



House of Representatives
Study Committee on the State Board of Registration of
Used Motor Vehicle Dealers and Used Motor Vehicle
Parts Dealers

Final Report

Chairman, John Corbett
Representative, 174th District

The Honorable Danny Mathis
Representative, 133rd District

The Honorable Alan Powell
Representative, 33rd District

The Honorable Jason Ridley
Representative, 6th District

Liz Hausmann
Chief of Staff, Secretary of State

Robert Worle
Motor Vehicle Division Director, Department of Revenue

Derick Corbett
Senior Vice President, Pull-A-Part

December 2025

Prepared by the House Budget & Research Office

Introduction

The House Study Committee on the State Board of Registration of Used Motor Vehicle Dealers and Used Motor Vehicle Parts Dealers was created by House Resolution 558 during the 2025 Legislative Session of the Georgia General Assembly. HR 558 acknowledges the need for standards and regulations for the used motor vehicle industry.

Representative John Corbett (174th) chaired the committee, which also included three House members and three members from the public and private sector: Representative Danny Mathis (133rd), Representative Alan Powell (33rd), Representative Jason Ridley (6th), Liz Hausmann (Office of the Secretary of State), Robert Worle (Department of Revenue), and Derick Corbett (Pull-A-Part). The House Budget and Research Office assigned Ms. Bailey Jordan and the Office of Legislative Counsel assigned Ms. Jenna Dolde to assist the committee.

The study committee held three public meetings during Fall 2025, on August 19th at the State Capitol to hear testimony from the regulatory sector on the state of the industry; September 9th at the State Capitol to focus on the public and private partners supporting the used motor vehicle industry; November 6th at the State Capitol to discuss recommendations to address dealer tag and temporary operating permit fraud.

The following speakers testified before the committee:

Tuesday, August 19, 2025 – Georgia State Capitol

Sergeant Ric Barber – Chamblee Police Department

Marcel Russell – Department of Revenue

Chris Jones – Board of Used Motor Vehicle Dealers

Fritz Englemann – Classic Bus Sales

Jason Reaves – Board of Used Motor Vehicle Dealers

Tuesday, September 9, 2025 – Georgia State Capitol

Jason Reaves – Board of Used Motor Vehicle Dealers

Friedrich Matthies – Office Rentals

Matt Beaudry – Realtor and used auto dealer trainer

Crystal McPherson – Department of Revenue

Representative Todd Jones

Summary of Meetings

The study committee met at the State Capitol to hear testimony from the regulatory sector to receive updates on prior efforts and discuss the current state of the used motor vehicle industry.

The State of the Industry

In his opening remarks, Sergeant Ric Barber, Chamblee Police Department, discussed the Ratt Squad, an organization dedicated to training agencies on how to properly identify stolen and illegitimately registered vehicles. In 2024, the organization recovered 870 stolen vehicles, identified 403 altered vehicle identification numbers (VIN), spotted 615 fraudulent tags, found 67.5 kilograms of meth, 19.2 kilograms of cocaine, 1 kilogram of fentanyl, 573 pounds of marijuana, and \$2.9 million in cash.

Georgia Temporary Tags

Georgia has four types of temporary tags:

C – Issued by county (for private transactions or when a prestige tag is ordered)

P – Issued by dealer for in-state sales

S – Issued by dealer for out of state car sales

E – Issued by backup top system

Of the temporary tag types, the S-tag is the most commonly used fraudulent tag. Bad actors have found loop holes to print multiple tags for the same vehicle. The most common misuses for the S-tag are: (1) a vehicle with no insurance, (2) an individual with no license, (3) a vehicle with a salvage title, (4) to avoid emissions, (5) to place on a stolen vehicle, (6) to place on a vehicle to commit a crime. When a vehicle is stolen, the VINs are usually changed to a fraudulent number or the individual will use a cloned VIN number (a VIN of another vehicle) to ride around in the area or to ship the vehicle out of the country. Using these tags are a popular choice by bad actors because it is known that license plate readers are unable to decipher the tags due to its small font size. Temporary tags are printed on cardstock rather than a metal background which does not reflect the light to display the image.

