1	MOTOR VEHICLE BUSINESS REGULATION ACT					
2	AMENDMENTS					
3	2010 GENERAL SESSION					
4	STATE OF UTAH					
5	Chief Sponsor: Bradley M. Daw					
6	Senate Sponsor: Kevin T. Van Tassell					
7 8	LONG TITLE					
9	General Description:					
10	This bill modifies the Motor Vehicle Business Regulation Act by amending provisions					
11	relating to motor vehicle dealers.					
12	Highlighted Provisions:					
13	This bill:					
14	amends definitions;					
15	 provides that a pawnbroker engaged in selling, exchanging, or pawning motor 					
16	vehicles is considered as coming into possession of the motor vehicles incident to					
17	the person's regular business and shall be licensed as a used motor vehicle dealer;					
18	 provides that a person engaged in a title lender, check cashing, or similar business 					
19	that comes into possession of motor vehicles incident to the person's business shall					
20	be licensed as a used motor vehicle dealer;					
21	 specifies additional requirements that must be included in an application for a motor 					
22	vehicle dealer license;					
23	 specifies requirements for temporary and permanent additional places of business 					
24	for used motor vehicle dealers;					
25	• establishes information that shall be included in orientation materials for a provider					
26	of an orientation class;					

• provides that a person may not, for a fee, commission, or other form of



28	compensation, arrange, offer to arrange, or broker a transaction involving the sale or lease of						
29	more than two used motor vehicles in any 12 consecutive month period, unless the person is						
30	licensed as a motor vehicle dealer; and						
31	makes technical changes.						
32	Monies Appropriated in this Bill:						
33	None						
34	Other Special Clauses:						
35	None						
36	Utah Code Sections Affected:						
37	AMENDS:						
38	41-3-102, as last amended by Laws of Utah 2008, Chapter 388						
39	41-3-103, as renumbered and amended by Laws of Utah 1992, Chapter 234						
40	41-3-105, as last amended by Laws of Utah 2008, Chapter 382						
41	41-3-201, as last amended by Laws of Utah 2009, Chapter 234						
42	41-3-201.5, as last amended by Laws of Utah 2007, Chapter 105						
43	41-3-201.7 , as last amended by Laws of Utah 2009, Chapter 234						
4445	Be it enacted by the Legislature of the state of Utah:						
46	Section 1. Section 41-3-102 is amended to read:						
47	41-3-102. Definitions.						
48	As used in this chapter:						
49	(1) "Administrator" means the motor vehicle enforcement administrator.						
50	(2) "Agent" means a person other than a holder of any dealer's or salesperson's license						
51	issued under this chapter, who for salary, commission, or compensation of any kind, negotiates						
52	in any way for the sale, purchase, order, or exchange of three or more motor vehicles for any						
53	other person in any 12-month period.						
54	(3) "Auction" means a dealer engaged in the business of auctioning motor vehicles,						
55	either owned or consigned, to the general public.						
56	(4) "Board" means the advisory board created in Section 41-3-106.						
57	(5) "Body shop" means a business engaged in rebuilding, restoring, repairing, or						

painting primarily the body of motor vehicles damaged by collision or natural disaster.

- (6) "Commission" means the State Tax Commission.
 - (7) "Crusher" means a person who crushes or shreds motor vehicles subject to registration under Title 41, Chapter 1a, Motor Vehicle Act, to reduce the useable materials and metals to a more compact size for recycling.
 - (8) (a) "Dealer" means a person:

