

2016 Regular Session

HOUSE BILL NO. 271

BY REPRESENTATIVE PRICE

MOTOR VEHICLES: Provides relative to the regulation of used motor vehicles

1 AN ACT

2 To amend and reenact R.S. 32:783(F)(8), 791(B)(3)(a), (b)(i), and (4)(b), (G), 792(B)(8)  
3 through (12), (15), and (17)(a), 796(D)(3) and to enact R.S. 32:792(17)(k) and (18);  
4 relative to the regulation of used motor vehicles; to amend the powers and duties of  
5 the Louisiana Used Motor Vehicle Commission; to amend used motor vehicle dealer  
6 license application procedures; to increase bond requirements for used motor vehicle  
7 dealers; to provide for unauthorized acts; to regulate purchase agreements; and to  
8 provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 32:783(F)(8), 791(B)(3)(a), (b)(i), and (4)(b), (G), 792(B)(8) through  
11 (12), (15), and (17)(a), 796(D)(3) are hereby amended and reenacted and R.S. 32:792(17)(k)  
12 and (18) are enacted to read as follows:

13 §783. Used Motor Vehicle Commission; appointment and qualification; terms of  
14 office; powers and duties

15 \* \* \*

16 F. The commission's powers and duties shall include but are not limited to  
17 the following:

18 \* \* \*



1 amendment applied for is not issued, the ~~entire license~~ applicable fee less a twenty-  
2 five percent nonrefundable application fee shall be returned to the applicant.

3 (b)(i) ~~On and after January 1, 2002, every~~ Every application for the issuance  
4 of a used motor vehicle dealer's license ~~that is submitted by an applicant who has not~~  
5 ~~been licensed prior to January 1, 2003,~~ shall be accompanied by, or supported by,  
6 such evidence as the commission shall prescribe, documenting that the dealership's  
7 general manager, office manager, title clerk, or other responsible representative of  
8 the dealership has attended a four-hour educational seminar or has registered to  
9 attend such seminar within sixty days after issuance of the license. The failure to  
10 attend the seminar shall be considered a violation of this Part. The educational  
11 seminar shall include but is not limited to the dealer requirements of this Part and the  
12 rules promulgated to implement, enforce, and administer this Part. Additionally, the  
13 seminar materials shall include a presentation of the requirements of the Louisiana  
14 Department of Public Safety and Corrections, office of motor vehicles, the Louisiana  
15 Department of Revenue, and such other information that will promote good business  
16 practices. Such educational seminar requirement shall not include written or oral  
17 exams.

18 \* \* \*

19 (4)

20 \* \* \*

21 (b) Any dealer who submits a renewal application after the expiration date  
22 of an existing license shall be subject to a late penalty of one hundred dollars in  
23 addition to any penalty, fine, or cost assessed for operating without a license which  
24 shall be paid to the commission.

25 \* \* \*

26 G.(1) Every applicant for licensure or renewal of a license as a used motor  
27 vehicle dealer shall show proof of responsibility by depositing with the commission  
28 a continuing bond in the amount of fifty thousand dollars. ~~required herein.~~

1           ~~(a) Twenty thousand dollars if the applicant sold less than one hundred and~~  
2           ~~twenty vehicles during the twelve month period preceding the licensure period.~~

3           ~~(b) Thirty-five thousand dollars if the applicant sold one hundred and twenty~~  
4           ~~or more vehicles during the twelve month period preceding the licensure period.~~

5           ~~(c) All bonds shall be with a commercial surety authorized to do business in~~  
6           ~~the state and, which bond shall be approved by the commission, payable to the state~~  
7           ~~of Louisiana through the commission, and shall be conditioned upon faithful~~  
8           ~~observance of all laws regulated by the commission, including but not limited to laws~~  
9           ~~relating to penalties and hearing costs and to the proper disposition of licenses, tags,~~  
10           ~~or titles, and shall also indemnify any person who suffers any loss by reason of a~~  
11           ~~failure to observe the provisions of the law relating to sales tax, licenses, tags, or~~  
12           ~~titles and shall also indemnify any person who suffers any loss, damages, and~~  
13           ~~expenses by reason of a failure to deliver title and for the proper disposition of all~~  
14           ~~taxes, licenses, and registration fees.~~

15           ~~(2) Such~~ The bond shall be for the license period and a new bond or a proper  
16           continuation certificate shall be delivered to the commission at the beginning of each  
17           license period; however, the aggregate liability of the surety in any ~~one~~ calendar year  
18           shall in no event exceed fifty thousand dollars ~~the sum of such bond.~~

19           ~~(3) Such~~ The bond shall be made payable to the state of Louisiana through  
20           the commission for the following purposes: ~~the use, benefit, and indemnity of any~~  
21           ~~persons who shall suffer any loss as a result of any violation of the conditions herein~~  
22           ~~above contained and for the proper disposition of all taxes and registration fees.~~

23           (a) The proper disposition of taxes, license fees, tags, or certificates of title.

