



General Assembly

**Amendment**

February Session, 2016

LCO No. 5938



Offered by:  
SEN. LINARES, 33<sup>rd</sup> Dist.

To: Subst. Senate Bill No. 19

File No. 672

Cal. No. 275

**"AN ACT ESTABLISHING THE TRANSIT CORRIDOR DEVELOPMENT ASSISTANCE AUTHORITY."**

1 After the last section, add the following and renumber sections and  
2 internal references accordingly:

3 "Sec. 501. Section 14-52b of the general statutes is repealed and the  
4 following is substituted in lieu thereof (*Effective October 1, 2016*):

5 (a) In the event a manufacturer licensed in accordance with the  
6 provisions of section 14-67a, as amended by this act, cancels,  
7 terminates or fails to renew any franchise, as defined in section 42-  
8 133r, as amended by this act, with a new car dealer, as defined in  
9 section 14-51, as amended by this act, the Commissioner of Motor  
10 Vehicles, upon receipt of written notice of such action by the  
11 manufacturer, shall, unless the dealer holds one or more additional  
12 franchises, demand that such new car dealer surrender such license to  
13 the commissioner. If such action is contested by such dealer in  
14 accordance with the provisions of sections 42-133r to 42-133ee,  
15 inclusive, as amended by this act, the commissioner shall not demand

16 surrender of such license, and no replacement motor vehicle dealer  
17 shall be named for the dealer's point or location, except in accordance  
18 with subdivision (10) of section 42-133cc, until the proceedings to  
19 contest such action by the manufacturer are finally determined after all  
20 means of administrative, judicial and appellate review have been  
21 exhausted and the decision is adverse to the dealer.

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

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

48 (d) The commissioner may extend the period of a license issued to a

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

56 (e) (1) For purposes of this subsection, "manufacturer" means a  
57 person, firm or corporation licensed as a manufacturer in accordance  
58 with the provisions of section 14-67a, as amended by this act, and any  
59 subsidiary, affiliate or entity owned or controlled by such  
60 manufacturer.

61 (2) Notwithstanding the provisions of subsection (b) of this section,  
62 the commissioner may issue a new or used car dealer's license to a  
63 manufacturer, provided such manufacturer (A) does not have any  
64 franchise agreement with any new car dealer in the state, (B)  
65 manufactures only electric vehicles, (C) sells at retail only motor  
66 vehicles manufactured by such manufacturer, (D) does not hold a  
67 controlling interest in another manufacturer, or a subsidiary, affiliate  
68 or entity owned or controlled by such other manufacturer, that is  
69 licensed as a dealer under this subsection, (E) is not owned or  
70 controlled by another manufacturer, or a subsidiary, affiliate or entity  
71 owned or controlled by such other manufacturer, that is licensed as a  
72 dealer under this subsection, and (F) sells new or used motor vehicles  
73 at no more than two locations within the boundaries of any transit  
74 district formed under chapter 103a.

75 (3) Any manufacturer who holds a license issued pursuant to  
76 subdivision (2) of this subsection may sell used or new motor vehicles  
77 at no more than five locations within the state, provided such  
78 manufacturer operates a warehouse and distribution facility within the  
79 state.

80 Sec. 502. Subdivisions (1) and (2) of subsection (a) of section 14-51 of

81 the general statutes are repealed and the following is substituted in  
82 lieu thereof (*Effective October 1, 2016*):

83 (1) "New car dealer" includes (A) any person, firm or corporation  
84 engaged in the business of merchandising new motor vehicles under a  
85 manufacturer's or importer's contract for each such make of vehicle,  
86 [who may, incidental to such business, sell used motor vehicles and  
87 repair motor vehicles. Such person] and (B) any person, firm or  
88 corporation licensed as a manufacturer, as defined in subsection (e) of  
89 section 14-52b, as amended by this act, that is engaged in the business  
90 of merchandising new motor vehicles and licensed as a new car dealer  
91 as provided in subsection (e) of section 14-52b, as amended by this act.  
92 Such person, firm or corporation may, incidental to such business, sell  
93 used motor vehicles and repair motor vehicles, and shall be qualified  
94 to conduct such business in accordance with the requirements of  
95 section 14-52a.

