

House of Representatives, March 31, 1998. The Committee on Transportation reported through REP. COCCO, 127th DIST., Chairman of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING CAR DEALERSHIPS.

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

1 Section 1. Subsection (g) of section 14-12 of
2 the general statutes is repealed and the following
3 is substituted in lieu thereof:

4 (g) The commissioner shall not register any
5 motor vehicle which has not been previously
6 registered in this state, except a new motor
7 vehicle or a motor vehicle which has affixed to it
8 a current, valid safety inspection decal issued by
9 any other state that conducts a safety inspection
10 program which meets the approval of the
11 commissioner, until [the same] SUCH MOTOR VEHICLE
12 (1) has been presented during business hours at
13 the main office or a branch office of the
14 Department of Motor Vehicles or any official
15 emissions inspection station or other facility
16 authorized by the Commissioner of Motor Vehicles
17 to conduct safety inspections OR (2) HAS BEEN
18 INSPECTED BY A MOTOR VEHICLE DEALER WHO HAS (A)
19 BEEN LICENSED IN ACCORDANCE WITH SECTION 14-52,
20 AND (B) MET THE QUALIFICATIONS ESTABLISHED BY THE
21 COMMISSIONER, and (3) has passed the inspection as
22 to its safety features as required by the
23 commissioner. When a motor vehicle owned by a

24 resident of this state is garaged in another
25 jurisdiction and cannot be conveniently presented
26 at an office of the Department of Motor Vehicles,
27 an authorized emissions inspection station or
28 other facility, the commissioner may accept an
29 inspection made by authorities in such other
30 jurisdiction or by appropriate military
31 authorities, provided he determines that such
32 inspection is comparable to that conducted by his
33 department. The owner of any motor vehicle
34 presented for such inspection shall make
35 application therefor on forms provided by the
36 commissioner and shall pay a fee of twenty-five
37 dollars for each inspection. All moneys received
38 from the fee imposed pursuant to this subsection
39 and collected at an official emissions inspection
40 station shall be deposited in a separate safety
41 inspection account within the Emissions Inspection
42 Fund. The provisions of this section shall not
43 preclude the commissioner from issuing a temporary
44 registration or more than one such registration
45 for a period not to exceed ten days for each such
46 temporary registration for any motor vehicle
47 without regard to the inspection requirements of
48 the general statutes. THE COMMISSIONER OF MOTOR
49 VEHICLES MAY ADOPT REGULATIONS, IN ACCORDANCE WITH
50 CHAPTER 54, FOR THE PURPOSE OF IMPLEMENTING THE
51 PROVISIONS OF THIS SUBSECTION.

52 Sec. 2. Section 14-62 of the general
53 statutes, as amended by section 1 of public act
54 97-51, is repealed and the following is
55 substituted in lieu thereof:

56 (a) Each sale shall be evidenced by an order
57 properly signed by both the buyer and seller, a
58 copy of which shall be furnished to the buyer when
59 executed, and an invoice upon delivery of the
60 motor vehicle, both of which shall contain the
61 following information: (1) Make of vehicle; (2)
62 year of model, whether sold as new or used, and on
63 invoice the identification number; (3) deposit,
64 and (A) if the deposit is not refundable, the
65 words "No Refund of Deposit" shall appear at this
66 point, and (B) if the deposit is conditionally
67 refundable, the words "Conditional Refund of
68 Deposit" shall appear at this point, followed by a
69 statement giving the conditions for refund, and
70 (C) if the deposit is unconditionally refundable,
71 the words "Unconditional Refund" shall appear at

