



SENATE BILL 385: Clarify/Auto Dealers Regulatory Requirements.

2019-2020 General Assembly

Committee:		Date:	January 2, 2020
Introduced by:		Prepared by:	Wendy Ray Staff Attorney
Analysis of:	S.L. 2019-181		

OVERVIEW: *S.L. 2019-181 makes the following changes to statutes related to motor vehicle dealers:*

- *Allows an applicant for a sales representative license to engage in activities as a sales representative while the application is pending if certain conditions are met.*
- *Provides that a dealer is not liable for inaccuracies in third party vehicle history reports given to customers if the information was not provided to the preparer by the dealer.*
- *Allows a dealer to pay up to \$250 in consideration for a customer referral.*
- *Provides that a dealer is not in violation of military anti-discrimination law for not offering military members certain credit-related products that are offered to other customers.*
- *Makes clarifying changes to title in transit provisions previously enacted.*

This act became effective July 26, 2019.

BILL ANALYSIS: This act makes the following changes to motor vehicle statutes:

Pending applications for sales license. The act allows an individual who has applied for a sales representative license to engage in related professional activities while the application is still pending, if the individual is appropriately supervised and certifies that he or she has not been previously denied a license or been convicted of a felony.

Third-party vehicle reports. The act provides that a motor vehicle dealer is not liable for any errors or inaccuracies in a third-party motor vehicle history report it makes available to a customer if the inaccuracies are not based on information provided to the preparer of the report by the dealer.

Dealership promotional referrals. The act allows a dealer to make a payment or gift up to \$250 for a customer referral as long as the person receiving it receives no more than five referral payments from the dealer in the same calendar year.

Clarify sale of certain products. The act provides that motor vehicle dealers do not violate the military anti-discrimination statute by offering certain credit-related products to non-military member customers and not offering them to military members.

Title in transit clarifications. The act makes clarifying changes to title in transit provisions enacted last session, which allow a motor vehicle dealer to transfer title when a certificate of title or statement of origin is not available by providing a sworn statement to the Division that all prior perfected liens have been paid and that the dealer is unable to obtain the certificate of title or statement of origin. If the dealer transfers the title when the existing certificate of title is unavailable, the title must be delivered to the Division no later than 60 days after the sale of the vehicle. Failure to do so gives a purchaser of the vehicle the option to collect liquidated damages in the amount of 5% of the vehicle price, up to \$1000, from the dealer. This

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act makes clarifying changes to those provisions, including allowing dealership managers to sign the sworn certifications, allowing dealers who pay liquidated damages to obtain a release from a purchaser for other damages, and allowing dealers to transfer motor vehicles without a title to current lessees without these provisions applying.

EFFECTIVE DATE: The act became effective July 26, 2019.