- (i) whose business in whole or in part involves selling new, used, or new and used motor vehicles or off-highway vehicles; and
- (ii) who sells, displays for sale, or offers for sale or exchange three or more new or used motor vehicles or off-highway vehicles in any 12-month period.
 - (b) "Dealer" includes a representative or consignee of any dealer.
- (9) (a) "Dismantler" means a person engaged in the business of dismantling motor vehicles subject to registration under Title 41, Chapter 1a, Motor Vehicle Act, for the resale of parts or for salvage.
- (b) "Dismantler" includes a person who dismantles three or more motor vehicles in any 12-month period.
- (10) "Distributor" means a person who has a franchise from a manufacturer of motor vehicles to distribute motor vehicles within this state and who in whole or in part sells or distributes new motor vehicles to dealers or who maintains distributor representatives.
- (11) "Distributor branch" means a branch office similarly maintained by a distributor for the same purposes a factory branch is maintained.
- (12) "Distributor representative" means a person and each officer and employee of the person engaged as a representative of a distributor or distributor branch of motor vehicles to make or promote the sale of the distributor or the distributor branch's motor vehicles, or for supervising or contacting dealers or prospective dealers of the distributor or the distributor branch.
- 84 (13) "Division" means the Motor Vehicle Enforcement Division created in Section 85 41-3-104.
 - (14) "Factory branch" means a branch office maintained by a person who manufactures or assembles motor vehicles for sale to distributors, motor vehicle dealers, or who directs or supervises the factory branch's representatives.
 - (15) "Factory representative" means a person and each officer and employee of the

person engaged as a representative of a manufacturer of motor vehicles or by a factory branch to make or promote the sale of the manufacturer's or factory branch's motor vehicles, or for supervising or contacting the dealers or prospective dealers of the manufacturer or the factory branch.

- (16) "Franchise" means a contract or agreement between a dealer and a manufacturer of new motor vehicles or its distributor or factory branch by which the dealer is authorized to sell any specified make or makes of new motor vehicles.
- (17) "Manufacturer" means a person engaged in the business of constructing or assembling new motor vehicles, ownership of which is customarily transferred by a manufacturer's statement or certificate of origin, or a person who constructs three or more new motor vehicles in any 12-month period.
- 101 (18) "Motorcycle" has the same meaning as defined in Section 41-1a-102.
- 102 (19) (a) "Motor vehicle" means a vehicle that is:
- 103 (i) self-propelled;

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- (ii) a trailer, travel trailer, or semitrailer; or
- (iii) an off-highway vehicle or small trailer.
- (b) "Motor vehicle" does not include:
 - (i) mobile homes as defined in Section 41-1a-102;
 - (ii) trailers of 750 pounds or less unladen weight; and
 - (iii) farm tractors and other machines and tools used in the production, harvesting, and care of farm products.
 - (20) "New motor vehicle" means a motor vehicle that has never been titled or registered and has been driven less than 7,500 miles, unless the motor vehicle is an off-highway vehicle, small trailer, trailer, travel trailer, or semitrailer, in which case the mileage limit does not apply.
 - (21) "Off-highway vehicle" has the same meaning as provided in Section 41-22-2.
- 116 (22) "Pawnbroker" means a person whose business is to lend money on security of personal property deposited with him.
 - (23) "Principal place of business" means a site or location in this state:
- (a) devoted exclusively to the business for which the dealer, manufacturer,
 remanufacturer, transporter, dismantler, crusher, or body shop is licensed, and businesses

incidental to them;

- (b) sufficiently bounded by fence, chain, posts, or otherwise marked to definitely indicate the boundary and to admit a definite description with space adequate to permit the display of three or more new, or new and used, or used motor vehicles and sufficient parking for the public; and
- (c) that includes a permanent enclosed building or structure large enough to accommodate the office of the establishment and to provide a safe place to keep the books and other records of the business, at which the principal portion of the business is conducted and the books and records kept and maintained.
- (24) "Remanufacturer" means a person who reconstructs used motor vehicles subject to registration under Title 41, Chapter 1a, Motor Vehicle Act, to change the body style and appearance of the motor vehicle or who constructs or assembles motor vehicles from used or new and used motor vehicle parts, or who reconstructs, constructs, or assembles three or more motor vehicles in any 12-month period.
- (25) "Salesperson" means an individual who for a salary, commission, or compensation of any kind, is employed either directly, indirectly, regularly, or occasionally by any new motor vehicle dealer or used motor vehicle dealer to sell, purchase, or exchange or to negotiate for the sale, purchase, or exchange of motor vehicles.
 - (26) "Semitrailer" has the same meaning as defined in Section 41-1a-102.
- (27) "Small trailer" means a trailer that has an unladen weight of more than 750 pounds, but less than 2,000 pounds.
- (28) "Special equipment" includes a truck mounted crane, cherry picker, material lift, post hole digger, and a utility or service body.
- (29) "Special equipment dealer" means a new or new and used motor vehicle dealer engaged in the business of buying new incomplete motor vehicles with a gross vehicle weight of 12,000 or more pounds and installing special equipment on the incomplete motor vehicle.
 - (30) "Trailer" has the same meaning as defined in Section 41-1a-102.
- (31) "Transporter" means a person engaged in the business of transporting motor vehicles as described in Section 41-3-202.
 - (32) "Travel trailer" has the same meaning as provided in Section 41-1a-102.
- 151 (33) "Used motor vehicle" means a vehicle that has been titled and registered to a

