

SECOND REGULAR SESSION

[PERFECTED]

HOUSE BILL NO. 1657

95TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE DETHROW.

4451L.01P

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 301.560, RSMo, and to enact in lieu thereof one new section relating to motor vehicle dealer insurance.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 301.560, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 301.560, to read as follows:

301.560. 1. In addition to the application forms prescribed by the department, each applicant shall submit the following to the department:

(1) Every application other than a renewal application for a motor vehicle franchise dealer shall include a certification that the applicant has a bona fide established place of business. Such application shall include an annual certification that the applicant has a bona fide established place of business for the first three years and only for every other year thereafter. The certification shall be performed by a uniformed member of the Missouri state highway patrol or authorized or designated employee stationed in the troop area in which the applicant's place of business is located; except that in counties of the first classification, certification may be performed by an officer of a metropolitan police department when the applicant's established place of business of distributing or selling motor vehicles or trailers is in the metropolitan area where the certifying metropolitan police officer is employed. When the application is being made for licensure as a boat manufacturer or boat dealer, certification shall be performed by a uniformed member of the Missouri state water patrol stationed in the district area in which the applicant's place of business is located or by a uniformed member of the Missouri state highway

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 patrol stationed in the troop area in which the applicant's place of business is located or, if the
17 applicant's place of business is located within the jurisdiction of a metropolitan police
18 department in a first class county, by an officer of such metropolitan police department. A bona
19 fide established place of business for any new motor vehicle franchise dealer, used motor vehicle
20 dealer, boat dealer, powersport dealer, wholesale motor vehicle dealer, trailer dealer, or
21 wholesale or public auction shall be a permanent enclosed building or structure, either owned
22 in fee or leased and actually occupied as a place of business by the applicant for the selling,
23 bartering, trading, servicing, or exchanging of motor vehicles, boats, personal watercraft, or
24 trailers and wherein the public may contact the owner or operator at any reasonable time, and
25 wherein shall be kept and maintained the books, records, files and other matters required and
26 necessary to conduct the business. The applicant's place of business shall contain a working
27 telephone which shall be maintained during the entire registration year. In order to qualify as a
28 bona fide established place of business for all applicants licensed pursuant to this section there
29 shall be an exterior sign displayed carrying the name of the business set forth in letters at least
30 six inches in height and clearly visible to the public and there shall be an area or lot which shall
31 not be a public street on which multiple vehicles, boats, personal watercraft, or trailers may be
32 displayed. The sign shall contain the name of the dealership by which it is known to the public
33 through advertising or otherwise, which need not be identical to the name appearing on the
34 dealership's license so long as such name is registered as a fictitious name with the secretary of
35 state, has been approved by its line-make manufacturer in writing in the case of a new motor
36 vehicle franchise dealer and a copy of such fictitious name registration has been provided to the
37 department. Dealers who sell only emergency vehicles as defined in section 301.550 are exempt
38 from maintaining a bona fide place of business, including the related law enforcement
39 certification requirements, and from meeting the minimum yearly sales;

40 (2) The initial application for licensure shall include a photograph, not to exceed eight
41 inches by ten inches but no less than five inches by seven inches, showing the business building,
42 lot, and sign. A new motor vehicle franchise dealer applicant who has purchased a currently
43 licensed new motor vehicle franchised dealership shall be allowed to submit a photograph of the
44 existing dealership building, lot and sign but shall be required to submit a new photograph upon
45 the installation of the new dealership sign as required by sections 301.550 to 301.573.
46 Applicants shall not be required to submit a photograph annually unless the business has moved
47 from its previously licensed location, or unless the name of the business or address has changed,
48 or unless the class of business has changed;

49 (3) Every applicant as a new motor vehicle franchise dealer, a used motor vehicle dealer,
50 a powersport dealer, a wholesale motor vehicle dealer, trailer dealer, or boat dealer shall furnish
51 with the application a corporate surety bond or an irrevocable letter of credit as defined in section

52 400.5-103, RSMo, issued by any state or federal financial institution in the penal sum of
53 twenty-five thousand dollars on a form approved by the department. The bond or irrevocable
54 letter of credit shall be conditioned upon the dealer complying with the provisions of the statutes
55 applicable to new motor vehicle franchise dealers, used motor vehicle dealers, powersport
56 dealers, wholesale motor vehicle dealers, trailer dealers, and boat dealers, and the bond shall be
57 an indemnity for any loss sustained by reason of the acts of the person bonded when such acts
58 constitute grounds for the suspension or revocation of the dealer's license. The bond shall be
59 executed in the name of the state of Missouri for the benefit of all aggrieved parties or the
60 irrevocable letter of credit shall name the state of Missouri as the beneficiary; except, that the
61 aggregate liability of the surety or financial institution to the aggrieved parties shall, in no event,
62 exceed the amount of the bond or irrevocable letter of credit. The proceeds of the bond or
63 irrevocable letter of credit shall be paid upon receipt by the department of a final judgment from
64 a Missouri court of competent jurisdiction against the principal and in favor of an aggrieved
65 party. Additionally, every applicant as a new motor vehicle franchise dealer, a used motor
66 vehicle dealer, a powersport dealer, a wholesale motor vehicle dealer, [trailer dealer,] or boat
67 dealer shall furnish with the application a copy of a current dealer garage policy bearing the
68 policy number and name of the insurer and the insured;

