



Senate

General Assembly

File No. 335

January Session, 2015

Senate Bill No. 503

Senate, March 31, 2015

The Committee on Transportation reported through SEN. MAYNARD of the 18th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT LIMITING DEALER CONVEYANCE FEES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 14-62 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2015*):

4 (a) Each sale shall be evidenced by an order properly signed by both
5 the buyer and seller, a copy of which shall be furnished to the buyer
6 when executed, and an invoice upon delivery of the motor vehicle,
7 both of which shall contain the following information: (1) Make of
8 vehicle; (2) year of model, whether sold as new or used, and on invoice
9 the identification number; (3) deposit, and (A) if the deposit is not
10 refundable, the words "No Refund of Deposit" shall appear at this
11 point, and (B) if the deposit is conditionally refundable, the words
12 "Conditional Refund of Deposit" shall appear at this point, followed by
13 a statement giving the conditions for refund, and (C) if the deposit is
14 unconditionally refundable, the words "Unconditional Refund" shall
15 appear at this point; (4) cash selling price; (5) finance charges, and (A)

16 if these charges do not include insurance, the words "No Insurance"
 17 shall appear at this point, and (B) if these charges include insurance, a
 18 statement shall appear at this point giving the exact type of coverage;
 19 (6) allowance on motor vehicle traded in, if any, and description of the
 20 same; (7) stamped or printed in a size equal to at least ten-point bold
 21 type on the face of both order and invoice one of the following forms:
 22 (A) "This motor vehicle not guaranteed", or (B) "This motor vehicle is
 23 guaranteed", followed by a statement as to the terms of such
 24 guarantee, which terms shall include the duration of the guarantee or
 25 the number of miles the guarantee shall remain in effect. Such
 26 statement shall not apply to household furnishings of any trailer; (8) if
 27 the motor vehicle is new but has been subject to use by the seller or use
 28 in connection with his business as a dealer, the word "demonstrator"
 29 shall be clearly displayed on the face of both order and invoice; (9) any
 30 dealer conveyance fee or processing fee and a statement that such fee
 31 is not payable to the state of Connecticut printed in at least ten-point
 32 bold type on the face of both order and invoice; and (10) the dealer's
 33 legal name, address and license number. For the purposes of this
 34 subdivision, "dealer conveyance fee" or "processing fee" means a fee of
 35 not more than seventy-five dollars, charged by a dealer to recover
 36 reasonable costs for processing all documentation and performing
 37 services related to the closing of a sale, including, but not limited to,
 38 the registration and transfer of ownership of the motor vehicle which
 39 is the subject of the sale.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2015	14-62(a)

TRA *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 16 \$	FY 17 \$
Revenue Serv., Dept.	GF - Revenue Loss	2.6 million	3.6 million

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a revenue loss of \$2.6 million in FY 16 and \$3.6 million in FY 17 by capping the dealer conveyance or processing fee at \$75.

Currently the fee is uncapped by the law and the average fee charged by the state's dealerships is above the proposed \$75 cap.¹ Since the sales and use tax applies to the fee, the bill results in a net revenue loss.

Based on the number of motor vehicle sales in the state,² the average fee generates approximately \$4.5 million annually in sales tax. A \$75 capped fee would generate approximately \$950,000 annually. The bill results in a revenue loss equal to the difference of those two estimates.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

Sources: Bureau of Economic Analysis
Truecar.com

¹As of July 2011, the average fee in Connecticut is \$357.

² The state motor vehicle sales estimate is based on national sales data from the Bureau of Economic Analysis.

OLR Bill Analysis**SB 503*****AN ACT LIMITING DEALER CONVEYANCE FEES.*****SUMMARY:**

This bill caps at \$75 the amount a motor vehicle dealer can charge for a dealer conveyance or processing fee on the sale of a new or used motor vehicle.

EFFECTIVE DATE: October 1, 2105

CONVEYANCE AND PROCESSING FEES

By law, a motor vehicle dealer can charge a dealer conveyance or processing fee to recover reasonable costs for (1) processing all documentation and (2) performing services related to the closing of a sale, including registration and transfer of ownership. Current law does not define reasonable costs or cap the fees.

The law requires each motor vehicle sales order and invoice to state, in at least 10-point type, that the dealer conveyance or processing fee is not payable to the state.

BACKGROUND***Related Bill***

HB 6321, favorably reported by the Transportation Committee, requires a motor vehicle dealer to separately list its dealer conveyance or processing fee amount in its advertisements for new motor vehicles.

COMMITTEE ACTION

Transportation Committee

Joint Favorable

Yea 18 Nay 13 (03/18/2015)