purchaser other than a dealer or has been driven 7,500 or more miles, unless the vehicle is a trailer, or semitrailer, in which case the mileage limit does not apply.

- (34) "Wholesale motor vehicle auction" means a dealer primarily engaged in the business of auctioning consigned motor vehicles to dealers or dismantlers who are licensed by this or any other jurisdiction.
 - Section 2. Section **41-3-103** is amended to read:
 - 41-3-103. Exceptions to "dealer" definition -- Dealer licensed in other state.
- Under this chapter:

- (1) (a) An insurance company, bank, finance company, public utility company, commission impound yard, federal or state governmental agency, or any political subdivision of any of them or any other person coming into possession of a motor vehicle as an incident to its regular business, that sells the motor vehicle under contractual rights that it may have in the motor vehicle is not considered a dealer.
- (b) A person who sells or exchanges only those motor vehicles that [he] the person has owned for over 12 months is not considered a dealer.
- (2) (a) A person engaged in leasing motor vehicles is not considered as coming into possession of the motor vehicles incident to [his] the person's regular business[; and].
- (b) [a] A pawnbroker engaged in selling, exchanging, or pawning motor vehicles is [not] considered as coming into possession of the motor vehicles incident to [his] the person's regular business and must be licensed as a used motor vehicle dealer.
- (c) A person engaged in a title lender, check cashing, or similar business that comes into possession of motor vehicles incident to the person's business shall be licensed as a used motor vehicle dealer.
- (3) A person currently licensed as a dealer or salesperson by another state or country and not currently under license suspension or revocation by the administrator may only sell motor vehicles in this state to licensed dealers, dismantlers, or manufacturers, and only at their places of business.
 - Section 3. Section **41-3-105** is amended to read:
- 41-3-105. Administrator's powers and duties -- Administrator and investigators to be law enforcement officers.
 - (1) The administrator may make rules to carry out the purposes of this chapter and

183 Sections 41-1a-1001 through 41-1a-1007 according to the procedures and requirements of Title 184 63G, Chapter 3, Utah Administrative Rulemaking Act. 185 (2) (a) The administrator may employ clerks, deputies, and assistants necessary to 186 discharge the duties under this chapter and may designate the duties of those clerks, deputies, 187 and assistants. 188 (b) The administrator, assistant administrator, and all investigators shall be law 189 enforcement officers certified by peace officer standards and training as required by Section 190 53-13-103. 191 (3) (a) The administrator may investigate any suspected or alleged violation of: 192 (i) this chapter; 193 (ii) Title 41, Chapter 1a, Motor Vehicle Act; 194 (iii) any law concerning motor vehicle fraud; or 195 (iv) any rule made by the administrator. 196 (b) The administrator may bring an action in the name of the state against any person to 197 enjoin a violation found under Subsection (3)(a). 198 (4) (a) The administrator may prescribe forms to be used for applications for licenses. 199 (b) The administrator may require information from the applicant concerning the 200 applicant's fitness to be licensed. 201 (c) Each application for a license shall contain: 202 (i) if the applicant is an individual, the name and residence address of the applicant and 203 the trade name, if any, under which the applicant intends to conduct business; 204 (ii) if the applicant is a partnership, the name and residence address of each partner, 205 whether limited or general, and the name under which the partnership business will be 206 conducted; 207 (iii) if the applicant is a corporation, the name of the corporation, and the name and 208 residence address of each of its principal officers and directors; 209 (iv) a complete description of the principal place of business, including: 210 (A) the municipality, with the street and number, if any;

(B) if located outside of any municipality, a general description so that the location can

