

HCS SS SCS SB 398 -- MOTOR VEHICLES

This bill relates to motor vehicles.

COLLECTION OF SALES TAX BY MOTOR VEHICLE DEALERS (Sections 144.020 and 144.070)

This bill provides that following the development of the Department of Revenue's (DOR) modernized system for vehicle titling and registration, driver licensing, and liens, licensed motor vehicle dealers shall collect and remit to the Department the sales tax due on all motor vehicles the dealer sells.

MOTOR VEHICLE FINANCIAL RESPONSIBILITY (Sections 303.420, 303.422, 303.425, 303.430, and 303.440)

The bill creates the "Motor Vehicle Financial Responsibility Verification and Enforcement Fund". The Fund shall be a dedicated fund, and its moneys will be used solely by the Department of Revenue for the administration of the "Motor Vehicle Financial Responsibility Enforcement and Compliance Incentive Program", also established in this bill.

The Program requires DOR or a third-party vendor to utilize technology to compare vehicle registration information with the financial responsibility information accessible through the system and use the information to identify motorists who are in violation of the motor vehicle financial responsibility law. The Department must send to an owner whose vehicle is identified under the program as being in violation of the motor vehicle financial responsibility law a notice that the vehicle's registration can be suspended unless the owner, within 30 days, provides proof of financial responsibility for the vehicle. The Department can offer offenders under this program the option of pretrial diversion as an alternative to statutory fines or reinstatement fees.

After one year of implementation and every year thereafter the Department must provide a report to the President Pro Tem of the Senate, the Speaker of the House of Representatives, and the Chairs of certain House and Senate committees as specified in the bill.

This bill also requires the Department of Revenue to establish and maintain a web-based system for the verification of motor vehicle financial responsibility. The Department must provide access to insurance reporting data and vehicle registration and financial responsibility data. Motor vehicle insurers are required to establish functionality for the verification system.

The verification system must be installed and fully operational by January 1, 2025, following an appropriate testing or pilot period of not less than nine months.

OPERATION OF MOTOR VEHICLES WHILE USING ELECTRONIC COMMUNICATION DEVICES (Sections 304.820 and 304.822)

This bill repeals the current prohibitions against operation of motor vehicles while using hand-held electronic wireless communications devices, as defined by law, and enacts new prohibitions in lieu thereof.

The bill establishes the "Siddens Bening Hands Free Law", which prohibits the use of electronic communication devices while operating motor vehicles, with exceptions as specified in the bill.

Penalties are specified for violations of these provisions, including enhanced penalties for repeat offenders, violations occurring in a work zone when workers are present or in a school zone, and violations that are the proximate cause of property damage, personal injury, or death.

Law enforcement officers who stop a noncommercial motor vehicle for a violation of the bill must inform the operator of the operator's right to decline a search of their device. No warrant can be issued to confiscate or access an electronic communication device based on a violation of this bill unless the violation results in serious bodily injury or death.

Violations of this bill can not be used to establish probable cause for any other violation. This bill preempts local regulation of the use of electronic communication devices by the operators of vehicles.

Prior to January 1, 2025, a law enforcement officer who stops a noncommercial motor vehicle for a violation of the bill can not issue a citation for the violation and can only issue a warning. No person shall be stopped, inspected, or detained solely for a violation of this bill.

CHANGES TO THE MOTOR VEHICLE FRANCHISE PRACTICES ACT (Sections 407.812 and 407.828)

Certain entities are prohibited from engaging in the business of selling motor vehicles, except as permitted by the Motor Vehicle Franchise Practices Act, and parties that have standing to enforce the prohibitions are specified.

The bill also modifies provisions applicable to warranty services. As specified in the bill, compensation for the services is based on rates charged by the franchisee rather than on rates charged by comparable franchisees in the market. Claims not disapproved by the franchisor in writing within 30 days shall be considered approved and paid within 15 days, rather than within 10 days. The bill exempts certain part assemblies from the requirement that franchisors compensate franchisees for recall work in the same manner as warranty work.

The bill specifies the procedure for a franchisee to file a complaint with the Administrative Hearing Commission. A franchisee may file a claim within 60 days, rather than 30 days, after receiving an adverse decision on a claim as specified in the bill. A franchisor shall file an answer to the complaint with the Administrative Hearing Commission within 30 days and a hearing must be held within 60 days of the franchisor's answer. If the Administrative Hearing Commission finds a franchisor has violated the requirements of the warranty statute, the franchisor shall compensate the franchisee as required by law.

MOTOR VEHICLE FINANCIAL PROTECTION PRODUCTS (Sections 407.2020, 407.2025, 407.2030, 407.2035, 407.2040, 407.2050, 407.2055, 407.2065, 407.2070, 407.2075, 407.2080, and 407.2090)

This bill sets parameters on how motor vehicle financial protection products (MVFPPs), including debt waivers and vehicle value protection agreements, are offered, sold, or otherwise provided in this state.

The bill allows MVFPPs to be offered, sold, or given to consumers in this state in compliance with the provisions specified in the bill. The bill requires any amount charged or financed for a MVFPP to be separately stated, and not considered interest or a finance charge. This bill also prohibits credit and the sale or lease of a vehicle from being contingent upon purchase of a MVFPP. However, MVFPPs may be discounted or given at no charge in connection with the purchase of other non-credit-related goods or services.

A retail seller shall insure its debt waiver obligations under a contractual liability or other insurance policy issued by an insurer. The bill specifies what information debt waiver agreements must disclose in writing, including that the debt waiver can be canceled by the borrower after a free-look period. The bill explains when a borrower is entitled to a refund of the amount the borrower paid for the finance agreement, depending upon when the cancellation occurred.

This bill specifies that a consumer can also purchase a contract called a "vehicle value protection agreement" that includes certain disclosures in writing as specified in the bill, such as the name and address of the provider, contract holder, and administrator; the terms of the agreement; a statement that the agreement may be canceled within a free-look period; the procedure to follow to obtain a benefit under the agreement; cancellation requirements before the termination or expiration date of the agreement by either the provider or the contract holder; and a statement that the agreement is not an insurance contract. If no benefits are provided during the "free-look period", a contract holder that cancels during such period shall be entitled to a full refund.

After proper notice and opportunity for hearing, the Attorney General may:

(1) Order the creditor, provider, administrator, or any other person not in compliance with the provisions of the bill to cease and desist from product-related operations that are in violation of the bill; and

(2) Impose a penalty of not more than \$500 for each violation and not more than \$10,000 in the aggregate for all violations of a similar nature.

The provisions of this bill apply to all motor vehicle financial protection products that are effective after February 23, 2024.