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:

Section 1. Section 14-52b of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2019):

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

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

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

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

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

(2) The commissioner may issue a new or used car dealer's license to a manufacturer, provided such manufacturer: (A) Does not have a franchise agreement with any new car dealer in the state; (B) manufactures only electric vehicles; (C) was licensed as a manufacturer in accordance with the provisions of section 14-67a, as amended by this act, on or before January 1, 2019; (D) sells at retail only motor vehicles manufactured by such manufacturer; (E) does not hold a controlling interest in another manufacturer, or a subsidiary, affiliate or entity owned or controlled by such other manufacturer, that is licensed as a dealer under this subsection; and (F) is not owned or controlled by another manufacturer, or a subsidiary, affiliate or entity owned or controlled by such other manufacturer, that is licensed as a dealer under this subsection.

Sec. 2. Subdivisions (1) and (2) of subsection (a) of section 14-51 of the general statutes are repealed and the following is substituted in lieu thereof (Effective July 1, 2019):

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

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

Sec. 3. Section 14-67a of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2019):

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

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

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

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

(4) A certified copy of the delivery and preparation obligations of the applicant's new car dealers, which obligations shall constitute such new car dealers' only responsibility for product liability between the dealer and the manufacturer;

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

(6) A biennial license fee of two thousand three hundred dollars, which fee shall not be subject to refund or proration; and
(7) Any other pertinent matter commensurate with the safeguarding of the public interest.

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

Sec. 4. Section 42-133r of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2019):

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

(1) "Manufacturer" means any person who manufactures or assembles new motor vehicles, or imports motor vehicles for distribution to dealers or through distributors, or factory branches, but does not include any manufacturer licensed as a new or used car dealer pursuant to subsection (e) of section 14-52b, as amended by this act.

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

(3) "Factory branch" means a branch office maintained by a manufacturer for the purpose of selling, or offering for sale, motor vehicles to a distributor or dealer, or for directing or supervising factory or distributor representatives.

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

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

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

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

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

(9) "Established place of business" means a permanent, commercial
building easily accessible and open to the public at reasonable times
and at which the business of a new motor vehicle dealer, including the
display and repair of vehicles, may be lawfully carried on.

(10) "Franchise" means a written agreement or contract between a
manufacturer or distributor and a dealer which purports to fix the
legal rights and liabilities of the parties to such agreement or contract,
and pursuant to which the dealer purchases and resells the franchise
product or leases or rents the dealership premises.
(11) "Good faith" means honesty in fact and the observance of reasonable commercial standards of fair dealing in the trade.

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

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

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

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

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

<table>
<thead>
<tr>
<th>Section 1</th>
<th>July 1, 2019</th>
<th>14-52b</th>
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<tr>
<td>Sec. 2</td>
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<td>Sec. 4</td>
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<td>42-133r</td>
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_statement of purpose:_

To authorize the Commissioner of Motor Vehicles to issue a new or used car dealer's license to an electric vehicle manufacturer.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]