A fraudulent temporary tag can be obtained for \$50-\$500 on Facebook groups, Telegram, Whatsapp, and from bad actor dealerships. Such dealerships offering this service will commonly advertise the printing of identification cards and other legal documents. Additionally, some dealers have been found selling copies of their dealer tag for \$500. Other states such as New York and New Jersey have experienced issues with high volumes of Georgia temporary tags seen on vehicles within their states.

Following Sergeant Barber's presentation, the committee heard testimony from Marcel Russell, the Assistant Director of Business Operations for the Motor Vehicle Division at the Department

of Revenue, who gave updates on the agency's effort to address Temporary Operating Permit (TOP) fraud. The agency has required dealers to submit a revised agency agreement with their associations starting July 1, 2025. The revised contracts emphasize the department's ability to revoke TOP printing privileges for dealers found misusing the system. An annual TOP limit has been set based on the dealer's prior year sales and is connected to their dealer ID in the DRIVES system. Dealers have the option to request additional tags, but the department reserves the right to deny a request. If an appeal is requested, the process will begin within 10 days of the request. After an informal appeal meeting, a final decision will be made within seven business days.

In addition, the department has made operational changes to the Electronic Title Registration (ETR) system. ETR allows dealerships to process title and registration paperwork electronically. ETR is a resource for dealers to allow them to submit title applications and TAVT payments to the buyer's county tag office electronically. TOP limits and current counts are now posted on the dealer's e-service account. The system will provide updates on how much of the limit has been used beginning at 50% of the limit exhausted. The dealer will subsequently receive alerts in 10% increments. Dealer's associations will maintain their ability to issue TOPs above limits.

Beginning January 1, 2026, violations can lead to fines and suspensions in DRIVES. Dealers will have access to request a hearing through their e-services account. A definition has been added to the rules clarifying that a dealer is someone who has sold at least five vehicles annually. A "place of business" is now required to be at least 250 square feet if fewer than 500 sales have occurred in the prior year. Users of the ETR system may be required to pass a criminal background check. If a suspension occurs, a formal meeting may occur within 30 days of the suspension.

Chris Jones, the Executive Director of the State Board of Used Motor Vehicle Dealers and Used Motor Vehicle Parts Dealers discussed the role of the board in relation to TOPs fraud. The board oversees approximately 900 used motor vehicle parts dealers and 7,000 used motor vehicle dealers. Of the roughly 7,000 dealers, about 2,500 are the traditional "open lot" dealers and the remaining operate as "brokers" in office suites. The board manages tags, titles, title ad valorem tax (TAVT) remittance, odometers, emissions, and finance contracts. Earlier this year, the board updated the dealer inspection form, imposed fines for TOP violations, set fines for failure to remit TAVT, clarified the definition of a dealer jacket, set requirements for components needed in a dealer jacket, and mandated that the designee on the dealer license must also be the executive officer for the master tags.

The Secretary of State's Office (SOS) has 14 investigators and 12 inspectors that serve all 42 boards (including the Board of Used Motor Vehicle Dealers and Used Motor Vehicle Parts Dealers) and 179 licenses under the professional licensing division. There is no dedicated inspector for the Board of Used Motor Vehicle Dealers and Used Motor Vehicle Parts Dealers. Half of all inspections or investigations by the board are due to complaints. The board does not have the ability to do a formal dealer audit as the agency has no access to the dealer's tags, titles, TAVT, or TOPs information. The board has made no action against TOP fraud in the last five

years due to the lack of ability to verify the aforementioned information. On average, the board receives 1,500 complaints per year related to tags, titles, TOPs, and TAVT which they have no authority to address.

To address fraud in the used motor vehicle industry, House Bill 630 was passed by the General Assembly during the 2025 Legislative Session. The legislation removed the subdivisions of the board by combining the Used Motor Vehicle Parts division and the Used Motor Vehicles Dealers division. The board was given the authority to implement minimum requirements for an established place of business. House Bill 551, which becomes effective January 1, 2026, sets penalties for driving unregistered vehicles. The Department of Revenue is allowed to restrict access to the ETR system for violators. House Bill 551 updates outdated provisions within the Code.