96 (2) "Used car dealer" includes (A) any person, firm or corporation  
97 engaged in the business of merchandising motor vehicles other than  
98 new,  
99 [who] and (B) any person, firm or corporation licensed as a  
100 manufacturer, as defined in subsection (e) of section 14-52b, as  
101 amended by this act, that is engaged in the business of merchandising  
102 motor vehicles other than new and licensed as a used car dealer as  
103 provided in subsection (e) of section 14-52b, as amended by this act.  
104 Such person, firm or corporation may, incidental to such business,  
105 repair motor vehicles. A used car dealer does not include any person,  
106 firm or corporation engaged in the business of leasing or renting motor  
107 vehicles that offers for sale or sells used motor vehicles incidental to its  
108 primary business, if [(A)] such person, firm or corporation is licensed  
109 in accordance with the provisions of section 14-15, and [(B)] the motor  
110 vehicles that it offers for sale were formerly the subject of one or more  
111 lease agreements to which it was a party and the actual or prospective  
112 purchaser is the original lessee pursuant to a purchase option specified  
113 in a lease agreement. Such person shall be qualified to conduct such  
business in accordance with the requirements of section 14-52a.

114 Sec. 503. Section 14-67a of the general statutes is repealed and the  
115 following is substituted in lieu thereof (*Effective October 1, 2016*):

116 (a) No person, firm or corporation shall engage in the business of  
117 manufacturing motor vehicles for sale in this state without having  
118 been issued a manufacturer's license, which license shall expire  
119 biennially on the last day of June. Application for such license or  
120 renewal thereof may be made to the Commissioner of Motor Vehicles  
121 in such form as the commissioner shall require. The commissioner may  
122 require with such application all of the following, which [he] the  
123 commissioner may consider in determining the fitness of such  
124 applicant to engage in business as a manufacturer of motor vehicles for  
125 sale in this state:

126 (1) Information relating to the applicant's solvency and his financial  
127 standing;

128 (2) A certified copy of any warranty made by the manufacturer or  
129 any other party in whom title to such motor vehicle may have been  
130 vested prior to possession of such motor vehicle being transferred to a  
131 person licensed under the provisions of this section;

132 (3) [A] (A) Except as provided in subparagraph (B) of this  
133 subdivision, a copy of the applicant's standard franchise agreement  
134 and all supplements thereto, together with a list of the applicant's  
135 authorized dealers or distributors in this state and their [address]  
136 addresses. Such applicant shall notify the commissioner immediately  
137 of the appointment of any additional dealers or distributors or any  
138 revisions of or additions to the basic franchise agreement on file with  
139 [him] the commissioner, or of any individual dealer or distributor  
140 supplements to such agreement, and (B) the provisions of this  
141 subdivision shall not apply to any manufacturer licensed as a new or  
142 used car dealer pursuant to subsection (e) of section 14-52b, as  
143 amended by this act;

144 (4) A certified copy of the delivery and preparation obligations of  
145 the applicant's new car dealers, which obligations shall constitute such

146 new car dealers' only responsibility for product liability between the  
147 dealer and the manufacturer;

148 (5) An affidavit stating the rates such applicant pays or agrees to  
149 pay any authorized new car dealer for parts and labor used and  
150 expended by such authorized new car dealer for the manufacturer  
151 under delivery and preparation obligations under the new car  
152 warranty;

153 (6) A biennial license fee of two thousand three hundred dollars,  
154 which fee shall not be subject to refund or proration; and

155 (7) Any other pertinent matter commensurate with the safeguarding  
156 of the public interest.

157 (b) An application for renewal of such license filed with the  
158 commissioner after the expiration date of such license shall be  
159 accompanied by a late fee of two hundred fifty dollars. The  
160 commissioner shall not renew any license under this section which has  
161 expired for more than forty-five days.

162 Sec. 504. Section 42-133r of the general statutes is repealed and the  
163 following is substituted in lieu thereof (*Effective October 1, 2016*):

164 (a) As used in this section and sections [42-133r] 42-133s to 42-133ee,  
165 inclusive, unless the context indicates a different meaning:

166 (1) "Manufacturer" means any person who manufactures or  
167 assembles new motor vehicles, or imports motor vehicles for  
168 distribution to dealers or through distributors, or factory branches.