72 this point; (4) cash selling price; (5) finance
73 charges, and (A) if these charges do not include
74 insurance, the words "No Insurance" shall appear
75 at this point, and (B) if these charges include
76 insurance, a statement shall appear at this point
77 giving the exact type of coverage; (6) allowance
78 on motor vehicle traded in, if any, and
79 description of the same; (7) stamped or printed in
80 a size equal to at least ten-point bold type on
81 the face of both order and invoice one of the
82 following forms: (A) "This motor vehicle not
83 guaranteed", or (B) "This motor vehicle is
84 guaranteed", followed by a statement as to the
85 terms of such guarantee, which statement shall not
86 apply to household furnishings of any trailer; (8)
87 if the motor vehicle is new but has been subject
88 to use by the seller or use in connection with his
89 business as a dealer, the word "demonstrator"
90 shall be clearly displayed on the face of both
91 order and invoice; (9) ANY DEALER CONVEYANCE FEE
92 OR PROCESSING FEE AND A STATEMENT THAT SUCH FEE IS
93 NOT PAYABLE TO THE STATE OF CONNECTICUT PRINTED IN
94 AT LEAST TEN-POINT BOLD TYPE ON THE FACE OF BOTH
95 ORDER AND INVOICE. FOR THE PURPOSES OF THIS
96 SUBDIVISION, "DEALER CONVEYANCE FEE" OR
97 "PROCESSING FEE" MEANS A FEE CHARGED BY A DEALER
98 TO RECOVER REASONABLE COSTS FOR PROCESSING ALL
99 DOCUMENTATION AND PERFORMING SERVICES RELATED TO
100 THE CLOSING OF A SALE, INCLUDING, BUT NOT LIMITED
101 TO, THE REGISTRATION AND TRANSFER OF OWNERSHIP OF
102 THE MOTOR VEHICLE WHICH IS THE SUBJECT OF THE
103 SALE.

104 (b) No dealer shall include in the selling
105 price a dealer preparation charge for any item or
106 service for which he is reimbursed by the
107 manufacturer or any item or service not
108 specifically ordered by the buyer and itemized on
109 the invoice.

110 (c) EACH DEALER SHALL PROVIDE A WRITTEN
111 STATEMENT TO THE BUYER OR PROMINENTLY DISPLAY A
112 SIGN IN THE AREA OF HIS PLACE OF BUSINESS IN WHICH
113 SALES ARE NEGOTIATED WHICH SHALL SPECIFY THE
114 AMOUNT OF ANY CONVEYANCE FEE CHARGED BY SUCH
115 DEALER, THE SERVICES PERFORMED BY THE DEALER FOR
116 SUCH FEE, THAT SUCH FEE IS NOT PAYABLE TO THE
117 STATE OF CONNECTICUT AND THAT THE BUYER MAY ELECT,
118 WHERE APPROPRIATE, TO SUBMIT THE DOCUMENTATION
119 REQUIRED FOR THE REGISTRATION AND TRANSFER OF

120 OWNERSHIP OF THE MOTOR VEHICLE WHICH IS THE
121 SUBJECT OF THE SALE TO THE COMMISSIONER OF MOTOR
122 VEHICLES, IN WHICH CASE THE DEALER SHALL REDUCE
123 SUCH FEE BY A PROPORTIONAL AMOUNT. THE
124 COMMISSIONER OF MOTOR VEHICLES SHALL DETERMINE THE
125 SIZE, TYPEFACE AND ARRANGEMENT OF SUCH
126 INFORMATION.

127 [(c)] (d) No dealer licensed under the
128 provisions of section 14-52 shall sell any used
129 motor vehicle without furnishing to the buyer, at
130 the time of sale, a valid certificate of title,
131 the assignment and warranty of title by such
132 dealer or other evidence of title issued by
133 another state or country, where applicable,
134 disclosing the existence of any lien, security
135 interest in or other encumbrance on the vehicle.

136 [(d)] (e) The provisions of subsection [(c)]
137 (d) of this section shall not apply to the sale of
138 any used motor vehicle by a new car dealer to a
139 person, firm or corporation which, pursuant to a
140 lease contract option, purchases such vehicle at
141 the end of the lease term provided (1) such
142 vehicle is registered in this state in accordance
143 with the provisions of section 14-12, AS AMENDED
144 BY THIS ACT, (2) the certificate of title for such
145 vehicle is in the possession of a lessor licensed
146 under the provisions of section 14-15, (3)
147 subsequent to such sale, such vehicle is
148 registered in the name of the prior lessee and (4)
149 such dealer obtains the certificate of title from
150 such lessor and transmits all necessary documents
151 and fees to the commissioner not later than five
152 days following the issuance of a motor vehicle
153 registration for such vehicle.