With the significant improvements to the system, there are still some lingering concerns. The dual authority over used motor vehicle dealers between the Used Car Board and Department of Revenue leads to inefficiency and causes confusion for dealers and those reporting complaints against dealers. Used car inspections require specialized staff who understand the complexities of information related to used motor vehicles. The issue is exacerbated by the limited number of SOS inspectors. The lack of access to the information held by the Department of Revenue creates the absence of effective enforcement of policies within the industry.

Chris Jones offered the following recommendations to the committee:

1. Provide different licenses for used car dealers selling in office suites and those selling in a traditional open lot.
2. Require the designee on the dealer license to be a Georgia resident.
3. Move the Board of Used Motor Vehicle Dealers and Used Motor Vehicle Parts Dealers to the Department of Revenue.

Fritz Englemann, with Classic Bus Sales testified on the procedure for Georgia agency surplus equipment sales. Most surplus equipment is sold on govdeals.com. When selling, agencies are only signing over the title, rather than transferring the title. This practice allows the buyer to resell the vehicle in perpetuity, which creates a loss of TAVT. Over the past year, govdeals.com has sold about 5,300 vehicles in the open market.

In closing, the committee heard from Jason Reaves, the Chairman of the Board of Used Motor Vehicle Dealers and Used Motor Vehicle Parts Dealers. Chairman Reaves offered the following recommendations:

1. Hire a dedicated inspection staff for the Board of Used Motor Vehicle Dealers and Used Motor Vehicle Parts Dealers.
2. Limit the amount of dealer tags a dealership may receive.

3. Reduce the number of days an individual may operate a vehicle with an S-tag from 45 days to 10 days.
4. Require dealers to have an in-state license and further require that anyone requesting to become a dealer with an out-of-state license to request a waiver from the board.
5. Require dealers to have the requisite number of sales from the previous year to renew their dealer's license.

Support of Public and Private Partners

The study committee met at the State Capitol to hear testimony from the public and private partners supporting the used motor vehicle industry.

Representative Todd Jones (25th District) testified before the committee regarding the loss of title ad valorem tax (TAVT). With the expansion of electrification, peak fuel demand projections, and the permitting of air taxis, the state is likely to experience a decrease in TAVT. The expansive use of dealer plates on commercial trucks, modified vehicles, and luxury vehicles amplifies the problem. Dealer tags effectively allow individuals to avoid TAVT indefinitely. The state must explore options to provide greater enforcement and improve its policies regarding dealer tags.

Matt Beaudry of the Georgia E-Commerce Auto Dealers Association discussed the role and impact of e-commerce dealers in the industry. E-commerce dealers are individuals who do not operate from a car lot, but rather an office suite. The dealers buy vehicles at auction and sell them online on platforms such as Autotrader. E-commerce dealers, unlike brokers, hold inventory. These dealers have been subject to the same rules and regulations as traditional lot dealers since July 1, 2005.

Each licensed dealer receives three dealer tags initially. Dealer plates may be used for various approved activities, such as transporting vehicles. Only executive officers and full-time employees may drive a vehicle with a dealer tag. According to Mr. Beaudry, only 20% of e-commerce dealers use dealer plates for personal use due to the high cost of insurance. However, there is a concern dealer plates may be used during pickups at auction. Franchise dealers are allowed unlimited tags, while e-commerce and independent dealers receive one additional tag per 20 vehicles sold annually. Mr. Beaudry offered the following recommendations in regards to dealer tags:

1. Require proof of ownership by a dealership using a dealer tag.
2. Enforce the minimum sales requirement after the first year.
3. The board should evaluate exceptions on a case-by-case basis.
4. When renewing a dealer's license, the board should require proof of insurance, sales activity, and inventory.
5. Differentiate e-commerce tags from independent and franchise dealers' tags.
6. Target enforcement and audits on outliers.

He testified that fraud occurs among all dealer types. According to the Federal Trade Commission, complaint rates for franchise and independent dealers are 22-25 per 1,000 sales compared to e-commerce dealers at 18 per 1,000 sales. He suggests that for out-of-state sales, a temporary tag may only be issued after proof of insurance has been verified. He believes implementing this practice will prevent printing TOPs for unverified vehicles and guarantee VIN verification.

