
OLR Bill Analysis

sHB 5203

AN ACT CONCERNING THE OFFERING PRICE OF A MOTOR VEHICLE AND AUTOMOBILE DEALER CONVEYANCE FEES.

This bill requires auto dealers to include the additional fees or charges they require buyers to pay in the vehicle price they disclose in advertisements, communication with prospective buyers, and the order and invoice for a vehicle purchase. Under the bill, this “offering price” is the full cash price for which a dealer will sell or finance a vehicle to any buyer, except that a dealer may choose to exclude only required government-imposed charges (e.g., taxes and registration fees) from the price.

Principally, the bill’s offering price disclosure requirement changes how dealers must advertise and disclose their “dealer conveyance fee.” (A dealer conveyance fee is a fee a dealer charges to recover reasonable costs for processing documents and performing services related to a motor vehicle sale, including registration and ownership transfer.) Current law generally explicitly requires dealers to exclude this fee from the sales price and disclose information on the fee in a specified manner. Under the bill, dealers must include any dealer conveyance fee they require buyers to pay in the price they advertise or quote to buyers.

The bill also prohibits dealers from pre-printing forms for the order and invoice that include vehicle identification number (VIN) etching fees or fees for other optional services before discussions with a prospective buyer.

Lastly, the bill makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2024

ADVERTISEMENT

Current law requires auto dealers to include federal tax, delivery

costs, and dealer preparation charges in a motor vehicle's advertised price. They must also (1) state in at least eight-point bold type that any state or local tax, registration fees, or dealer conveyance or processing fee is excluded from the advertised price and (2) separately state, in the same size font, the dealer conveyance or processing fee immediately next to the phrase "dealer conveyance fee."

The bill repeals these provisions and instead requires that a vehicle's advertised price include the conveyance fee. It does so by requiring auto dealers, in connection with the sale or financing of any vehicle, to disclose the vehicle's offering price in any advertisement that expressly or implicitly references a specific motor vehicle or any monetary amount or financing terms for any vehicle.

Dealers who violate this requirement may be fined up to \$1,000 and face suspension or revocation of their dealer's license.

COMMUNICATION WITH PROSPECTIVE BUYERS

Current law requires that the selling price a dealer quotes to a prospective buyer separately state the dealer conveyance fee amount and that the fee is negotiable. It prohibits dealers from adding the fee to the selling price.

The bill instead requires dealers to disclose a vehicle's offering price in any verbal or written communication with prospective buyers that expressly or implicitly references a specific motor vehicle or any monetary amount or financing terms for any vehicle. In doing so, it requires dealers to include any conveyance fee they require buyers to pay in the price they quote to buyers.

The bill also eliminates requirements that dealers give buyers a statement, and display a sign at the dealership, with specified information about their dealer conveyance fee. Under current law, the statement and sign must state (1) the conveyance fee amount, (2) the services performed for the fee, (3) that the fee is negotiable, (4) that the fee is not payable to the state, and (5) that buyers may choose to submit registration and title documentation to DMV (Department of Motor Vehicles) on their own.

ORDER AND INVOICE

Existing law requires dealers to give buyers an order for a motor vehicle sale and an invoice upon delivery, and specifies the information the order and invoice must contain.

Current law requires the order and invoice to state separately from the selling price the amount of any dealer conveyance fee or processing fee along with a statement that the fee is not payable to the state. The bill repeals this requirement.

Instead, the bill requires the order and invoice to include the agreed-upon price (rather than the cash selling price, as under current law), excluding only required government charges. It also requires the order and invoice to specify required government charges.

BACKGROUND

Related Bill

sSB 3 (File 182), favorably reported by the General Law Committee, generally prohibits businesses that offer to sell, lease, or provide consumer goods or services from advertising, displaying, or offering the good or service at a price unless it includes any charges and fees other than taxes.

COMMITTEE ACTION

Transportation Committee

Joint Favorable Substitute

Yea 23 Nay 12 (03/20/2024)