State Capitol 700 Capital Avenue Frankfort KY 40601

502-564-8100

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Jay D. Hartz
Director

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Steven Rudy
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Derrick Graham
Minority Floor Leader
Suzanne Miles
Majority Caucus Chair
Cherlynn Stevenson
Minority Caucus Chair
Jason Nemes
Majority Whip
Rachel Roberts
Minority Whip

MEMORANDUM

TO: Interim Joint Committee on Transportation
FROM: Jay D. Hartz, Director 
SUBJECT: Administrative Regulations
DATE: October 2, 2024

At its September 10, 2024, meeting, the Administrative Regulation Review Subcommittee completed its review of the following administrative regulation: 601 KAR 009:220.

Pursuant to the provisions of KRS Chapter 13A, this regulation has been assigned to the Interim Joint Committee on Transportation. Pursuant to KRS Chapter 13A, the committee has ninety (90) days from the date of this assignment to review this regulation.

The Subcommittee minutes will be delivered to your committee staff upon completion. The material considered by the Subcommittee in its review is attached to the appropriate administrative regulation.

Attachments

cc: Administrative Regulation Review Subcommittee
John Snyder

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M E M O R A N D U M

TO: Senator Robert Stivers, President of the Senate
 Representative David Osborne, Speaker of the House
 Members of the Legislative Research Commission

FROM: Senator Stephen West, Co-Chair
 Representative Derek Lewis, Co-Chair
 Administrative Regulation Review Subcommittee

RE: Report of the Administrative Regulation Review Subcommittee

DATE: October 2, 2024

Members: Senator Stephen West, Co-Chair; Representative Derek Lewis, Co-Chair; Senators Julie Raque Adams, Damon Thayer; and David Yates, Representatives Randy Bridges, Deanna Frazier Gordon, and Daniel Grossberg.

LRC Staff: Sarah Amburgey, Stacy Auterson, Laura Begin, Emily Caudill, Ange Darnell, Emily Harkenrider, Karen Howard, Anna Latek, and Carrie Nichols.

Guests: Cassie Trueblood, Education Professional Standards Board; Al Duncan, Juan Renaud, Department of Veterans Affairs; Karen Sellers, State Board of Elections; Amy Burke, Ed Price, Department of Law; Patrick McGee, Finance and Administration Cabinet; Eden Davis, Board of Pharmacy; Matt Byrd, Doug Hardin, Boxing and Wrestling Commission; Steven Fields, Department of Fish and Wildlife Resources; Tony Hatton, Michael Kennedy, Division for Air Quality; Jon Johnson, Godwin Onodu, Transportation Cabinet; Todd Allen, Department of Education; Jeb Pinney, Public Service Commission; Julie Brooks, Rachael Ratliff, Kelli Root, Cabinet for Health and Family Services; Adam Goebel, Stewart McCollam, Jack Mazurak, Kentucky Distillers' Association; and Rachel Nally, Heaven Hill Brands.

Administrative Regulations Reviewed by this Subcommittee:

The Administrative Regulation Review Subcommittee met on Tuesday, September 10, 2024, and submits this report:

TRANSPORTATION CABINET: Motor Vehicle Tax

601 KAR 009:220. Motor vehicle dealer plates. Jon Johnson, assistant general counsel, and Godwin Onodu, division director, represented the cabinet.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 3 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to amend Section 3 for consistency with KRS 186.070(1)(c)3. Without objection, and with agreement of the agency, the amendments were approved.

The subcommittee adjourned at 2:05 p.m. The next meeting of this subcommittee was tentatively scheduled for October 15, 2024, at 1 p.m. in Room 149 of the Annex.

TRANSPORTATION CABINET
Department of Vehicle Regulation
Division of Motor Vehicle Licensing
(Amended at ARRS Committee)

601 KAR 9:220. Motor vehicle dealer plates.

RELATES TO: KRS Chapters 186, 190

STATUTORY AUTHORITY: KRS 186.070

NECESSITY, FUNCTION, AND CONFORMITY: KRS 186.070(4) authorizes the cabinet to promulgate this administrative regulation to administer KRS 186.070. This administrative regulation~~which~~ establishes~~[To establish]~~ the criteria for the issuance and use of a motor vehicle dealer plate and provides~~[to provide]~~ for the cancellation of a dealer plate for misuse of the plate.

Section 1. Definitions.

- (1) "Bona fide salesman or employee" is defined by~~[means as defined in]~~ KRS 186.070(1)(e).
- (2) "Commission" means the Kentucky Motor Vehicle Commission.
- (3) "Commissioner" means the Commissioner of the Department of Vehicle Regulation or his or her designee.
- (4) "Demonstration trip" means a temporary use of a vehicle by a single prospective customer or his or her employee for a reasonable evaluative purpose incidental to the sale of the vehicle.
- (5) "Dealer plate" means any base plate or supplemental plate issued pursuant to KRS 186.070.
- (6) "Licensed motor vehicle dealer" is defined by~~[means a motor vehicle dealer as defined in]~~ KRS 190.010 and licensed by the commission pursuant to the provisions of KRS Chapter 190.
- (7) "Misuse" means use of a dealer plate in a manner unauthorized by KRS 186.070 or Section 3 of this administrative regulation.

