

HCS HB 3051 -- THE ESTABLISHMENT OF THE MISSOURI MOTOR VEHICLE COMMISSION

SPONSOR: Perkins

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Special Committee on Intergovernmental Affairs by a vote of 7 to 5 with 1 member voting present.

The following is a summary of the House Committee Substitute for HB 3051.

This bill establishes the "Missouri Motor Vehicle Commission". The Commission will be responsible for the licensing of all motor vehicle dealers, boat dealers, wholesale motor vehicle auctions, public motor vehicle auctions, and wholesale motor vehicle dealers. The Commission's main office must be in Jefferson City, with quarters and other necessary space to be provided by the Office of Administration.

The bill transfers all powers and duties of the Department of Revenue related to the licensure of dealers, manufacturers, and auctions contained in Sections 301.550-301.580, RSMo, to the Commission by Type III transfer as provided by the Reorganization Act of 1974. The Director of the Department of Revenue will have no supervision, authority, or control over the actions or decisions of the Commission or the Director of the Commission.

The Department and the Commission must collaborate to ensure proper administration to promote compliance with laws, ordinances, rules, and regulations relating to the conduct of specified dealers and auctions and jointly manage and utilize the funds of the Commission and motor vehicle and driver license system for the purpose of dealer licensing, which must include, but not be limited to, activities related to compliance, investigations, and dealer licensing operations.

The Commission will have no supervision, authority, or control over motor vehicle manufacturers except manufacturers, importers, or distributors engaged in the business of selling motor vehicles to retail consumers in this State from a dealership if the manufacturer, importer, or distributor owned the dealership and initially submitted a dealer license application to the Department on or before August 28, 2023, provided that the license is subsequently granted and the ownership or controlling interest of such dealership is not transferred, sold, or conveyed

to another person or entity required to be licensed under chapter 407.

The Commission will have nine members, who will be selected and appointed by the Governor, with the advice and consent of the Senate. Two members must represent the general public and have no pecuniary interest in any motor vehicle or boat dealership. Three members must be manufacturers, importers, or distributors described in the preceding paragraph. Four members must be licensed franchised motor vehicle dealers, of whom:

- (1) Three are licensed motor vehicle dealers, of whom one is a licensed recreational motor vehicle dealer; and
- (2) One is a licensed boat dealer.

The bill establishes the following voting thresholds:

(1) For any matter affecting only franchised motor vehicle dealers or boat dealers, approval requires the affirmative vote of five members of the Commission, including a majority of the members appointed to represent franchised motor vehicle dealers and boat dealers, and no such matter can be considered or voted upon unless at least one such member is duly appointed and serving at the time of the vote.

(2) For any matter affecting only manufacturers, importers, or distributors described above, approval requires the affirmative vote of five members of the Commission, including a majority of the members appointed to represent such manufacturers, importers, or distributors, and no such matter can be considered or voted upon unless at least one such member is duly appointed and serving at the time of the vote.

(3) For any matter affecting both franchised dealers and manufacturers, importers, or distributors described above, approval requires the affirmative vote of at least five members of the Commission, including at least one member appointed to represent franchised motor vehicle dealers and boat dealers and one member appointed to represent such manufacturers, importers, or distributors.

Members must be U.S. citizens and residents of this State. Terms for each member will be four years, except for initial appointments, as specified in the bill.

The Commission must elect a chair and a secretary for one-year terms, with meetings held at least quarterly. Special meetings may be called by the chair upon adequate notice provided by the executive director. A quorum of five members must be present to conduct business. Members must not receive a salary or other compensation except their necessary and actual travel and related expenses to perform their duties.

The Commission will have the authority to adopt an official seal that must contain the official seal of the State bordered by the inscription "Missouri Motor Vehicle Commission".

All orders and decisions of the Commission must be in writing, affixed with the official seal, and signed by the current chair. All Commission members, employees, and individuals providing information or participating in Commission operations will be immune from civil liability so long as their actions were performed in good faith, without malice, and were reasonable related to the scope of the commission's inquiry.

The Commission must employ an executive director, whose duties are specified in the bill. The Commission may employ other necessary staff to fulfill their duties and responsibilities.

The annual salary of the executive director must be set according to the State uniform classification system and must not be lower than range G14 as defined by that system.

The Commission will have the authority to mitigate complaints and hold hearings concerning disputes involving any holder of a license issued under Sections 301.550 to 301.580, RSMo. The Commission will also have the authority to assess fees as provided by current law, which must be deposited into the Motor Vehicle Commission Fund.

Currently, the sale of six or more vessels or vessel trailers or both are required as evidence that a person is eligible to be licensed as a boat dealer, and the sale of six or more trailers is required as evidence that a person is eligible to be registered as a trailer dealer. This bill increases the requirements from six to eight, which matches the requirement to be licensed as a motor vehicle dealer

Currently, dealers are divided into nine classes, including boat dealers, used motor vehicle dealers, and recreational motor vehicle dealers. This bill adds public motor vehicle auctions as an additional class.

This bill contains a delayed effective date of January 1, 2027.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that this benefits the consumer by setting up an independent Commission to oversee independent auto dealers. The Department will continue to investigate issues, and this Commission will serve as the jury. The Commission is made up of individuals who understand the subject matter. This bill allows for quick and fair adjudication of constituent issues. This addresses issues where an individual needs to title or register within 30 days, but the buyer doesn't receive the title in that time. The bill also addresses unfair treatment by a dealer such as lying about guarantees or unfair business practices. The members of the industry with the highest standards are best able to efficiently and effectively handle these disputes, uphold high standards of ethics, and resolve matters how they should be resolved. Supporters further state that this Commission existed in the past, and the Commission was disbanded because a segment of the industry that was being regulated was unhappy with enforcement decisions to restrain their behavior related to auctions. Missouri has many similar boards that are independent and composed of industry experts. More than 30 other states share this model because the auto industry needs focused expertise. Civil immunity is normal across commissions like this one and is necessary. The Commission will handle novel issues. What's good for the dealerships is good for the public. This bill allows a separation between the investigation and the adjudication of issues, improving public trust and fairness. The Commission worked very well in the past.

Testifying in person for the bill were Representative Perkins; Trish Vincent, Department of Revenue; and Missouri Automobile Dealers Association.

OPPONENTS: Those who oppose the bill say that there isn't currently an issue with manufacturers regarding the Department of Revenue. This legislation removes the deliberative process surrounding franchise agreements and manufacturers expect this bill will give important decision-making authority to dealers in the state to decide issues against manufacturers. Currently, dealers will go to the legislature to try to change the statutes

concerning franchise agreements via legislative action. Everyone has the ability to participate in that process. This process seems less fair to dealers.

Testifying in person against the bill were Alliance For Automotive Innovation; Arnie C. Dienoff; General Motors; Ford Motor Company.

OTHERS: Others testifying on the bill say the bill does not draft Tesla out, but if their business model is carved out, they are not opposed to the bill. They're a direct-sales manufacturer, and it's important to them to be regulated by the Department of Revenue, as they have a unique business model.

Testifying in person on the bill was Tesla.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.