Mr. Beaudry highlighted that fraud is unlikely to be curbed by square footage requirements. Office size requirements will have a negative impact on law-abiding dealers. The exception for large e-commerce dealers such as Carvana creates a lack of consistency in the industry. The cost of maintaining larger office spaces would be a great burden on small dealers. He also testified that in the metro Atlanta area, there are almost no properties that would be able to accommodate the 250 square foot office space requirement.

Friedrich Matthies, office suite owner, testified before the committee to discuss the legitimacy of e-commerce dealer operations. Mr. Matthies owns three office suite buildings in Gwinnett County and Cobb County that serve over 1,000 dealers likely representing 25% of e-commerce dealers in Georgia. He provides advice and mentorship to his tenants to help ensure their success and compliance. Mr. Matthies recalled receiving praise from former Secretary of State inspectors on the tenant's consistent adherence to rules and regulations. 43% of his dealer tenants report that the e-commerce dealing is their sole source of income. He reiterated the importance of entrepreneurship, as it allows individuals to provide for themselves and their family. It was mentioned that the e-commerce dealer industry is growing in comparison to franchise and independent dealers.

E-commerce dealers, due to their restricted budget, usually opt for cheaper office spaces, which would not be an option with the impending office size requirements. Currently, Mr. Matthies sells offices that are 24, 30, 34, 45, 54, and 127 square feet. The new size requirement would necessitate significant renovations to his office suites and potentially run many tenants out of business. He cited that customers no longer travel between multiple car lots to find a car, rather they search online for the vehicle and travel to where the car is located. In the case of e-commerce dealers, the vehicle can be delivered directly to the customer. In his experience, the industry has consistently demanded smaller office sizes. He maintained that office size should be the choice of the business owner. In closing, he recalled his own experience with a dealer in his office suite ordering about 1,200 tags and the SOS inspector's inability to offer assistance to address the blatant fraudulent activity.

Joe Snowden, the Director of External Affairs and Communications at the Department of Revenue, offered the committee data of dealers located on Delk Rd. On Delk Rd, there are 335 independent or e-commerce dealers. In 2024, these dealers issued 20,925 temporary operating permits which were accompanied by 5,380 titles. 233 of 335 dealers issued less than 10 titles each, accounting for 70% of the Delk road dealers. About 47% of these dealers issued less than

three titles. 33% of dealers issued less than 50% of titles. Compared to non-Delk Road dealers, 15% of TOP issuances are out-of-state, whereas on Delk Road 35%, of TOP issuances are out-of-state.

Greg Parker discussed his experience as an e-commerce dealer. Often e-commerce dealers operate at small overhead costs, which does not allow for the hiring staff. With no staff, the dealer is consistently in the field to finding vehicles, delivering vehicles, acquiring parts, and performing other related tasks. The nature of their work makes it difficult to be in the office regularly. Mr. Parker reiterated the need to address open titling, as it creates illegitimate competition and TAVT avoidance.

Addressing Dealer Tag and Temporary Operating Permit Misuse

The study committee met to receive recommendations from previous presenters on how to address fraud within the used motor vehicle industry.

Matt Beaudry of the Georgia E-Commerce Auto Dealers Association offered the following recommendations:

Counterfeit Tag Solutions

1. Equip each dealer plate with a state-issued validation sticker with a unique serial number generated by the Department of Revenue.
2. Allow data sharing with local police to instantly verify tags by matching to the Department of Revenue registry.
3. Require that if a plate is confiscated by law enforcement or the Department of Revenue, a dealer has 48 hours to verify the plate is being used appropriately. If the usage is deemed appropriate the plate will be returned within 24 hours.

Preventing TAVT avoidance

Implement the 3-6-9 Rule:

If a dealer plate is placed on a vehicle for three months, the system would trigger a soft reminder requiring proof that the vehicle is still for sale. After six months, the system would require the dealer to upload a proof of listing, repair, or insurance of the vehicle. At nine months, the dealer plate is assumed to be improperly used and the dealer must title and pay the TAVT for the vehicle. The system would be able to track improper use of dealer tags by requiring dealers to maintain a monthly digital log that records the tag number, VIN, date the tag is placed on a vehicle, date the tag is taken off the vehicle, and the purpose for dealer tag use.