154 Sec. 3. Subsection (a) of section 14-62a of
155 the general statutes is repealed and the following
156 is substituted in lieu thereof:

157 (a) No [new car dealer, as defined by section
158 14-51,] DEALER LICENSED UNDER THE PROVISIONS OF
159 SECTION 14-52 shall advertise the price of any
160 motor vehicle unless the stated price in such
161 advertisement includes the federal tax, the cost
162 of delivery, dealer preparation and any other
163 charges of any nature, except THAT SUCH
164 ADVERTISEMENT SHALL STATE IN AT LEAST EIGHT-POINT
165 BOLD TYPE THAT any state or local tax, [or]
166 registration fees OR DEALER CONVEYANCE FEE OR
167 PROCESSING FEE, AS DEFINED IN SUBSECTION (a) OF

168 SECTION 14-62, AS AMENDED BY THIS ACT, IS EXCLUDED
169 FROM SUCH STATED PRICE.

170 Sec. 4. Section 14-99h of the general
171 statutes, as amended by section 13 of public act
172 97-236, is amended by adding subsections (c), (d)
173 and (e) as follows:

174 (NEW) (c) A motor vehicle dealer, licensed in
175 accordance with section 14-52 and meeting
176 qualifications established by the commissioner,
177 may verify a manufacturer's vehicle identification
178 number to satisfy any provision requiring such
179 verification in chapter 246, 246a or 247. Such
180 verification shall be provided in a written
181 affidavit signed by such a motor vehicle dealer,
182 or his designee, and submitted to the
183 commissioner. Such affidavit shall contain a
184 statement that the manufacturer's vehicle
185 identification number corresponds to such number
186 (1) on the manufacturer's or importer's
187 certificate of origin, if the motor vehicle is
188 new, or (2) on a current certificate of title, for
189 all other vehicles. Such affidavit shall also
190 contain a statement that the vehicle
191 identification number has not been mutilated,
192 altered or removed.

193 (NEW) (d) Any person violating the provisions
194 of subsection (c) of this section, shall be
195 subject to the penalties of false statement,
196 provided for in sections 14-110 and 53a-157b.

197 (NEW) (e) The commissioner may adopt
198 regulations, in accordance with chapter 54, to
199 implement the provisions of this section.

200 Sec. 5. Subsection (c) of section 14-164c of
201 the general statutes, as amended by section 1 of
202 public act 97-82 and section 15 of public act
203 97-236, is repealed and the following is
204 substituted in lieu thereof:

205 (c) The commissioner shall adopt regulations
206 in accordance with chapter 54 to implement the
207 provisions of this section. Such regulations shall
208 include provision for a periodic emissions
209 inspection and compliance or waiver with exhaust
210 emission standards, air pollution control system
211 integrity standards and purge system standards
212 defined by the Commissioner of Environmental
213 Protection for all motor vehicles registered or
214 which will be registered in this state except: (1)
215 Vehicles having a gross weight of more than ten

216 thousand pounds; (2) vehicles powered by
217 electricity; (3) bicycles with motors attached;
218 (4) motorcycles; (5) vehicles operating with a
219 temporary registration; (6) vehicles manufactured
220 before the 1968 model year; (7) new vehicles at
221 the time of initial registration; (8) vehicles
222 registered but not designed primarily for highway
223 use; (9) farm vehicles, as defined in subsection
224 (q) of section 14-49; (10) antique, rare or
225 special interest motor vehicles, as defined in
226 section 14-1; (11) diesel-powered type II school
227 buses; (12) A VEHICLE OPERATED BY A LICENSED
228 DEALER OR REPAIRER EITHER TO OR FROM A LOCATION OF
229 THE PURCHASE OR SALE OF SUCH VEHICLE OR FOR THE
230 PURPOSE OF OBTAINING AN OFFICIAL EMISSIONS OR
231 SAFETY INSPECTION. The commissioner may require
232 emissions inspection and compliance or waiver
233 prior to completion of the sale and registration
234 of a motor vehicle over one year old. If the
235 Commissioner of Environmental Protection finds
236 that it is necessary to inspect motor vehicles
237 which are exempt under subdivision (1) of this
238 subsection in order to achieve compliance with
239 federal law concerning emission reduction
240 requirements, the Commissioner of Motor Vehicles
241 may adopt regulations, in accordance with the
242 provisions of chapter 54, to require the
243 inspection of motorcycles or designated motor
244 vehicles having a gross weight of more than ten
245 thousand pounds.

246 Sec. 6. Section 14-186 of the general
247 statutes is repealed and the following is
248 substituted in lieu thereof:

249 If an owner creates a security interest in a
250 vehicle:

251 (a) The owner shall immediately execute the
252 application, in the space provided therefor on the
253 certificate of title or on a separate form the
254 commissioner prescribes, to name the lienholder on
255 the certificate, showing the name and address of
256 the lienholder and the date of his security
257 agreement, and cause the certificate, the
258 application, A COMPLETED ODOMETER STATEMENT and
259 the required fee to be delivered to the
260 lienholder.

261 (b) The lienholder shall immediately cause
262 the certificate, the application and the required
263 fee to be mailed or delivered to the commissioner.