(C) any other places of business operated and maintained by the applicant in

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be determined; and

214	conjunction with the principal place of business; [and]
215	(v) if the application is for a new motor vehicle dealer's license, the name of each
216	motor vehicle the applicant has been enfranchised to sell or exchange, the name and address of
217	the manufacturer or distributor who has enfranchised the applicant, and the names and
218	addresses of the individuals who will act as salespersons under authority of the license[:];
219	(vi) at least five years of personal and business history;
220	(vii) the federal tax identification number issued to the dealer;
221	(viii) the sales and use tax license number issued to the dealer under Title 59, Chapter
222	12, Sales and Use Tax Act; and
223	(ix) verification of at least two years experience in automotive sales or related
224	automotive industry experience.
225	(5) The administrator may adopt a seal with the words "Motor Vehicle Enforcement
226	Administrator, State of Utah," to authenticate the acts of the administrator's office.
227	(6) (a) The administrator may require that the licensee erect or post signs or devices on
228	the licensee's principal place of business and any other sites, equipment, or locations operated
229	and maintained by the licensee in conjunction with the licensee's business.
230	(b) The signs or devices shall state the licensee's name, principal place of business,
231	type and number of licenses, and any other information that the administrator considers
232	necessary to identify the licensee.
233	(c) The administrator may make rules in accordance with Title 63G, Chapter 3, Utah
234	Administrative Rulemaking Act, determining allowable size and shape of signs or devices,
235	their lettering and other details, and their location.
236	(7) (a) The administrator shall provide for quarterly meetings of the advisory board and
237	may call special meetings.
238	(b) Notices of all meetings shall be sent to each member not fewer than five days prior
239	to the meeting.
240	(8) The administrator, the officers and inspectors of the division designated by the
241	commission, and peace officers shall:
242	(a) make arrests upon view and without warrant for any violation committed in their
243	presence of any of the provisions of this chapter, or Title 41, Chapter 1a, Motor Vehicle Act;

(b) when on duty, upon reasonable belief that a motor vehicle, trailer, or semitrailer is

245	being operated in violation of any provision of Title 41, Chapter 1a, Motor Vehicle Act, require				
246	the driver of the vehicle to stop, exhibit the person's driver license and the registration card				
247	issued for the vehicle and submit to an inspection of the vehicle, the license plates, and				
248	registration card;				
249	(c) serve all warrants relating to the enforcement of the laws regulating the operation of				
250	motor vehicles, trailers, and semitrailers;				
251	(d) investigate traffic accidents and secure testimony of witnesses or persons involved;				
252	and				
253	(e) investigate reported thefts of motor vehicles, trailers, and semitrailers.				
254	(9) The administrator may contract with a public prosecutor to provide additional				
255	prosecution of this chapter.				
256	Section 4. Section 41-3-201 is amended to read:				
257	41-3-201. Licenses required Restitution Education.				
258	(1) As used in this section, "new applicant" means a person who is applying for a				
259	license that the person has not been issued during the previous licensing year.				
260	(2) A person may not act as any of the following without having procured a license				
261	issued by the administrator:				
262	(a) a dealer;				
263	(b) salvage vehicle buyer;				
264	(c) salesperson;				
265	(d) manufacturer;				
266	(e) transporter;				
267	(f) dismantler;				
268	(g) distributor;				
269	(h) factory branch and representative;				
270	(i) distributor branch and representative;				
271	(j) crusher;				
272	(k) remanufacturer; or				
273	(l) body shop.				
274	(3) (a) Except as provided in Subsection (3)(c), a person may not bid on or purchase a				
275	vehicle with a salvage certificate as defined in Section 41-1a-1001 at or through a motor				

vehicle auction unless the person is a licensed salvage vehicle buyer.

(b) Except as provided in Subsection (3)(c), a person may not offer for sale, sell, or exchange a vehicle with a salvage certificate as defined in Section 41-1a-1001 at or through a motor vehicle auction except to a licensed salvage vehicle buyer.

- (c) A person may offer for sale, sell, or exchange a vehicle with a salvage certificate as defined in Section 41-1a-1001 at or through a motor vehicle auction:
- (i) to an out-of-state or out-of-country purchaser not licensed under this section, but that is authorized to do business in the domestic or foreign jurisdiction in which the person is domiciled or registered to do business; and
- (ii) subject to the restriction in Subsection (3)(d), to an in-state purchaser not licensed under this section that:
 - (A) is registered to do business in Utah; and
 - (B) has a Utah sales tax license.