Tag-to-Person Accountability

Require each dealer to file a list of individuals authorized to operate a vehicle equipped with a dealer plate including proof of insurance, license number, and photos. This will allow officers to

instantly determine authorized and unauthorized use of a dealer plate. Additionally, enacting fines or suspensions for inappropriate use to deter leasing or selling access to dealer plates.

Residency and Border Proximity Rule

Require any dealer who has a business within 50 miles of the Georgia border to apply for a Georgia dealer license, without requesting permission from the board. Dealers that do not meet this requirement must petition the Used Motor Vehicle Dealer and Used Motor Vehicle Parts Dealer board for a waiver.

Jason Reaves, Chairman of the Board of the Used Motor Vehicle Dealer and Used Motor Vehicle Parts Dealers, offered the following recommendations:

1. Propose legislation to separate the licenses for e-commerce dealers and traditional lot dealers.
 - a. A traditional lot dealer is anyone who has storage or display of at least five vehicles; or any dealer selling 300 vehicles or more annually
2. Increase the surety bond to \$50,000.
3. For e-commerce dealers, require the board to send a notice to the dealer and mandate that the dealer must appear at an inspection station within 10 days, at which inspection, the dealer must provide all relevant documents including sales history.
4. Mandate insurance companies to report when a dealer's insurance has been cancelled.
5. Increase collaboration and information sharing with the Department of Revenue.

Sergeant Ric Barber, Chamblee Police Department, offered the following recommendations:

General

1. Require hard plates to be stamped with raised lettering.
2. Increase font size for improved legibility for license plate readers.
3. Require related training for law enforcement offices including tag types and VIN inspections.
4. Require individuals to visit a VIN inspection station where an officer or verified individuals complete a full inspection of the vehicle before the vehicle can be registered.
5. Create a system for recording dealer plate usage.
 - a. Example: Virginia DSD 27 form
6. Encourage use of digital license plates.

Increase the types of dealership licenses:

1. Sales agent – a person who sells vehicles at the dealership.
 - a. The sales agent would receive a hard dealer plate that is registered to the sales agent and dealership.
 - b. The sales agent must attend eight hours of continuing education classes.

- c. California, Ohio, Pennsylvania, Colorado, and Virginia have licenses for sales agents.
 2. Finance agent – a person who handles the financing of a vehicle being purchased.
 - a. The finance agent would receive a hard dealer plate that is registered to the sales agent and dealership.
 - b. The finance agent must attend 16 hours of continuing education classes.
 - c. The finance agent would be assigned a unique ID number that grants the agent access to print temporary operating permits.
 3. Dealership license
 - a. Dealership should be required to report termination of sales or finance agents.
 - b. Dealership must identify an individual who is responsible for all hard plates.
 - c. Require dealers to keep of log of dealer plate usage including VIN, date of use, and the driver’s license number of the individual using the plate.
 4. E-agent
 - a. Agents shall be subjected to frequent random inspections.
 - i. The agents are required to present all requested documents to the inspector for review.
 - b. The agents must attend 16 hours of continuing education courses.
 - c. Agents will receive access to dealer plates and temporary operating permits and are subject to the same rules and regulations as a finance or sales agent.

Increase Fines and Offenses

Improper use of dealer plates

A first offense will receive a fine of \$500. A second offense will receive a fine of \$1,000 and the plate will be suspended or revoked. The sales agent or finance agents license is suspended at a third offense.

Fraudulent temporary operating permits

A first offense will receive a fine of \$500. A second offense will receive a fine of \$1,000 and may be subject to criminal charges. A third offense will result in the suspension of access to the ETR system.

Inspections

1. Create a multi-jurisdictional task force under the Motor Vehicle Crimes Prevention Advisory Board.
2. Create procedures and penalties for random inspections.
 - a. If contact cannot be made at the dealer’s office, a notice will be left on the door with inspectors contact information.

- b. If contact is not made within five days of a notice being issued, the inspector will attempt to make contact via telephone. If no contact is made, the inspector will send a certified letter to the dealership.
- c. If no contact is made within ten days of the delivery of the certified letter, the dealership's license and TOP access will be suspended until a hearing is scheduled.