264 (c) Upon request of the owner or subordinate
265 lienholder, a lienholder in possession of the
266 certificate of title shall either mail or deliver
267 the certificate to the subordinate lienholder for
268 delivery to the commissioner or, upon receipt from
269 the subordinate lienholder of the owner's
270 application and the required fee, mail or deliver
271 them to the commissioner with the certificate. The
272 delivery of the certificate does not affect the
273 rights of the first lienholder under his security
274 agreement.

275 (d) Upon receipt of the certificate of title,
276 the application, A COMPLETED ODOMETER STATEMENT
277 and the required fee, the commissioner shall
278 either endorse the certificate or issue a new
279 certificate containing the name and address of the
280 new lienholder, and mail the certificate to the
281 first lienholder named in it.

282 Sec. 7. Section 14-188 of the general
283 statutes is repealed and the following is
284 substituted in lieu thereof:

285 (a) Upon the satisfaction of a security
286 interest in a vehicle for which the certificate of
287 title is in the possession of the lienholder, he
288 shall, within ten days after demand, [and, in any
289 event, within thirty days,] execute a release of
290 his security interest, in the space provided
291 therefor on the certificate or as the commissioner
292 prescribes, and mail or deliver the certificate
293 and release to the next lienholder named therein,
294 or, if none, to the owner or any person who
295 delivers to the lienholder an authorization from
296 the owner to receive the certificate. The owner,
297 other than a dealer holding the vehicle for
298 resale, shall promptly cause the certificate and
299 release to be mailed or delivered to the
300 commissioner, who shall release the lienholder's
301 rights on the certificate or issue a new
302 certificate.

303 (b) Upon the satisfaction of a security
304 interest in a vehicle for which the certificate of
305 title is in the possession of a prior lienholder,
306 the lienholder whose security interest is
307 satisfied shall within ten days after demand,
308 [and, in any event, within thirty days] execute a
309 release in the form the commissioner prescribes
310 and deliver the release to the owner or any person
311 who delivers to the lienholder an authorization

312 from the owner to receive it. The lienholder in
313 possession of the certificate of title shall
314 either deliver the certificate to the owner, or
315 the person authorized by him, for delivery to the
316 commissioner or, upon receipt of the release, mail
317 or deliver it with the certificate to the
318 commissioner, who shall release the subordinate
319 lienholder's rights on the certificate or issue a
320 new certificate.

321 (c) A lienholder who does not comply with
322 subsection (b) and who has disappeared and cannot
323 be located by the debtor shall be deemed for
324 purposes of this section only to have released
325 such security interest, if evidence satisfactory
326 to the commissioner is filed concerning the
327 disappearance of the lienholder, and the
328 commissioner shall so note on the records of the
329 department.

330 Sec. 8. This act shall take effect July 1,
331 1998.

332 TRA COMMITTEE VOTE: YEA 22 NAY 0 JFS

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF 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 HOUSE THEREOF FOR ANY PURPOSE."

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FISCAL IMPACT STATEMENT - BILL NUMBER SHB 5597

STATE IMPACT	Potential Revenue Loss (Emissions Fund), Potential Minimal Revenue Gain (General Fund), Potential Workload Decrease, see explanation below
MUNICIPAL IMPACT	None
STATE AGENCY(S)	Department of Motor Vehicles, The Judicial Department

EXPLANATION OF ESTIMATES:

In FY 1997, a total of 208,922 safety inspections were conducted. Out of this total, 75,219 or 36% were conducted on out of state motor vehicles. The breakdown of such inspections is as follows: 44,440 were conducted by the Department of Motor Vehicles (DMV) and 30,779 were conducted by Envirotest, the emissions contractor. Allowing dealers to conduct safety inspections on out of state motor vehicles could result in an overall reduction of safety inspections conducted on these vehicles by the aforementioned entities. (Please note that according to the terms of the contract with Envirotest, the DMV is committed to a payment of \$2.3 million annually, irrespective of the number of safety inspections conducted).

The provision which allows dealers or repairers to transport a motor vehicle to or from the sale or purchase location or to obtain an emissions or safety inspection may or may not have a revenue loss to the Emissions Fund. Currently, dealers and repairers purchase \$2 temporary emissions stickers to transport vehicles for an emissions inspection. Since as the

result of the passage of this bill dealers and repairers will no longer be required to purchase stickers (but may continue to do so), its passage may or may not have a revenue loss of up to \$165,580.