69 (4) Payment of all necessary license fees as established by the department. In
70 establishing the amount of the annual license fees, the department shall, as near as possible,
71 produce sufficient total income to offset operational expenses of the department relating to the
72 administration of sections 301.550 to 301.573. All fees payable pursuant to the provisions of
73 sections 301.550 to 301.573, other than those fees collected for the issuance of dealer plates or
74 certificates of number collected pursuant to subsection 6 of this section, shall be collected by the
75 department for deposit in the state treasury to the credit of the "Motor Vehicle Commission
76 Fund", which is hereby created. The motor vehicle commission fund shall be administered by
77 the Missouri department of revenue. The provisions of section 33.080, RSMo, to the contrary
78 notwithstanding, money in such fund shall not be transferred and placed to the credit of the
79 general revenue fund until the amount in the motor vehicle commission fund at the end of the
80 biennium exceeds two times the amount of the appropriation from such fund for the preceding
81 fiscal year or, if the department requires permit renewal less frequently than yearly, then three
82 times the appropriation from such fund for the preceding fiscal year. The amount, if any, in the
83 fund which shall lapse is that amount in the fund which exceeds the multiple of the appropriation
84 from such fund for the preceding fiscal year.

85 2. In the event a new vehicle manufacturer, boat manufacturer, motor vehicle dealer,
86 wholesale motor vehicle dealer, boat dealer, powersport dealer, wholesale motor vehicle auction,
87 trailer dealer, or a public motor vehicle auction submits an application for a license for a new

88 business and the applicant has complied with all the provisions of this section, the department
89 shall make a decision to grant or deny the license to the applicant within eight working hours
90 after receipt of the dealer's application, notwithstanding any rule of the department. 3 .

91 Upon the initial issuance of a license by the department, the department shall assign a distinctive
92 dealer license number or certificate of number to the applicant and the department shall issue one
93 number plate or certificate bearing the distinctive dealer license number or certificate of number
94 and two additional number plates or certificates of number within eight working hours after
95 presentment of the application. Upon renewal, the department shall issue the distinctive dealer
96 license number or certificate of number as quickly as possible. The issuance of such distinctive
97 dealer license number or certificate of number shall be in lieu of registering each motor vehicle,
98 trailer, vessel or vessel trailer dealt with by a boat dealer, boat manufacturer, manufacturer,
99 public motor vehicle auction, wholesale motor vehicle dealer, wholesale motor vehicle auction
100 or new or used motor vehicle dealer.

101 4. Notwithstanding any other provision of the law to the contrary, the department shall
102 assign the following distinctive dealer license numbers to:

103 New motor vehicle franchise

104 dealers D-0 through D-999

105 New powersport dealers and motorcycle franchise

106 dealers D-1000 through D-1999

107 Used motor vehicle, used powersport, and used motorcycle

108 dealers D-2000 through D-9999

109 Wholesale motor vehicle

110 dealers W-0 through W-1999

111 Wholesale motor vehicle

112 auctions WA-0 through WA-999

113 New and used trailer

114 dealers. T-0 through T-9999

115 Motor vehicle, trailer, and boat

116 manufacturers DM-0 through DM-999

117 Public motor vehicle

118 auctions A-0 through A-1999

119 Boat dealers M-0 through M-9999

120 New and used recreational motor vehicle

121 dealers RV-0 through RV-999

122

123 For purposes of this subsection, qualified transactions shall include the purchase of salvage
124 titled vehicles by a licensed salvage dealer. A used motor vehicle dealer who also holds a
125 salvage dealer's license shall be allowed one additional plate or certificate number per
126 fifty-unit qualified transactions annually. In order for salvage dealers to obtain number plates
127 or certificates under this section, dealers shall submit to the department of revenue on August
128 first of each year a statement certifying, under penalty of perjury, the dealer's number of
129 purchases during the reporting period of July first of the immediately preceding year to June
130 thirtieth of the present year. The provisions of this subsection shall become effective on the
131 date the director of the department of revenue begins to reissue new license plates under
132 section 301.130, or on December 1, 2008, whichever occurs first. If the director of revenue
133 begins reissuing new license plates under the authority granted under section 301.130 prior to
134 December 1, 2008, the director of the department of revenue shall notify the revisor of
135 statutes of such fact.

136 5. Upon the sale of a currently licensed new motor vehicle franchise dealership the
137 department shall, upon request, authorize the new approved dealer applicant to retain the
138 selling dealer's license number and shall cause the new dealer's records to indicate such
139 transfer.