24           (b) Indemnification to any purchaser of a used motor vehicle who suffers any  
25           loss, damage, or expense due to the failure of the dealer to comply with any law  
26           relating to the registration of a used motor vehicle, the payment of sales tax, and  
27           obtaining a license tag or certificate of registration, including but not limited to the  
28           failure of the licensee to deliver a certificate of title or remit any tax, license, or  
29           registration fee.





## DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 271 Original

2016 Regular Session

Price

**Abstract:** Provides for the powers and duties of the Louisiana Used Motor Vehicle Commission and amends the regulations imposed on license application procedures, bond requirements, unauthorized acts, and purchase agreements relative to used motor vehicle dealers.

Present law enumerates powers and duties of the Louisiana Used Motor Vehicle Commission ("commission"). Present law empowers the commission to take possession of certificates of title from used motor vehicle dealers in certain circumstances. Proposed law allows the commission to also distribute those titles to the rightful owners pursuant to present law (R.S. 32:705). Proposed law expands the authority of the commission to take possession of certificates of title by adding floor plan financiers or other persons holding a security interest relative to a used motor vehicle who has failed or refused to provide a certificate of title to a bona fide retail purchaser in actual good faith in accordance with present law (R.S. 32:710). Proposed law further empowers the commission to take any action necessary to obtain and deliver a certificate of title to a retail purchaser in actual good faith including instituting or participating in any legal action to obtain a certificate of title and endorsing a certificate of title on behalf of any used motor vehicle dealer who either refuses or is unavailable to sign or endorse the certificate of title. Proposed law also entitles the commission to an award of reasonable attorney fees and court costs to be paid by the individual or entity responsible for delivery of the certificate of title in the event that the commission institutes or participates in any legal action for the purposes of proposed law.

Present law requires that all applications for licensure as a used motor vehicle dealer must include the appropriate fees as required by present law. Proposed law clarifies present law by stating that amendments to licenses must also include the appropriate fees as required by present law. Present law requires that when any application for licensure is denied and the license applied for is not issued, the entirety of the previously submitted fee shall be returned to the applicant. Proposed law amends present law by classifying 25% of the submitted fee as a nonrefundable application fee.

Present law requires certain representatives of used motor vehicle dealerships to include proof of attending an educational seminar but provides an exception for dealers licensed prior to 2003. Proposed law removes the exception to the educational seminar requirement provided for in present law.

Present law requires any dealer who submits a late renewal application to pay a penalty of \$100 to the commission. Proposed law authorizes the commission to also assess against the dealer a penalty, fine, or cost for operating without a license in addition to the \$100 late renewal application penalty.

Present law establishes a schedule indicating the bond requirement amounts imposed by the commission on every applicant for licensure or renewal of license. Present law sets the required bond amounts at either \$25,000 or \$35,000 depending on the number of used motor vehicles sold by the applicant during the preceding licensure period. Proposed law amends the required bond amount and declares that every applicant shall deposit with the commission a bond in the amount of \$50,000.

Present law enumerates certain requirements in the furnishment of the bond. Proposed law removes all requirements relative to the furnishment of the bond but retains the portion of

present law that requires the bond to be with a commercial surety authorized to do business in the state and be approved by the commission.

Present law establishes the period for which the bond shall be furnished and requires a new bond to be furnished at the beginning of each new license period. Proposed law retains present law but clarifies that the aggregate liability of the surety in any calendar year shall in no event exceed \$50,000.

Present law indicates that the bond shall be made payable to the state through the commission for the purpose of indemnifying of persons who suffer any loss due to any violation of the provisions of present law and for the proper disposition of taxes and registration fees. Proposed law retains and expands upon present law by enumerating a list of purposes for the bond.

Present law establishes the grounds whereby the commission may revoke or suspend, issue a fine or penalty, or enjoin a licensee. Present law uses the phrase "engaging in a practice of" in determining certain unauthorized acts of a licensee. Proposed law removes the references to "engaging in a practice of" and further clarifies that any single event of an enumerated unauthorized act may be deemed a violation of present law resulting in a revocation, suspension, fine, penalty, or injunction. Proposed law also adds, as an unauthorized act, failing to have a written consignment agreement as required by present law (R.S. 32:705) to grounds whereby the commission may revoke or suspend, issue a fine or penalty, or enjoin a licensee.

Present law enumerates a nonexclusive list of advertising deemed to be false, misleading, or unsubstantiated. Proposed law adds advertising a down payment without including all restrictions or limitations in the same size lettering to the enumerated list provided for in present law.

Present law restricts purchase agreements by requiring pre-delivery sale disclosure statements to include a statement regarding the implications of a consumer withdrawing from a purchase agreement. Proposed law provides that a customer shall be considered as having withdrawn from an agreement if the customer intentionally provided false or fraudulent information to the dealer in connection with the transaction.

(Amends R.S. 32:783(F)(8), 791(B)(3)(a), (b)(i), and (4)(b), (G), 792(B)(8) through (12), (15), and (17)(a), 796(D)(3); Adds R.S. 32:792(17)(k) and (18))