Establishing qualifications by which motor vehicle dealers may conduct safety inspections and the adoption of regulations can be performed by DMV's staff within existing budgetary resources.

Since the extent to which the criminal provisions of the bill would occur is not anticipated to be significant, the impact on criminal justice agencies can be handled within current budgetary and caseload structures. Judicial Department records indicate 34 offenses and \$11,485 in revenue from criminal fines over the last two years for all crimes of false statement in the second degree as specified in C.G.S. 53a-157b.

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OLR BILL ANALYSIS

sHB 5597

AN ACT CONCERNING CAR DEALERSHIPS

SUMMARY: This bill makes several changes in how licensed motor vehicle dealers may conduct business by:

1. allowing dealers qualified by the motor vehicles commissioner to conduct the safety inspections required before vehicles not previously registered in Connecticut may be registered;
2. requiring dealers to (a) disclose on sales documents certain information about the dealer conveyance or processing fees they charge, (b) either to prominently post signs about the fee in certain areas of the dealership or provide the buyer with a written statement about it, and (c) include information about the fees in advertisements;
3. allowing dealers qualified by the

commissioner, under penalties for false statement, to verify vehicle identification numbers by affidavit when such verifications are required by the law; and

4. requiring completed odometer statements to be included in the documents submitted to the Department of Motor Vehicles (DMV) when liens are being recorded on motor vehicle title records and making a related change in how long a lienholder has to provide documents showing a satisfied lien.

The bill also exempts from emissions inspections vehicles driven by licensed dealers or repairers (1) to or from their sale or purchase location or (2) to get an emissions or safety inspection.

EFFECTIVE DATE: July 1, 1998

FURTHER EXPLANATION

Safety Inspections

By law, a vehicle not previously registered in Connecticut must undergo a safety inspection prior to being registered unless it has a valid inspection sticker from a state with comparable inspection requirements approved by the commissioner. These inspections currently may be performed only at a DMV facility or an official emissions inspections station the commissioner authorizes to perform them. The bill allows the commissioner to qualify licensed dealers to perform these inspections and authorizes him to adopt implementing regulations.

Dealer Conveyance or Processing Fees

Sales Invoices. The bill requires the purchase order and invoice executed between a dealer and buyer to indicate any dealer conveyance or processing fee and include a statement in at least 10-point bold type that the fee is not payable to the state. This fee is any reasonable charge for processing all documentation and performing services related to closing the sale, including, registration and ownership transfer.

Signs and Notices. A dealer must either provide the

customer with a written notice or prominently display a sign in the area of his business where sales are negotiated that states the amount of his conveyance fee, that it is not payable to the state, and the services it includes. The notice or sign must also indicate that the buyer may elect, where appropriate, to submit the required registration and ownership transfer documentation himself and that the fee will be reduced proportionally. The motor vehicle commissioner must determine the size, typeface, and arrangement of this information.

Advertising. The bill requires any advertising that includes the price of a vehicle to state in at least eight-point type that the price does not include any dealer conveyance fee, state or local taxes, or registration fees. It also subjects used car dealers' advertisements to the law's requirements currently limited to new car dealers. This law requires advertisements stating a car's price to include federal tax, delivery cost, dealer preparation, and any other charges and exclude any state and local taxes and registration fees.

Vehicle Identification Number Verification

The bill allows licensed dealers meeting qualifications the commissioner establishes through implementing regulations to verify vehicle identification numbers by written affidavit when they are required by the motor vehicle laws for things such as emissions testing and out-of-state titled vehicle safety inspections. The affidavit must be signed by the dealer or his designee and state that the manufacturer's vehicle identification number corresponds to the number on the manufacturer's or importer's certificate of origin for a new vehicle, or current title certificate if it is not a new vehicle. The affidavit must also state that the identification number has not been mutilated, altered, or removed.

Anyone violating these requirements would be subject to penalties for false statement in the second degree, a class A misdemeanor punishable by a fine of up to \$2,000, up to one year imprisonment, or both.

Security Interest Agreements

The bill requires applications to DMV for placing a lien on a vehicle to protect a security interest or to change a lienholder to be accompanied by a completed odometer statement in addition to the other information already required. It also requires lienholders to return the title document and lien release to the vehicle owner or his designee within 10 days after the lien has been satisfied and demand is made for the documents. Currently, these documents must be returned within 10 days after demand, but in any event, within 30 days of the lien being satisfied.

COMMITTEE ACTION

Transportation Committee

Joint Favorable Substitute
Yea 22 Nay 0