

HCS SCS SB 82 -- MOTOR VEHICLES

SPONSOR: Griesheimer (Tilley)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on General Laws by a vote of six to two.

This substitute changes the laws regarding motor vehicles.

TEMPORARY PERMITS

The substitute removes references to the terms "plate" and "paper plate" from the temporary permit provision. The provision which requires the issuance of temporary permits to nonresidents is repealed.

IN-TRANSIT PLACARDS

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to use an "In Transit" placard when moving a motor vehicle from one dealer to another or from the manufacturer is repealed.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

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that dealers who fail to report unclaimed vehicles will forfeit all claims and liens for storing the vehicle is repealed.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 AND TRAILER DEALERS

The substitute makes it unlawful for a person to sell six 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 six or more vehicles within a calendar year by a person without a license 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 with the name of the business in letters that are at least six inches in height.

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 \$30,000. Every applicant for a new motor vehicle franchise dealer, a used motor vehicle dealer, a powersport dealer, a wholesale motor vehicle dealer, a trailer dealer, or a boat dealer must furnish with the application a copy of a current dealer garage policy with the policy number and name of the insurer and the insured and a copy of a current property and casualty policy with the policy number and name of the insurer and the insured from an insurance carrier registered with the Director of the Department of Insurance, Financial Institutions, and Professional Registration.

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 completion of 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 347. New and used dealers are limited to one additional plate or certificate of

number per 10-unit transactions annually.

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 substitute 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.

SALVAGE VEHICLES

The substitute redefines "salvage vehicle" to include later model year vehicles that are damaged during a year no more than six years after the manufacturer's model year designation and are damaged to the extent that the total cost of repairs to rebuild it exceeds 80% of the value of the vehicle prior it being damaged. In determining salvage value, the total cost of repairs cannot include the cost of repairing hail damage. The substitute also requires purchasers of salvage vehicles less than six years past the manufacturer's model year designation to apply for a salvage title. On any salvage vehicle purchased during a year more than six years past the manufacturer's model year designation, the application for a salvage title is optional.

MOTOR VEHICLE FRANCHISE PRACTICES ACT

The definition for "motor vehicle" contained in the Motor Vehicle Franchise Practices Act is revised to include any engine, transmission, or rear axle that is manufactured for installation in any vehicle with a gross vehicle weight rating over 16,000 pounds, regardless of whether the part is attached to a vehicle chassis.

EMERGENCY VEHICLES

Currently, drivers must yield the right-of-way upon the immediate approach of certain emergency vehicles with an audible siren or with at least one lighted lamp exhibiting red light visible under normal atmospheric conditions from a distance of 500 feet. The substitute adds any vehicle operated by a conservation agent as an emergency vehicle for which drivers must yield the right-of-way.

RELEASE OF MOTOR VEHICLE LIENS

A lienholder is required to release a motor vehicle lien within five business days after the lien has been satisfied. Currently, a lienholder has 10 business days. A lienholder must also notify the department within five business days if the certificate of ownership is held by the department. Damages for failure to release a satisfied lien are subject to a fine of up to \$2,500.

DISTINCTIVE DEALER PLATES

The substitute changes the dealer license number designations for new and used recreational vehicles. The commercial motor vehicle designation for plates D-1000 through D-1999 has been changed to motorcycle franchise dealers and powersport dealers. The substitute expands the number of dealer plates for wholesale motor vehicle dealers and boat dealers.

DRIVEAWAY SADDLEMOUNT COMBINATIONS

The substitute increases the permissible maximum length for driveaway saddlemount combinations from 75 feet to 97 feet when operated on any interstate highway.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$634 in FY 2008, FY 2009, and FY 2010. Estimated Cost on Other State Funds of Less than \$148,709 in FY 2008, Less than \$146,970 in FY 2009, and Less than \$146,970 in FY 2010.

PROPONENTS: Supporters say that the definition change for "salvage vehicle" made in the year 2000 was too restrictive. This is a consumer-friendly bill that allows older cars, often driven by the elderly, to avoid salvage designations. Repair costs for older cars, even if in a minor accident, can surpass the current 75% threshold for salvage designation. Since vehicles depreciate so rapidly, a driver can have an older vehicle that is not worth a lot of money causing any repair work to quickly surpass the salvage threshold. Forcing owners to apply for salvage title after a minor accident destroys the value of the car and makes the resale and purchase of a new vehicle nearly impossible for older adults who are living on fixed incomes. Customers whose vehicles surpass the 75% salvage

designation threshold should have the choice whether or not to keep the vehicle instead of being forced to sell the vehicle to their insurance company.

Testifying for the bill were Senator Griesheimer; Clarence Parmentier; Alliance of Automotive Service Providers of Missouri; Missouri Insurance Coalition; Farmers Insurance Group; Missouri Automobile Dealers Association; and Ben Steinman, Automotive Service Association.

OPPONENTS: There was no opposition voiced to the committee.