Joe Snowden, the Director of External Affairs and Communications at the Department of Revenue, discussed updates on enacted legislation and collaboration with the Secretary of State. The Auto Crimes Division has participated in 748 investigations within the past six months. Over 479 of these cases involved fraudulent titles, cloned vehicles, stolen vehicles, or dealer tag issues. The remaining cases involved dealer complaints, locating wanted persons, and offline vehicle ownership issues. The department is actively working with vendors to create a temporary operating permit with enhanced security features and addresses license plate reader legibility. The ETR process to limit the printing of TOPs based on previous year's sales is fully operational. The department has begun sending notice to dealers who have an excess of dealer plates to return the additional plates. Dealers are also required to provide sales history to be able to renew the dealer plates to reduce dealer tag fraud. The Department of Revenue is working to create an e-services portal for the Secretary of State's office to be able to access vital used motor vehicle dealer records.

Chris Jones, the Executive Director of the State Board of Used Motor Vehicle Dealers and Used Motor Vehicle Parts Dealers, highlighted the need for increased resources to ensure compliance. The Secretary of State's office currently has 12 inspectors who serve as compliance assurance officers for all license types under the licensing division. The Board of Used Motor Vehicle Dealers and Used Motor Vehicle Parts Dealers needs more inspectors and auditors. In comparison, Florida has approximately 10,000 licensed dealers and has 50 auditors.

Friedrich Matthies, office suite owner, provided the committee with a cost comparison of owning a vehicle privately or through a dealership. He mentioned that there is a common misconception that individuals pursue a dealer's license for the sole purpose of avoiding sales tax. Mr. Matthies compared the cost of ownership for a three-year period for his personal vehicles. His research concluded that creating a dealership to avoid sales tax is cost prohibitive, as the cost of maintaining the business over the prescribed period far outweighs the cost of privately owning a vehicle. Mr. Matthies also conducted a survey to determine the length of time non-dealer and dealer tenants have been in his building. 55% of the dealer tenants have been in the building for over three years, whereas 29% of his Clayton County non-dealers have been in the building over three years.

Committee Recommendations

Upon review of the information presented, the House Study Committee on the State Board of Registration of Used Motor Vehicle Dealers and Used Motor Vehicle Parts Dealers recommends the following:

- 1) Maintain licensing of used motor vehicles under the Secretary of State and designate the Department of Revenue as the primary agent of enforcement for any unauthorized actions related to the operation of a used motor vehicle dealership.
- 2) The Department of Revenue should seek funding for additional inspectors to regulate the used motor vehicle industry.
- 3) Require used motor vehicle dealers to have a designated office and lot capable of displaying at least five vehicles.
- 4) Establish rules and penalties for used motor vehicle dealer inspections.
- 5) Require used motor vehicle dealers who operate multiple dealership locations to register each location with the Secretary of State and Department of Revenue.
- 6) Require the designee on the dealership license to be a Georgia resident.
- 7) Create a multi-jurisdictional task force under the Motor Vehicle Crimes Prevention Advisory Board.
- 8) Encourage the re-design of temporary operating permits to include identifiers such as vehicle color, vehicle manufacturer, vehicle model, VIN, and issuing dealership.
- 9) Revise the mandatory annual training for law enforcement officers to include a course on identifying fraudulent tags.
- 10) Reinforce through the Department of Revenue and the Georgia Independent Automobile Dealers Association that a vehicle cannot be sold without a title.
- 11) Increase the penalties and fines for odometer tampering, open titling, and fraudulent tags.
- 12) Increase the surety bond for used motor vehicle dealers to \$50,000.
- 13) Require insurance companies to notify the Department of Revenue and Used Motor Vehicle Dealer and Used Motor Vehicle Dealer Parts board when a dealer's insurance has been suspended or cancelled.
- 14) Reinstate stamped dealer tags with implementation beginning within 12 months.
- 15) Require a telephone number to be furnished on any advertisement produced by a used motor vehicle dealer.
- 16) Encourage enhanced communication and collaboration between the Secretary of State and the Department of Revenue.

Speaker Burns, these are the findings of the House Study Committee on the State Board of Registration of Used Motor Vehicle Dealers and Used Motor Vehicle Parts Dealers.

Respectfully Submitted,

A handwritten signature in black ink that reads "John Corbett". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke at the end.

**The Honorable John Corbett
Representative, 174th District,
Chairman**