

**Proposed Substitute
Bill No. 6682**

LCO No. 5364

AN ACT CONCERNING THE LICENSING OF NEW AND USED CAR DEALERS.

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

1 Section 1. Section 14-52b of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2015*):

3 (a) In the event a manufacturer licensed in accordance with the
4 provisions of section 14-67a cancels, terminates or fails to renew any
5 franchise, as defined in section 42-133r, with a new car dealer, as
6 defined in section 14-51, the Commissioner of Motor Vehicles, upon
7 receipt of written notice of such action by the manufacturer, shall,
8 unless the dealer holds one or more additional franchises, demand that
9 such new car dealer surrender such license to the commissioner. If
10 such action is contested by such dealer in accordance with the
11 provisions of sections 42-133r to 42-133ee, inclusive, the commissioner
12 shall not demand surrender of such license, and no replacement motor
13 vehicle dealer shall be named for the dealer's point or location, except
14 in accordance with subdivision (10) of section 42-133cc, until the
15 proceedings to contest such action by the manufacturer are finally
16 determined after all means of administrative, judicial and appellate
17 review have been exhausted and the decision is adverse to the dealer.

18 (b) Except as provided in subsections (c) [and (d)] to (e), inclusive, of

19 this section, no person, firm or corporation licensed as a manufacturer
20 in accordance with the provisions of section 14-67a may be the holder
21 of a new or used car dealer's license issued in accordance with the
22 provisions of section 14-52, as amended by this act, except a
23 manufacturer may operate as a dealer on a temporary basis in
24 accordance with the provisions of subdivision (8) of section 42-133cc.
25 The provisions of this subsection shall apply to any firm or corporation
26 that is owned or controlled by a manufacturer, as determined by the
27 commissioner. Any applicant for a new or used car dealer license that
28 is denied a license under the provisions of this subsection shall be
29 entitled to a hearing in accordance with the provisions of chapter 54.

30 (c) Notwithstanding the provisions of subsection (b) of this section,
31 the commissioner may issue a used car dealer's license to a person,
32 firm or corporation, owned or controlled by a manufacturer, engaged
33 primarily in the business of rental of motor vehicles and industrial and
34 construction equipment, provided: (1) Motor vehicles offered for sale
35 by any such person, firm or corporation are limited to motor vehicles
36 that have been previously used exclusively and regularly in the
37 conduct of the business or motor vehicles traded in by purchasers of
38 such previously used motor vehicles, (2) any warranty repairs
39 performed by such person, firm or corporation are limited to motor
40 vehicles that such person, firm or corporation owns, has previously
41 owned, or has taken in trade, and (3) any retail financing provided or
42 arranged by such person, firm or corporation is limited to vehicles sold
43 by such person, firm or corporation.

44 (d) The commissioner may extend the period of a license issued to a
45 manufacturer to operate a dealership on a temporary basis, in
46 accordance with the provisions of subsection (b) of this section and
47 subdivision (8) of section 42-133cc, for not more than one additional
48 year, up to a maximum period of two years, if the commissioner is
49 satisfied that such manufacturer has made and is continuing to make
50 bona fide efforts to sell and transfer the dealership to a person, firm or
51 corporation that is qualified to hold a new or used dealer's license.

52 (e) Notwithstanding the provisions of subsection (b) of this section,
53 the commissioner may issue a new or used car dealer's license to a
54 person, firm or corporation licensed as a manufacturer in accordance
55 with the provisions of section 14-67a, or owned or controlled by such
56 manufacturer, provided such manufacturer (1) does not have any
57 franchise agreement with any new car dealers in the state, (2)
58 manufactures only electric vehicles, (3) sells only motor vehicles
59 manufactured by such manufacturer, (4) was selling or servicing its
60 line-make of motor vehicles within the state as of January 1, 2014, and
61 (5) does not sell new or used motor vehicles at more than three
62 locations within the state.

63 Sec. 2. Subdivisions (1) and (2) of subsection (a) of section 14-51 of
64 the general statutes are repealed and the following is substituted in
65 lieu thereof (*Effective October 1, 2015*):

66 (1) "New car dealer" includes (A) any person, firm or corporation
67 engaged in the business of merchandising new motor vehicles under a
68 manufacturer's or importer's contract for each such make of vehicle,
69 [who may, incidental to such business, sell used motor vehicles and
70 repair motor vehicles. Such person] and (B) any person, firm or
71 corporation licensed as a manufacturer in accordance with the
72 provisions of section 14-67a, or owned or controlled by such
73 manufacturer, that is engaged in the business of merchandising new
74 motor vehicles and licensed as a new car dealer as provided in
75 subsection (e) of section 14-52b, as amended by this act. Such person,
76 firm or corporation may, incidental to such business, sell used motor
77 vehicles and repair motor vehicles, and shall be qualified to conduct
78 such business in accordance with the requirements of section 14-52a.

79 (2) "Used car dealer" includes (A) any person, firm or corporation
80 engaged in the business of merchandising motor vehicles other than
81 new, [who] and (B) any person, firm or corporation licensed as a
82 manufacturer in accordance with the provisions of section 14-67a, or
83 owned or controlled by such manufacturer, that is engaged in the
84 business of merchandising motor vehicles other than new and licensed

85 as a used car dealer as provided in subsection (e) of section 14-52b, as
86 amended by this act. Such person, firm or corporation may, incidental
87 to such business, repair motor vehicles. A used car dealer does not
88 include any person, firm or corporation engaged in the business of
89 leasing or renting motor vehicles that offers for sale or sells used motor
90 vehicles incidental to its primary business, if [(A)] such person, firm or
91 corporation is licensed in accordance with the provisions of section 14-
92 15, and [(B)] the motor vehicles that it offers for sale were formerly the
93 subject of one or more lease agreements to which it was a party and
94 the actual or prospective purchaser is the original lessee pursuant to a
95 purchase option specified in a lease agreement. Such person shall be
96 qualified to conduct such business in accordance with the
97 requirements of section 14-52a.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	14-52b
Sec. 2	<i>October 1, 2015</i>	14-51(a)(1) and (2)