

HCS#2 HB 626 -- MOTOR VEHICLES

SPONSOR: Ruth

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on General Laws by a vote of 9 to 2. Voted "Return to the Committee of Origin" by the Standing Committee on Rules-Legislative Oversight by a vote of 9 to 0. Voted "Do Pass with HCS#2" by the Standing Committee on General Laws by a vote of 8 to 2. Voted "Do Pass" by the Standing Committee on Rules-Legislative Oversight by a vote of 8 to 1.

This bill requires any person, company, or corporation engaged in the business of renting or leasing motor vehicles, trailers, boats, or outboard motors, which are to be used exclusively for rental or lease purposes, and not for resale, to apply to the Director of the Department of Revenue for authority to operate as a leasing or rental company and pay an annual fee of \$250 for such authority.

Additionally, every applicant to be a lease or rental company will furnish with the application a corporate surety bond or irrevocable letter of credit issued by any state or federal financial institution in the penal sum of \$100,000, on a form approved by the department. The bond or irrevocable letter of credit will be conditioned upon the lease or rental company complying with the provisions of any statutes applicable to lease or rental companies, and the bond will be an indemnity for any loss sustained by reason of the acts of the person bonded when such acts constitute grounds for the suspension or revocation of the lease or rental license. The bond will be executed in the name of the State of Missouri for the benefit of all aggrieved parties or the irrevocable letter of credit shall name the State of Missouri as the beneficiary; except that the aggregate liability of the surety or financial institution to the aggrieved parties shall, in no event, exceed the amount of the bond or irrevocable letter of credit. The proceeds of the bond or irrevocable letter of credit shall be paid upon receipt by the department of a final judgment from a Missouri court against the principal and in favor of an aggrieved party.

Any person, company, or corporation engaged in the business of renting or leasing 3,500 or more motor vehicles which are to be used exclusively for rental or leasing purposes and not for resale, and that has applied to the Director of the Department of Revenue for authority to operate as a leasing company may also operate as a registered fleet owner (Section 144.070, RSMo).

The Director of the Department of Revenue may issue license plates to a fleet owner after he or she completes an application, as designed by the director, and payment of an annual fee of \$360 for

the first 10 plates and \$36 for each additional plate for fleet vehicles. The payment and issuance of such plates shall be in lieu of registering each motor vehicle with the director as otherwise provided by law. These motor vehicles will not be exempt from safety and emission inspections required by law, but these inspections will not be required to be presented to the director.

Registrations for fleets are on an annual or biannual basis. If an applicant elects a biennial registration, the annual fleet license plate fees are doubled and the agent fee is collected in an amount equal to the fee for two years.

Prior to the issuance of fleet license plates, the applicant must provide proof of insurance as required under current law.

The authority of a recipient of a lease or rental company license issued by the director as prescribed in Section 144.070 to operate as a fleet owner as provided in this section shall expire on January 1st of the licensure period.

A lease or rental company operating fleet license plates issued under these provisions bill shall make available, upon request, to the Director of the Department of Revenue and all Missouri law enforcement agencies any corresponding vehicle and registration information that may be requested as specified by the rule.

PROPONENTS: Supporters say that the bill will create efficiencies for licensing in massive rental car operations and will likely result in a positive overall fiscal note because most vehicles will be passenger cars, which produce a small fiscal gain, rather than trucks, which produce a small fiscal loss. It is best for the Department of Revenue to start with a few companies as a trial run and then expand the program to encompass smaller businesses.

Testifying for the bill were Representative Ruth; Missouri Department of Revenue; and Gretchen Rowe, Enterprise Leasing Company of St Louis.

OPPONENTS: Those who oppose the bill say that it is possible that it could be read to interfere with "peer-to-peer" operations for borrowing and leasing motor vehicles for short periods of time. Car sharing companies generally disfavor new fees for licensing.

Testifying against the bill was the Alliance of Automobile Manufacturers.

OTHERS: Others testifying on the bill say that the current bill should not interfere with "peer-to-peer" business, but the legislature should make sure that this remains true throughout the

process.

Testifying on the bill was General Motors.