- (d) An operator of a motor vehicle auction may only offer for sale, sell, or exchange five vehicles with a salvage certificate as defined in Section 41-1a-1001 at or through a motor vehicle auction in any 12 month period to an in-state purchaser that does not have a salvage vehicle buyer license issued in accordance with Subsection 41-3-202(15).
- (e) (i) An in-state purchaser of a vehicle with a salvage certificate as defined in Section 41-1a-1001 that is purchased at or through a motor vehicle auction shall title the vehicle within 15 days of the purchase if the purchaser does not have a salvage vehicle buyer license, dealer license, body shop license, or dismantler license issued in accordance with Section 41-3-202.
- (ii) An operator of a motor vehicle auction may not offer for sale, sell, or exchange additional vehicles with a salvage certificate as defined in Section 41-1a-1001 at or through a motor vehicle auction to a purchaser if notified that the purchaser has not titled previously purchased vehicles with a salvage certificate as required under Subsection (3)(e)(i).
- (f) The commission may impose an administrative entrance fee established in accordance with the procedures and requirements of Section 63J-1-504 not to exceed \$10 on a person not holding a license described in Subsection (3)(e)(i) that enters the physical premises of a motor vehicle auction for the purpose of viewing available salvage vehicles prior to an auction.
 - (4) (a) An operator of a motor vehicle auction shall keep a record of the sale of each

307	salvage vehicle.
308	(b) A record described under Subsection (4)(a) shall contain:
309	(i) the purchaser's name and address; and
310	(ii) the year, make, and vehicle identification number for each salvage vehicle sold.
311	(c) An operator of a motor vehicle auction shall:
312	(i) retain the record described in this Subsection (4) for five years from the date of sale;
313	and
314	(ii) make a record described in this Subsection (4) available for inspection by the
315	division at the location of the motor vehicle auction during normal business hours.
316	(5) (a) An operator of a motor vehicle auction that sells a salvage vehicle to a person
317	that is an out-of-country buyer shall:
318	(i) stamp on the face of the title so as not to obscure the name, date, or mileage
319	statement the words "FOR EXPORT ONLY" in all capital, black letters; and
320	(ii) stamp in each unused reassignment space on the back of the title the words "FOR
321	EXPORT ONLY."
322	(b) The words "FOR EXPORT ONLY" shall be:
323	(i) at least two inches wide; and
324	(ii) clearly legible.
325	(6) A supplemental license shall be secured by a dealer, manufacturer, remanufacturer,
326	transporter, dismantler, crusher, or body shop for each additional place of business maintained
327	by the licensee.
328	(7) A person who has been convicted of any law relating to motor vehicle commerce or
329	motor vehicle fraud may not be issued a license unless full restitution regarding those
330	convictions has been made.
331	(8) (a) The division may not issue a license to a new applicant for a new or used motor
332	vehicle dealer license, a new or used motorcycle dealer license, or a small trailer dealer license
333	unless the new applicant completes an eight-hour orientation class approved by the division
334	that includes education on motor vehicle laws and rules.
335	(b) The approved costs of the orientation class shall be paid by the new applicant.

(c) The class shall be completed by the new applicant and the applicant's partners,

corporate officers, bond indemnitors, and managers.