Section 2. Issuance of Dealer Plates.

- (1) Effective with the issuance of dealer plates for the licensing period beginning January 1, 1996, the maximum number of dealer plates that~~[which]~~ may be issued to a licensed motor vehicle dealer who has been licensed for an uninterrupted period beginning on or prior to January 1, 1994, shall be based upon the total number of that dealer's vehicle sales for the period from July through the following June immediately preceding the date of the report of the information on vehicle sales by the dealer to the commission.
- (2)
 - (a) For a motor vehicle dealer licensed after January 1, 1994, beginning on the first day of January following an uninterrupted eighteen (18) month licensing period from the date of the first issuance of the dealer's license by the commission, the number of dealer plates issued shall depend upon the number of that dealer's vehicle sales for the period from July through the following June preceding the date of the report of the information by the dealer to the commission.
 - (b) A motor vehicle dealer licensed for less than eighteen (18) uninterrupted months may apply for any number of dealer plates.
- (3) The maximum number of dealer plates issued to a motor vehicle dealer shall be as follows:
 - (a) Ten (10) or fewer vehicle sales - one (1) dealer plate;
 - (b) Eleven (11) through twenty-five (25) vehicle sales - two (2) dealer plates;
 - (c) Twenty-six (26) through fifty (50) vehicle sales - three (3) dealer plates;
 - (d) Fifty-one (51) through seventy-five (75) vehicle sales - four (4) dealer plates;
 - (e) Seventy-six (76) through 100 vehicle sales - five (5) dealer plates; and
 - (f) For more than 100 vehicle sales, the number of dealer plates issued shall be as requested by the dealer.
- (4)
 - (a) Upon recommendation by the commission to the commissioner, and for good cause shown, a dealer who is restricted in the number of plates issued based upon his or her sales figures may receive an additional plate or plates.

(b) A few examples of good cause include instances such as:

1. Lost or stolen plates with a police report submitted to the commission;

2. "Pro-business" activities approval if the loss of a plate causes a burden to the dealership for test drives;

3. Transportation of vehicles to and from auto auctions;

4. Transportation of vehicles to be serviced or repaired; and

5. If the number of yearly vehicle sales are impacted by unforeseen circumstances like COVID-19, tornado, fire, flood, and temporary economic downturn nationally.

(5)

(a) The information on vehicle sales shall be provided by the commission to the Transportation Cabinet.

(b) The Transportation Cabinet shall cause the information to be entered into the automated vehicle information system.

Section 3. Use of Dealer Plates.

(1) Use of a motor vehicle bearing a dealer plate upon the highways by a licensed dealer or bona fide salesman of the dealer shall consist of the use of the motor vehicle upon the highways at any time with the intent of offering or advertising the vehicle for sale to the public.

(2) A bona fide employee of the dealer who is not a licensed salesman shall only operate a motor vehicle bearing a dealer plate:

(a) ~~If~~**When** testing the mechanical operation of the vehicle;

(b) ~~If~~**When** transporting vehicles to or from the dealer's place of business; or

(c) For the necessary operation in furtherance of the dealer's business during the dealer's business hours.

(3) A bona fide employee of the dealer who is not a licensed salesman shall not operate the vehicle for personal purposes or in demonstration or advertising to a prospective customer.

(4) A prospective customer ~~may operate a vehicle with a properly issued dealer plate, but shall be limited to one (1) demonstration trip~~ ~~who is operating upon the highways a motor vehicle bearing a dealer plate, shall be limited to one (1) demonstration trip unless he is accompanied by the licensed dealer to whom the dealer's plate was issued or a licensed salesman of the dealer].~~

Section 4. Cancellation of Dealer Plates Upon Misuse.

(1) A final order issued by the commission finding misuse of a dealer plate shall be forwarded to the commissioner.

(2) Upon receipt of the commission's final order, if no appeal from the commission's final order has been filed, and the time for taking an appeal has expired, or, if an appeal has been filed, after a ruling has been entered upholding the finding of the commission, the commissioner shall cause the dealer plate involved in the misuse to be canceled.

Section 5. Appeal from Final Order of Commission. The final order of the commission cancelling dealer plates may be appealed in accordance with KRS Chapter 13B.

FILED WITH LRC: September 10, 2024

CONTACT PERSON: Jon Johnson, Staff Attorney Manager/Assistant General Counsel, Transportation Cabinet, Office of Legal Services, 200 Mero Street, Frankfort, Kentucky 40622, phone (502) 564-7650, fax (502) 564-5238, email jon.johnson@ky.gov.