

## State of Vermont

## DEPARTMENT OF MOTOR VEHICLES

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## DEPARTMENTAL MEMORANDUM

DATE: November 26, 2014

TO: House and Senate Committees on Transportation

FROM: Robert Ide, Commissioner of Motor Vehicles

SUBJECT: Use of Dealer Plates on Towing Vehicles

Section 32 of Act 189 directs the Commissioner of Motor Vehicles to “study the use of dealer plates on towing service vehicles and formulate recommendations as to whether the existing law authorizing such use shall be repealed, amended, or retained in its existing form.”

The directive requires the Commissioner to review the laws of other jurisdictions and consult with interested persons, including a cross-section of dealers. The following are my findings and recommendations on this matter:

The use of a dealer plate on a towing vehicle is contained in 23 V.S.A. § 454 (a) (2), which in part states: “A motor vehicle owned by a dealer may be operated, while so owned, under the distinguishing number assigned to him or her as provided in this subchapter, for the following purposes and uses: For some purpose directly connected with the dealer business, purchasing, selling or exchanging motor vehicles by the dealer. The words “directly connected” for the purposes of this subdivision shall not be construed to include towing service unless the disabled vehicle is being towed to or from the dealer’s place of business for repair purposes.”

The Vermont Department of Motor Vehicles asked the American Association of Motor Vehicle Administrators to survey other jurisdictions on the use of a dealer plate on a towing vehicle. Of the twenty-eight (28) jurisdictions that responded to the survey, twenty-two (22) do not allow for this use of a dealer plate, six (6) states do. It appears regulations in Connecticut and Maine are similar to Vermont, and allow a dealer plate to be used on a wrecker to tow a vehicle to the dealership for repair purposes. New Hampshire dealers can use a “Transporter” plate, and New York requires all wreckers to be registered as commercial vehicles.

The Vermont Vehicle & Automotive Distributors Association (VT-VADA) was asked to poll their membership on this issue. Of the twelve (12) responses, all but two (2) indicated they contract with another party for towing services. One new car dealer in Middlebury indicated they use their dealer plate on their

flatbed wrecker, and a new truck dealer in Colchester replied their wrecker is registered under the International Registration Plan. The responses were mixed regarding if the law should be changed...some respondents thought it was fine as is, others thought wreckers should be registered as such, and two had suggestions for expanding the use of dealer plates in general.

The Executive Board of VT-VADA was polled separately and indicated they would prefer the existing statutory language for the use of a dealer plate on a towing vehicle remain unchanged.

It is difficult to accurately gauge how many licensed car/truck dealers use a dealer plate on a towing vehicle they own. It appears the vast majority of dealers do not have their own wrecker and contact another business for towing services.

If the law was changed prohibiting wreckers from using a dealer plate; to be registered conventionally, the owner would need to pay title fees, purchase and use tax (maximum tax would be \$1,850) and the annual registration (depending on weight) would be \$351.00 to \$357.50.

This past legislative session the law was changed linking the number of plates a dealer could be issued to the number of vehicles they sold. We suspect this change will have a positive effect on the proper use of dealer plates.

Based on the information I have gathered, it is my recommendation the law remain in its existing form and the Department of Motor Vehicles continue to monitor the use of a dealer plate on a tow vehicle to assure it is used appropriately. A bulletin has been mailed to all licensed automobile dealers reminding them of the appropriate use of a dealer plate on a towing vehicle.

I am glad to answer any questions you may have.