169 (2) "Distributor" means any person who offers for sale, sells or  
170 distributes any new motor vehicle to dealers or who maintains factory  
171 representatives or who controls any person, firm, association, joint  
172 venture corporation or trust, who offers for sale, sells or distributes  
173 any new motor vehicle to dealers.

174 (3) "Factory branch" means a branch office maintained by a

175 manufacturer for the purpose of selling, or offering for sale, motor  
176 vehicles to a distributor or dealer, or for directing or supervising  
177 factory or distributor representatives.

178 (4) "Owner" means any person holding an ownership interest in a  
179 business entity operating as a dealer or under a franchise as defined in  
180 this section either as a corporation, partnership or sole proprietorship.  
181 To the extent that the rights of any owner under [sections 42-133r] this  
182 section and sections 42-133s to 42-133ee, inclusive, conflict with the  
183 rights of any other owner, such rights shall accrue in priority order  
184 based on the percentage of ownership interest held by each owner  
185 with the owner having the greatest ownership interest having first  
186 priority and succeeding priority accruing to other owners in the  
187 descending order of their percentage of ownership interest.

188 (5) "Dealership facilities" means real estate, buildings, fixtures and  
189 improvements which are used in the course of business under a  
190 franchise by a new motor vehicle dealer.

191 (6) "Dealer" means any person engaged in the business of selling,  
192 offering to sell, soliciting or advertising the sale of new motor vehicles  
193 and who holds a valid sales and service agreement, franchise or  
194 contract, granted by a manufacturer or distributor for the retail sale of  
195 the manufacturer's or distributor's new motor vehicles.

196 (7) "Motor vehicle" means a self-propelled vehicle intended  
197 primarily for use and operation on the public highways, other than a  
198 farm tractor or other machinery or tools used in the production,  
199 harvesting and care of farm products.

200 (8) "New motor vehicle" means a motor vehicle which has been sold  
201 to a new motor vehicle dealer and which has not been used for other  
202 than demonstration purposes and on which the original title has not  
203 been issued from the new motor vehicle dealer.

204 (9) "Established place of business" means a permanent, commercial  
205 building easily accessible and open to the public at reasonable times

206 and at which the business of a new motor vehicle dealer, including the  
207 display and repair of vehicles, may be lawfully carried on.

208 (10) "Franchise" means a written agreement or contract between a  
209 manufacturer or distributor and a dealer which purports to fix the  
210 legal rights and liabilities of the parties to such agreement or contract,  
211 and pursuant to which the dealer purchases and resells the franchise  
212 product or leases or rents the dealership premises.

213 (11) "Good faith" means honesty in fact and the observance of  
214 reasonable commercial standards of fair dealing in the trade.

215 (12) "Designated family member" means the spouse, child,  
216 grandchild, parent, brother or sister of an owner who, in the case of the  
217 owner's death, is entitled to inherit the ownership interest in the dealer  
218 under the terms of the owner's will, or who has been nominated in any  
219 other written instrument, or who, in the case of an incapacitated owner  
220 of a dealer, has been appointed by a court as the legal representative of  
221 the dealer's property.

222 (13) "Person" means a natural person, partnership, corporation,  
223 limited liability company, association, trust, estate or any other legal  
224 entity.

225 (14) "Relevant market area" means the area within a radius of  
226 fourteen miles around an existing dealer or the area of responsibility  
227 defined in a franchise, whichever is greater.

228 (15) "Commissioner" means the Commissioner of Motor Vehicles.

229 (b) The provisions of this section and sections 42-133s to 42-133ee,  
230 inclusive, shall not apply to any manufacturer licensed as a new or  
231 used car dealer pursuant to subsection (e) of section 14-52b, as  
232 amended by this act."

This act shall take effect as follows and shall amend the following sections:



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Sec. 501	<i>October 1, 2016</i>	14-52b
Sec. 502	<i>October 1, 2016</i>	14-51(a)(1) and (2)
Sec. 503	<i>October 1, 2016</i>	14-67a
Sec. 504	<i>October 1, 2016</i>	42-133r