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338	(d) (i) The division shall approve:					
339	(A) providers of the orientation class; and					
340	(B) costs of the orientation class.					
341	(ii) A provider of an orientation class shall submit the orientation class curriculum to					
342	the division for approval prior to teaching the orientation class.					
343	(iii) A provider of an orientation class shall include in the orientation materials:					
344	(A) ethics training;					
345	(B) motor vehicle title and registration processes;					
346	(C) provisions of Title 13, Chapter 5, Unfair Practices Act, relating to motor vehicles;					
347	(D) Department of Insurance requirements relating to motor vehicles;					
348	(E) Department of Public Safety requirements relating to motor vehicles;					
349	(F) federal requirements related to motor vehicles as determined by the division; and					
350	(G) any required disclosure compliance forms as determined by the division.					
351	Section 5. Section 41-3-201.5 is amended to read:					
352	41-3-201.5. Brokering of a new motor vehicle without a license prohibited.					
353	(1) (a) A person may not, for a fee, commission, or other form of compensation,					
354	arrange, offer to arrange, or broker a transaction involving the sale or lease of more than two					
355	new <u>or used</u> motor vehicles in any 12 consecutive month period, unless the person is licensed					
356	under Subsection 41-3-202(1).					
357	(b) Each transaction a person arranges, offers to arrange, or brokers involving the sale					
358	or lease of a motor vehicle for a fee, commission, or other form of compensation is a separate					
359	violation under this section if:					
360	(i) the person has for a fee, commission, or other form of compensation, arranged,					
361	offered to arrange, or brokered the sale or lease of more than two new <u>or used</u> motor vehicles					
362	within the previous 12 consecutive month period; and					
363	(ii) the person is not licensed under Subsection 41-3-202(1).					
364	(2) A person who violates this section is guilty of a class B misdemeanor.					
365	Section 6. Section 41-3-201.7 is amended to read:					
366	41-3-201.7. Supplemental license for additional place of business restrictions					
367	Exception.					
368	(1) (a) Subject to the requirements of Subsection (2), a supplemental license for an					

309	additional place of business issued pursuant to Subsection 41-3-201(6) may only be issued to a
370	dealer if the dealer is:
371	[(a)] <u>(i)</u> licensed in accordance with Section 41-3-202;
372	[(b)] (ii) bonded in accordance with Section 41-3-205; and
373	[(c)] (iii) in compliance with existing rules promulgated by the administrator of the
374	division under Section 41-3-105.
375	(b) A supplemental license for a permanent additional place of business may only be
376	issued to a used motor vehicle dealer if:
377	(i) the dealer is independently licensed for the permanent additional place of business
378	in accordance with Section 41-3-202;
379	(ii) the dealer independently satisfies the bond requirements under Section 41-3-205
380	for the permanent additional place of business;
381	(iii) the dealer is in compliance with existing rules promulgated by the administrator of
382	the division under Section 41-3-105; and
383	(iv) the permanent additional place of business meets all the requirements for a
384	principal place of business.
385	(2) (a) Except as provided in Subsections (2)(c) and (3), a supplemental license for an
386	additional place of business issued pursuant to Subsection 41-3-201(6) for a new motor vehicle
387	dealer may not be issued for an additional place of business that is beyond the geographic
388	specifications outlined as the area of responsibility in the dealer's franchise agreement.
389	(b) A new motor vehicle dealer shall provide the administrator with a copy of the
390	portion of the new motor vehicle dealer's franchise agreement identifying the dealer's area of
391	responsibility before being issued a supplemental license for an additional place of business.
392	(c) The restrictions under Subsections (2)(a) and (b) do not apply to a new motor
393	vehicle dealer if the license for an additional place of business is being issued for the sale of
394	used motor vehicles.
395	(3) The provisions of Subsection (2) do not apply if the additional place of business is
396	a trade show or exhibition if:
397	(a) there are five or more dealers participating in the trade show or exhibition; and
398	(b) the trade show or exhibition takes place at a location other than the principal place
399	of business of one of the dealers participating in the trade show or exhibition.

400 (4) A supplemental license for a temporary additional place of business issued to a

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used motor vehicle dealer may not be for longer than 10 consecutive days.

Legislative Review Note as of 2-19-10 12:52 PM

Office of Legislative Research and General Counsel

H.B. 366 - Motor Vehicle Business Regulation Act Amendments

Fiscal Note

2010 General Session State of Utah

State Impact

By increasing licensing requirements, enactment of this bill could increase revenue to the General Fund by \$8,200 annually.

	FY 2010	FY 2011	FY 2012	T157 0040	FY 2011	FY 2012
	Approp.	Approp.	Approp.	Revenue	Revenue	Revenue
General Fund	\$0	\$0	\$0	\$0	38.200	90,200
Total	\$0	\$0	\$0	\$0	30,200	\$8,200

Individual, Business and/or Local Impact

Due to the licensing requirements, certain businesses will experience an increase in regulation related fees. Individuals and local governments are unaffected.

2/24/2010, 9:54:31 AM, Lead Analyst: Young, T./Attny: SCH

Office of the Legislative Fiscal Analyst