

HB 699 -- Motor Vehicles

Sponsor: Tilley

This bill changes the laws regarding the registration, licensure, and sale of motor vehicles.

TEMPORARY PERMITS

The bill removes references to the terms "plate" and "paper plate" from the temporary permit provision. The fee that a dealer may charge for a temporary permit is increased from \$7.50 to \$10.50.

The provision which requires the issuance of temporary permits to nonresidents is repealed.

IN TRANSIT PLACARDS

The provision which requires dealers to use an "In Transit" placard when moving a motor vehicle from one dealer to another or from the manufacturer is repealed.

OUT-OF-STATE CERTIFICATES OF OWNERSHIP

The absence of a prior designation on an out-of-state title that the vehicle is a reconstructed motor vehicle, motor change vehicle, specially constructed motor vehicle, or prior salvage vehicle will not relieve the transferor from exercising due diligence regarding the title prior to its transfer. If the transferor does this, he or she will not be liable even if the title was not properly designated.

SALES BY DEALERS

Dealers are required to have a certificate of ownership, proof that the dealer has applied for a certificate of ownership, or proof that a prior lien has been satisfied by the dealer for every motor vehicle in the dealer's possession.

SALVAGE POOL OR SALVAGE DISPOSAL SALES

The fee imposed on out-of-state prospective purchasers at salvage disposal sales is increased from \$25 to \$100.

UNCLAIMED VEHICLE REPORTS AND STORAGE CLAIMS

Dealers and persons operating garages in which a motor vehicle remains unclaimed for a period of 15 days may report the unclaimed vehicle to the Department of Revenue. Currently,

dealers must report the unclaimed vehicles to the department. The provision which specifies that dealers who fail to report unclaimed vehicles will forfeit all claims and liens for storing the vehicle is repealed.

MOTOR VEHICLE DEALERS

The bill revises the definition of "motor vehicle dealer" by increasing from six or more to 12 or more motor vehicles sold in a calendar year to be eligible for licensure as a motor vehicle dealer. If a dealer fails to sell 12 vehicles, he or she is prohibited from renewing his or her license for one year. Similar requirements are established for trailer dealers.

The bill makes it unlawful for a person to sell five or more, instead of the current seven or more motor vehicles, in a calendar year unless the person is licensed or meets other specified exceptions. The sale of five or more vehicles within a calendar year is considered as acting as a motor vehicle dealer without a license.

BONA FIDE ESTABLISHED PLACES OF BUSINESS

Motor vehicle dealer applications are required to include an annual certification that the applicant has a bona fide established place of business for the first three years and only every other year thereafter. A bona fide established place of business for any motor vehicle dealer, boat dealer, wholesale motor vehicle dealer, trailer dealer, or wholesale or public auction, in addition to other current legal requirements, must be a permanent enclosed commercial, nonresidential building, which must display an exterior sign that is 12 inches in height. Currently, the sign is required to be six inches.

The photograph that accompanies a dealer application must not be any smaller than five by seven inches.

DEALER SURETY BONDS

The amount of the corporate surety bond which dealers are required to file is increased from \$25,000 to \$100,000.

USED MOTOR VEHICLE DEALER EDUCATIONAL SEMINARS

Public auto auctions and applicants currently holding a new or used license for a separate dealership will be exempt from showing proof of completing an educational seminar when applying for a used motor vehicle dealer's license. Current new motor vehicle franchise dealers and motor vehicle leasing agencies will not be subject to the educational seminar requirements.

The number of additional plates a new motor vehicle manufacturer may hold will be limited to no more than 299. New and used dealers are limited to one additional plate or certificate of number per 10-unit transactions annually.

These provisions become effective January 1, 2008.

MOTOR VEHICLE SHOWS

Motor vehicle dealers may participate in no more than two motor vehicle shows and conduct sales away from the dealer's licensed place of business if the event is conducted for not more than five consecutive days. If any show or sale includes a class of dealers or franchised new vehicle line-make that is also represented by a same class dealer or a dealer representing the same line-make outside the city or town limits and is within 10 miles of where the show or sale is to take place, the dealer outside the city or town limits must be invited to participate in the show or sale. The bill shortens the duration of off-site sales to five days instead of 10 days and increases the permit fee for off-site sales from \$200 to \$550.

ADVERTISING STANDARDS

The terms "invoice price" and "\$....below/over invoice" cannot be used in advertisements as is currently allowed, and the prohibition on advertisements that offer to match or better a competitor's price is removed.

FINANCE CHARGES

Motor vehicle dealers are prohibited from assessing a finance charge on a motor vehicle that results in the difference of more than 3% between the buy rate and the contract rate.

USED MOTOR VEHICLE CANCELLATION OPTION

Motor vehicle dealers cannot sell a used vehicle at retail to an individual for personal use without offering the buyer the opportunity to cancel the contract and return the vehicle without cause. This provision does not apply to a used vehicle having a purchase price of \$40,000 or more or to any lease of a used motor vehicle. The buyer will have a two-day contract cancellation option if the buyer pays a restocking fee not to exceed \$500.