140 6. In the case of new motor vehicle manufacturers, motor vehicle dealers, powersport
141 dealers, recreational motor vehicle dealers, and trailer dealers, the department shall issue one
142 number plate bearing the distinctive dealer license number and may issue two additional
143 number plates to the applicant upon payment by the manufacturer or dealer of a fifty dollar
144 fee for the number plate bearing the distinctive dealer license number and ten dollars and fifty
145 cents for each additional number plate. Such license plates shall be made with fully
146 reflective material with a common color scheme and design, shall be clearly visible at night,
147 and shall be aesthetically attractive, as prescribed by section 301.130. Boat dealers and boat
148 manufacturers shall be entitled to one certificate of number bearing such number upon the
149 payment of a fifty dollar fee. Additional number plates and as many additional certificates of
150 number may be obtained upon payment of a fee of ten dollars and fifty cents for each
151 additional plate or certificate. New motor vehicle manufacturers shall not be issued or
152 possess more than three hundred forty-seven additional number plates or certificates of
153 number annually. New and used motor vehicle dealers, powersport dealers, wholesale motor
154 vehicle dealers, boat dealers, and trailer dealers are limited to one additional plate or
155 certificate of number per ten-unit qualified transactions annually. New and used recreational
156 motor vehicle dealers are limited to two additional plates or certificate of number per ten-unit
157 qualified transactions annually for their first fifty transactions and one additional plate or
158 certificate of number per ten-unit qualified transactions thereafter. An applicant seeking the

159 issuance of an initial license shall indicate on his or her initial application the applicant's
160 proposed annual number of sales in order for the director to issue the appropriate number of
161 additional plates or certificates of number. A motor vehicle dealer, trailer dealer, boat dealer,
162 powersport dealer, recreational motor vehicle dealer, motor vehicle manufacturer, boat
163 manufacturer, or wholesale motor vehicle dealer obtaining a distinctive dealer license plate or
164 certificate of number or additional license plate or additional certificate of number,
165 throughout the calendar year, shall be required to pay a fee for such license plates or
166 certificates of number computed on the basis of one-twelfth of the full fee prescribed for the
167 original and duplicate number plates or certificates of number for such dealers' licenses,
168 multiplied by the number of months remaining in the licensing period for which the dealer or
169 manufacturers shall be required to be licensed. In the event of a renewing dealer, the fee due
170 at the time of renewal shall not be prorated. Wholesale and public auctions shall be issued a
171 certificate of dealer registration in lieu of a dealer number plate. In order for dealers to obtain
172 number plates or certificates under this section, dealers shall submit to the department of
173 revenue on August first of each year a statement certifying, under penalty of perjury, the
174 dealer's number of sales during the reporting period of July first of the immediately preceding
175 year to June thirtieth of the present year.

176 7. The plates issued pursuant to subsection 3 or 6 of this section may be displayed on
177 any motor vehicle owned by a new motor vehicle manufacturer. The plates issued pursuant
178 to subsection 3 or 6 of this section may be displayed on any motor vehicle or trailer owned
179 and held for resale by a motor vehicle dealer for use by a customer who is test driving the
180 motor vehicle, for use and display purposes during, but not limited to, parades, private events,
181 charitable events, or for use by an employee or officer, but shall not be displayed on any
182 motor vehicle or trailer hired or loaned to others or upon any regularly used service or
183 wrecker vehicle. Motor vehicle dealers may display their dealer plates on a tractor, truck or
184 trailer to demonstrate a vehicle under a loaded condition. Trailer dealers may display their
185 dealer license plates in like manner, except such plates may only be displayed on trailers
186 owned and held for resale by the trailer dealer.

187 8. The certificates of number issued pursuant to subsection 3 or 6 of this section may
188 be displayed on any vessel or vessel trailer owned and held for resale by a boat manufacturer
189 or a boat dealer, and used by a customer who is test driving the vessel or vessel trailer, or is
190 used by an employee or officer on a vessel or vessel trailer only, but shall not be displayed on
191 any motor vehicle owned by a boat manufacturer, boat dealer, or trailer dealer, or vessel or
192 vessel trailer hired or loaned to others or upon any regularly used service vessel or vessel
193 trailer. Boat dealers and boat manufacturers may display their certificate of number on a
194 vessel or vessel trailer when transporting a vessel or vessels to an exhibit or show.

195 9. (1) Every application for the issuance of a used motor vehicle dealer's license shall
196 be accompanied by proof that the applicant, within the last twelve months, has completed an
197 educational seminar course approved by the department as prescribed by subdivision (2) of
198 this subsection. Wholesale and public auto auctions and applicants currently holding a new
199 or used license for a separate dealership shall be exempt from the requirements of this
200 subsection. The provisions of this subsection shall not apply to current new motor vehicle
201 franchise dealers or motor vehicle leasing agencies or applicants for a new motor vehicle
202 franchise or a motor vehicle leasing agency. The provisions of this subsection shall not apply
203 to used motor vehicle dealers who were licensed prior to August 28, 2006.

204 (2) The educational seminar shall include, but is not limited to, the dealer
205 requirements of sections 301.550 to 301.573, the rules promulgated to implement, enforce,
206 and administer sections 301.550 to 301.570, and any other rules and regulations promulgated
207 by the department.

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