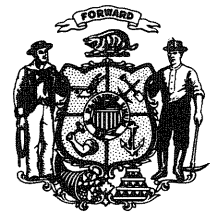


ROGER BRESKE

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MEMORANDUM

May 1, 2002

TO: Senate Committee on Insurance, Tourism and Transportation
FR: Senator Roger Breske, Chair
RE: Proposed Clearinghouse Rule 02-028; *relating to motor vehicle trade practices.*

Clearinghouse Rule 02-028 was recently referred to the Senate Committee on Insurance, Tourism and Transportation. For your reference, I have included the analysis by the Department of Transportation below. If you would like to request a hearing on this proposed rule, please contact Beth in my office before **Friday, May 24th, 2002.**

Analysis by the Department of Transportation

Currently, ch. Trans 139 prohibits motor vehicle dealers from charging a "processing" or "doc" (documentation) fee relating to a vehicle purchase for functions the dealer must perform prior to the vehicle's delivery. The lone exception to this rule [Trans 139.05(8)(b)] allows a dealer licensee who has contracted with the Department, in accordance with the provisions of s. 341.21, Stats., to charge a purchaser a fee in the amount contained in the contract for the dealer's services relating to the processing or distribution of an original or renewal registration or a certificate of title. This processing fee is the \$17.50 "Electronic Title/Plate Filing Fee" charged in conjunction with the APPS (Automated Partners in Processing) on-site registration program. The proposed policy change will eliminate the prohibition on "doc" fees, and allow a dealer to charge a reasonable fee for functions the dealer must perform prior to the vehicle's delivery, including: performing inspections, collecting and reporting fees and taxes, performing background checks on odometer history, filing registration and title on behalf of purchasers, and purchasing required forms. The proposed change would not impinge upon the dealer's ability to charge an optional processing fee in conjunction with the APPS program. Motor vehicle dealers are subject to a number of statutes and regulations. A processing fee is not required by law. Any rule change, including allowing a dealer to charge a customer a "doc" fee, would need to be consistent with the applicable statutes and regulations. This may include revising other rules and placing conditions, including full disclosure of the fee, upon a dealer charging a customer "doc" fees.